



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued March 11, 2022

Worcester State University

For the period March 1, 2020 through March 31, 2021





Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

March 11, 2022

Mr. Barry M. Maloney, President
Worcester State University
486 Chandler Street
Worcester, MA 01602

Dear President Maloney:

I am pleased to provide this performance audit of Worcester State University. This report details the audit objectives, scope, and methodology for the audit period, March 1, 2020 through March 31, 2021. My audit staff discussed the contents of this report with management of the university.

I would also like to express my appreciation to Worcester State University for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular background.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Stephen F. Madaus, Chair of the Worcester State University Board of Trustees
Carlos E. Santiago, Commissioner of the Department of Higher Education
Chris Gabrieli, Chair of the Board of Higher Education

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LIST OF ABBREVIATIONS

CARES	Coronavirus Aid, Relief, and Economic Security
COVID-19	2019 coronavirus
CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act
EFC	expected family contribution
EOTSS	Executive Office of Technology Services and Security
ESF	Education Stabilization Fund
FAFSA	Free Application for Federal Student Aid
GEER	Governor’s Emergency Education Relief
HEERF	Higher Education Emergency Relief Fund
IHE	institution of higher education
ISA	interdepartmental service agreement
ISIR	institutional student information record
MDHE	Massachusetts Department of Higher Education
SOC	System and Organization Controls
US DOE	United States Department of Education
WSU	Worcester State University

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of Worcester State University (WSU) for the period March 1, 2020 through March 31, 2021. When testing WSU's use of grant funds received through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), we extended the audit period through June 30, 2021, capturing all CRRSAA-related financial activity as of the time of our fieldwork.

In this performance audit, we reviewed WSU's use of Higher Education Emergency Relief Fund (HEERF) grants received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and CRRSAA. WSU received grant funds under two components of the CARES Act's Education Stabilization Fund: direct funding from the United States Department of Education (US DOE), provided through the HEERF, and funding from the Massachusetts Department of Higher Education (MDHE), allocated through the Governor's Emergency Education Relief Fund. The purpose of our audit was to determine whether WSU administered the federal assistance it received in accordance with the criteria established by US DOE and MDHE. We also determined whether users of WSU's Colleague Finance system (the information system containing financial records used at the university) received cybersecurity awareness training in accordance with standards issued by the Executive Office of Technology Services and Security.

Our audit revealed no significant instances of noncompliance by WSU that must be reported under generally accepted government auditing standards.

OVERVIEW OF AUDITED ENTITY

Worcester State University (WSU) is authorized by Section 5 of Chapter 15A of the Massachusetts General Laws and operates under the direction of a board of trustees, the members of which are appointed by the Governor. The president of WSU is the administrative head of the college and reports to the board of trustees. According to its website, WSU's mission is as follows:

Worcester State University champions academic excellence in a diverse, student-centered environment that fosters scholarship, creativity, and global awareness. A Worcester State education equips students with knowledge and skills necessary for lives of professional accomplishment, engaged citizenship, and intellectual growth.

WSU is a member of the Massachusetts public higher education system, which consists of 15 community colleges, nine state universities, and five University of Massachusetts campuses. According to its website, WSU was founded in 1874 and is a liberal arts and sciences university serving approximately 5,500 undergraduate and 900 graduate students.

In the fall 2020 semester, WSU offered 30 undergraduate major degree programs, 50 undergraduate minor degree programs, and 35 graduate degree programs to students. In fiscal year 2021, state appropriations made up 39% of WSU's total revenue, and federal and state grants made up 7%.

For fiscal year 2020, WSU had operating revenue of \$64,904,371 and non-operating revenue (state appropriation, federal assistance, and investment income) of \$44,540,591. For fiscal year 2021, WSU had operating revenue of \$58,240,634 and non-operating revenue of \$49,467,024.

Coronavirus Aid, Relief, and Economic Security Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted by Congress on March 27, 2020, provided \$30.75 billion for an Education Stabilization Fund (ESF) to prevent, prepare for, and respond to the impact of the 2019 coronavirus (COVID-19) pandemic. The ESF includes the Governor's Emergency Education Relief (GEER) Fund, the Elementary and Secondary School Emergency Relief Fund, and ESF grants to state educational agencies and Governors' offices. The ESF also allocated money for the Higher Education Emergency Relief Fund (HEERF) Program.

The United States Department of Education (US DOE) awarded grants to states under the GEER Fund to provide local educational agencies, institutions of higher education (IHEs), and other education-related

entities with emergency assistance funds. States can use GEER funding to provide emergency support through allocations to their IHEs that serve the students who have been most significantly affected by COVID-19. The Massachusetts Executive Office of Education received \$50.8 million of GEER funding. The Massachusetts Department of Higher Education received approximately \$20.5 million of this funding to support Commonwealth IHEs.

