

Higher Education

Student Financial Assistance Programs at Other Institutions

Background

As part of the Single Audit of the Commonwealth, the Office of the Comptroller, the Office of the State Auditor of the Commonwealth and Deloitte & Touche LLP entered into a cooperative agreement to provide the necessary audit coverage for the student financial assistance programs funded by the U.S. Department of Education and administered by the Commonwealth's colleges and universities. Beginning with the fiscal year audit, the institutions selected for audit were determined using a risk based approach. The institutions covered by this arrangement are as follows:

State Colleges Community Colleges

Bridgewater State College Berkshire Community College

Fitchburg State College Bristol Community College

Framingham State College Bunker Hill Community College

Mass. Maritime Academy *Cape Cod Community College*

Mass. College of Art Greenfield Community College

Mass. College of Liberal Arts Holyoke Community College

Salem State College Massasoit Community College

Westfield State College Mass. Bay Community College

Worcester State College Middlesex Community College

Mt. Wachusett Community College

North Shore Community College

Northern Essex Community College

Quinsigamond Community College

Roxbury Community College

Springfield Tech. Comm. College

During fiscal year 1998, the Office of the State Auditor performed the audit of the student financial assistance programs at three institutions selected using the risk based approach. These institutions were: Bridgewater State College, Cape Cod Community College and Northern Essex Community College. No findings resulted from these audits.

The University of Massachusetts contracted for an audit in accordance with OMB Circular A-133 for fiscal year 1998 with an independent public accounting firm. Separate reports on compliance, internal controls as well as the Schedule of Expenditures of Federal Awards and Data Collection Form are issued as a result of this audit and, therefore, the findings resulting from this audit are excluded from this report.

Framingham and Fitchburg State Colleges contracted for an audit of their student financial assistance programs for fiscal year 1998 with an independent public accounting firm. The findings resulting from these audits, as presented by the accounting firm, are included in this report.

Framingham State College

Findings on Compliance with Rules and Regulations

Finding Number 64: Refunds Not Returned Within Required Time Frames

We noted two students from a sample of sixty-seven whose refunds for Pell of \$31 and Perkins of \$202 were returned to the Department of Education 76 days and 62 days, respectively, past the required time frame. The total population of Pell included 615 students and \$981,122 in awards; and Perkins included 292 students and \$374,048 in awards. The sample selected for testing contained 25 students with \$37,831 in awards for Pell and 11 students with \$10,298 in awards for Perkins.

34 CFR 668.22 specifies the maximum time frame for the institution to return the student financial assistance portion of a refund to program accounts. For the Pell, Federal Supplemental Educational Opportunity Grants and Federal Perkins Programs, an institution must return the federal portion within 30 calendar days of the date the student officially withdraws or the date the school discovers that the student has unofficially withdrawn. (*Department of Education – Federal Pell Grant Program 84.063 and Federal Perkins Loan Program 84.038*)

Recommendation:

The College should implement procedures to ensure that refunds are returned to the Department of Education within the required time frame.

Department Corrective Action Plan:

In order to comply with federal regulations regarding the federal refund policy, the College follows a number of steps which involve several departments. Although all but one of these steps were followed in a timely manner for these two students, the last step of the process was not completed timely due to an omission by an employee. The College has added to its procedures a more detailed financial aid recovery form and assigned a person to be responsible for insuring that the final steps of the process are completed within the allowed time frame.

Fitchburg State College

Findings on Compliance with Rules and Regulations

Finding Number 65: Refunds Not Returned Within Required Time Frame

We noted one student from a sample of sixty-nine whose refund for Pell of \$578 and Federal Direct Loan Program (FDLP) of \$418 were returned to the Department of Education 132 days past the required time frame. The total population of Pell included 771 students and \$1,266,034 in awards; and FDLP included 2,141 students and \$6,404,591 in awards. The sample selected for testing contained 27 students with \$45,803 in awards for Pell and 50 students with \$215,495 in awards for FDLP.

34 CFR 668.22 specifies the maximum time frame for the institution to return the student financial assistance portion of a refund to program accounts. For the Pell, Federal Supplemental Educational Opportunity Grants and Federal Perkins Programs, an institution must return the federal portion within 30 calendar days of the date the student officially withdraws or the date the school discovers that the student has unofficially withdrawn. (*Department of Education – Federal Pell Grant Program 84.063 and Federal Direct Loan Program 84.268*)

Recommendation:

The College should continue to ensure that refunds are returned to the Department of Education within the required time frame.

Department Corrective Action Plan:

The student had an illness and last recorded date of attendance was October 6, 1997. The student was

granted a leave of absence and subsequently passed away. The Treasurer's Office was notified by the Registrar on March 4, 1998 of the withdrawal and the refund sent to the Department of Education on March 18, 1998.

We have strengthened the procedures on students who are on a leave of absence and will track them in a more diligent manner.

Findings Not Repeated From Prior Years

1. Framingham State College did not distribute directly to enrolled students and employees the annual security report. Current year testing for the year ended June 30, 1998 indicated that formal distribution procedures were instituted through appropriate publications and mailings. (*Fiscal Year 1997 Single Audit Report Finding 68*)
2. Fitchburg State College filed its fall Student Status Confirmation Report (SSCR) late. Current year testing for the year ended June 30, 1998 indicated that filing of the SSCR was filed within the required time frame. (*Fiscal Year 1997 Single Audit Finding 69*)
3. Fitchburg State College overawarded one student \$874 due to the fact that the College overlooked a private scholarship received by the student. The refund has been made and current year testing for the year ended June 30, 1998 indicated that award calculations were performed correctly. (*Fiscal Year 1997 Single Audit Finding 70*)
4. Fitchburg State College did not verify one student's grade point average thus awarding the student \$1,680 in Federal Direct Loans to which the student was not entitled and resulting in a refund due. The refund has been made and current year testing for the year ended June 30, 1998 indicated that procedures to calculate satisfactory academic progress were performed correctly. (*Fiscal Year 1997 Single Audit Finding 71*)
5. Fitchburg State College refunded one student's financial aid to the wrong program and was late refunding the financial for four students. The refunds have been made and current year testing for the year ended June 30, 1998 indicated that procedures to calculate and refund awards were performed correctly. However, one refund was late, see finding number. (*Fiscal Year 1997 Single Audit Finding 72*)
6. Fitchburg State College did not have evidence in the files for three students who were awarded Federal Direct Loans that exit interviews were conducted. Current year testing for the year ended June 30, 1998 indicated that exit interview documentation was included in students' files. (*Fiscal Year 1997 Single Audit Finding 73*)
7. Bridgewater State College needed to implement its new written attendance procedure to identify students who unofficially withdraw. Current year testing for the year ended June 30, 1998 determined that the new process complied with federal regulations and was in place throughout fiscal year 1998. (*Fiscal Year 1997 Single Audit Finding 82*)

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