According to the *Frequently Asked Questions about the Governor's Emergency Education Relief Fund (GEER Fund)* document distributed by US DOE, IHEs may use GEER funding to provide the following:

- *Staff, infrastructure and technology to support distance education, or remote learning;*
- *Academic support for libraries, laboratories, and other academic facilities;*
- *Institutional support for activities related to personnel, payroll, security, environmental health and safety, and administrative offices;*
- *Student services that promote a student's emotional and physical well-being outside the context of the formal instructional program; and*
- *Student financial aid, such as IHE-sponsored grants and scholarships.*

Section 18004(a)(1) of the CARES Act provided funding from the HEERF Program based on student enrollment. It required IHEs to spend at least 50% of the funding (referred to as the student portion) to provide students with emergency financial aid grants to help cover expenses related to the “disruption of campus operations due to coronavirus” and the remaining funds (the institutional portion) to cover institutional costs associated with “significant changes to the delivery of instruction due to the coronavirus.”

The student portion was to provide funding for items related to students’ cost of attendance, such as tuition, course materials, technology, food, housing, healthcare, and childcare. To be eligible for these funds, students must have completed the “Free Application for Federal Student Aid” (FAFSA) and could not be enrolled in an online-only academic program on March 13, 2020, the date the President declared the national emergency due to COVID-19. IHEs were responsible for determining how to distribute the grants to students, calculating the amount of each student grant, and developing any guidance to be provided to students about the grants.

WSU developed a model that distributed approximately 90% of the student portion directly to eligible students based on how many credit hours they took in the spring 2020 semester. Eligible students received these payments automatically. Student payments were distributed in tiers:

Tier	Spring 2020 Credit Hours	Distribution
1	12+	\$550
2	6–11.99	\$300
3	0.1–5.99	\$150

WSU reserved the remaining 10% of the student portion for supplemental emergency payments to students with additional critical financial needs resulting from the disruption of campus operations due to COVID-19. Students could apply for supplemental emergency payments; they had to meet the eligibility requirements mentioned above and provide supporting documentation (such as receipts, bills, and proof of loss of income) to receive payments. Any supplemental funding they received was in addition to the automatic payments mentioned above.

The institutional portion could be used to cover any costs associated with significant changes to the delivery of instruction due to COVID-19. These costs included expenditures to expand remote learning programs, build information technology capacity to support the programs (by upgrading Wi-Fi and technology, providing laptops to students, and training faculty members in online instruction) and manage campus safety and operations (by disinfecting, cleaning, purchasing personal protective equipment, adding personnel to increase the frequency of cleaning, and reconfiguring facilities to promote social distancing). Institutional funds could also be used to reimburse tuition and fees paid by students and to provide additional emergency financial aid grants to students. All expenses paid using these funds must have been incurred on or after March 13, 2020.

Coronavirus Response and Relief Supplemental Appropriations Act

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law December 27, 2020 to provide approximately \$22.7 billion of additional funding to support IHEs affected by COVID-19.

Like the CARES Act, Section 314(a)(1) of CRRSAA allocated funding to IHEs by providing both student and institutional portions of funding. US DOE modified its guidance to allow more students to receive

funding. Under the modified guidance, students were no longer required to have completed the FAFSA or be enrolled in on-campus classes to receive emergency financial aid grants. IHEs were again responsible for determining how to distribute the grants to students, calculating the amount of each grant, and developing any guidance to be provided to students about the grants.

In an effort to support its students with the highest financial need, WSU developed a model that distributed approximately 80% of the student portion directly to eligible students based on how many credit hours they took in the spring 2021 semester as well as expected family contribution (EFC).¹ Eligible students received these payments automatically. Student payments were distributed in tiers:

Tier	Spring 2021 Credit Hours	Distribution
1	12+	\$300
2	6–11.99	\$200
3	0.1–5.99	\$100

Students who were given awards received an additional CRRSAA direct payment (bonus) if their EFC was between \$0.00 and \$5,711.99:

Tier	EFC	Distribution Bonus
Bonus 1	\$0–\$2,000	\$300
Bonus 2	\$2,000.01–\$4,000	\$200
Bonus 3	\$4,000.01–\$5,711.99	\$100
No Bonus	\$5,712+ or no EFC	\$0

US DOE also modified the guidance for the institutional portion, allowing IHEs to use funding to defray expenses associated with lost revenue. This updated guidance could also be applied to any CARES Act funds that were not expended by the time an IHE received CRRSAA funding.

1. EFC is the estimated amount of money that a student’s family can afford to pay for college. It is used to determine students’ eligibility for federal student financial aid and is calculated, using a formula established by law, from the financial information applicants provide in the FAFSA.

Below is a summary of WSU's financial activity related to COVID-19 funding from March 1, 2020 through June 30, 2021.

Grant Type	Award	Disbursements
CARES 18004(a)(1) Student	\$ 2,111,417	\$ 2,111,417
CARES 18004(a)(1) Institutional	2,111,417	2,111,417
GEER	303,800	303,800
CRRSAA 314(a)(1) Student	2,111,417	1,885,585
CRRSAA 314(a)(1) Institutional	5,283,382	2,059,979
Total	<u>\$11,921,433</u>	<u>\$ 8,472,198</u>

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Worcester State University (WSU) for the period March 1, 2020 through March 31, 2021. When testing WSU's use of grant funds received through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), we extended the audit period through June 30, 2021, capturing all CRRSAA-related financial activity as of the time of our fieldwork.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer and the conclusion we reached regarding each objective.

Objective	Conclusion
1. Did WSU administer the student portion of funding under Section 18004(a)(1) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in accordance with Sections C, D, and E of the United States Department of Education's (US DOE's) <i>Frequently Asked Questions (FAQ) Rollup Document</i> ² and its own distribution methodology?	Yes
2. Did WSU administer the institutional portion of CARES 18004(a)(1) funding in accordance with Section F of the <i>Frequently Asked Questions (FAQ) Rollup Document</i> ?	Yes
3. Did WSU administer the student portion of funding under Section 314(a)(1) of CRRSAA in accordance with the guidance issued by US DOE and its own distribution methodology?	Yes

2. Because of the federal mandate to accelerate the distribution of money from the Higher Education Emergency Relief Fund to students, there was not sufficient time to develop detailed guidance to govern the administration of these funds. Guidance was provided through a series of documents responding to frequently asked questions. In October 2020, US DOE issued a *Frequently Asked Questions (FAQ) Rollup Document* that combined all prior frequently asked questions into one document. We used this document as a criterion in conducting the audit.

Objective	Conclusion
4. Did WSU administer the institutional portion of funding under Section 314(a)(1) of CRRSAA in accordance with the guidance issued by US DOE?	Yes
5. Did WSU administer Governor’s Emergency Education Relief (GEER) funding in accordance with the Massachusetts Department of Higher Education (MDHE) interdepartmental service agreement (ISA)? ³	Yes
6. Did WSU ensure that employees with access to its Colleague Finance system received cybersecurity awareness training in accordance with Sections 6.2.3 and 6.2.4 of the Executive Office of Technology Services and Security’s (EOTSS’s) Information Security Risk Management Standard IS.010?	Yes

To achieve our objectives, we gained an understanding of WSU’s internal control environment related to the objectives by reviewing applicable policies and procedures, as well as conducting inquiries with WSU’s staff and management. We reviewed and tested the operating effectiveness of internal controls over the administration of CARES Act and CRRSAA grant funds.

To obtain sufficient, appropriate audit evidence to address our audit objectives, we conducted further audit testing as follows.

- To determine whether WSU had expended CARES 18004(a)(1) student-portion funding in accordance with the guidance issued by US DOE and its own distribution methodology, we performed the following procedures.
 - From Colleague Finance (the information system containing financial and student records used at the university), we obtained a report of all CARES Act payments made directly to students. We selected a random, statistical sample, with a 95% confidence level and a 0% expected error rate, of 30 of the 3,752 payments for testing. To determine whether the student who received each payment was eligible for the disbursement received, we examined each student’s institutional student information record (ISIR) and student transcripts to determine whether the student (1) was enrolled as an undergraduate or graduate student on March 17, 2020 (the date of the start of the campus distribution due to the 2019 coronavirus, or COVID-19), (2) was not enrolled exclusively in online courses, and (3) had completed a “Free Application for Federal Student Aid.” We also determined whether WSU had placed each student in the appropriate tier based on the number of credit hours the student took in the spring 2020 semester and whether the amount each student received agreed with WSU’s credit-based calculation.
 - From Colleague Finance, we obtained a report of all CARES Act supplemental emergency payments made to students. We randomly selected a nonstatistical sample of 35 of 149

3. MDHE issued an interdepartmental service agreement that accompanied the GEER award to each recipient for institutional costs. The agreement noted requirements for administering the funds.

- payments for testing. To determine whether the student who received each payment was eligible for the disbursement received, we reviewed each student's ISIR and student transcripts to determine whether the student met the eligibility requirements mentioned above. We also reviewed each student's completed WSU "CARES Act Supplemental Fund Application" and supporting documentation (such as receipts, bills, and proof of loss of income) to determine whether (1) the purpose and/or need for each payment was related to COVID-19, (2) the dates of the supporting documentation fell within the COVID-19-related period, and (3) the dollar amounts according to the supporting documentation equaled or exceeded the amount of the disbursement.
- To determine whether WSU administered CARES 18004(a)(1) institutional funding in accordance with the guidance issued by US DOE, we obtained from Colleague Finance a report of all CARES Act institutional expense transactions. We selected a judgmental, nonstatistical sample of 40 of the 387 transactions for testing. We examined WSU's supporting documentation (such as invoices, payment vouchers, and purchase orders) to determine whether each transaction was related to the disruption of campus operations due to COVID-19; whether the documentation supported the need for each item or service; and whether each transaction was allowable.
 - To determine whether WSU expended CRRSAA 314(a)(1) student-portion funding in accordance with the guidance issued by US DOE and its own distribution methodology, we performed the following procedures.
 - From Colleague Finance, we obtained a report of all CRRSAA payments made directly to students as of June 30, 2021. We selected a random, statistical sample, with a 95% confidence level and a 0% expected error rate, of 60 of the 5,184 payments for testing. To determine whether each student was eligible for the disbursement received, we examined each student's ISIR and student transcripts to determine whether the student was enrolled as an undergraduate or graduate student with any number of spring 2021 credits on April 1, 2021. We also determined whether WSU had placed each student in the appropriate tier based on the number of credit hours taken in the spring 2021 semester and whether the amount each student received agreed with the student's credit hours and the calculations based on the student's expected family contribution.
 - From Colleague Finance, we obtained a report of all CRRSAA supplemental emergency payments made to students as of June 30, 2021. We randomly selected a nonstatistical sample of 35 of the 116 payments for testing. To determine whether each student was eligible for the disbursement received, we reviewed each student's ISIR and student transcripts to determine whether the student had any number of spring 2021 credits on April 1, 2021. We also reviewed each student's completed WSU "CRRSAA HEERF II Supplemental Fund Application" and supporting documentation (such as receipts, bills, and proof of loss of income) to determine whether (1) the purpose and/or need for each payment was related to COVID-19, (2) the dates of the supporting documentation fell within the COVID-19-related period, and (3) the dollar amounts according to the supporting documentation equaled or exceeded the amount of the disbursement.
 - To determine whether WSU administered CRRSAA 314(a)(1) institutional funding in accordance with the guidance issued by US DOE, we obtained from Colleague Finance a report of all CRRSAA institutional expense transactions as of June 30, 2021. We selected a judgmental, nonstatistical

sample of 50 of the 528 total transactions for testing. We examined WSU's supporting documentation (invoices, payment vouchers, and purchase orders) to determine whether each transaction was related to the disruption of campus operations due to COVID-19; whether the documentation supported the need for each item or service; and whether each purchase was allowable.

- To determine whether WSU administered GEER funding in accordance with its ISA with MDHE, we obtained from Colleague Finance a report of all GEER expense transactions and selected all six transactions for testing. We examined WSU's supporting documentation (invoices, payment vouchers, and purchase orders) to determine whether each transaction was allowable under the terms and conditions of the ISA.
- To determine whether users of WSU's financial system received cybersecurity awareness training (using a training system called KnowBe4) in accordance with standards issued by EOTSS, we performed the following procedures.
 - We obtained a report of all 197 users who had access to Colleague Finance during the audit period. Of the 197 users, we identified 10 who were hired during the audit period. We compared electronic training records with new hire orientation dates to determine whether each of these 10 users completed initial cybersecurity awareness training within 30 days of new hire orientation.
 - We selected a nonstatistical, random sample of 35 of the other 187 users. We obtained electronic cybersecurity awareness training records to determine whether these users completed cybersecurity awareness training annually during the audit period.

Where nonstatistical sampling was used, we could not project the results of our testing to the overall populations.

Data Reliability

We assessed the reliability of the data obtained from Colleague Finance by tracing samples of records from each data population to and from original source documents such as invoices, payment vouchers, purchase orders, and student grant funding approval letters. In addition, we tested each data population for duplicate records. For each data population, we also matched totals on the electronic data provided to us to the required expenditure reports submitted by WSU to US DOE for accuracy. Further, we reviewed System and Organization Controls (SOC) reports⁴ for Colleague Finance that covered our audit period and ensured that certain information system control tests had been performed. We also tested certain security management controls over Colleague Finance.

4. These reports review the effectiveness of internal controls over a service organization's information systems and are conducted by independent certified public accountants or accounting firms.

To confirm the completeness of the list of users who had access to Colleague Finance during the audit period, we randomly selected five weeks of the audit period and obtained system user activity reports for each week. From each report, we judgmentally selected a sample of 10 users and traced them to the list. To confirm the accuracy of the list of users, we traced a judgmental sample of 20 users from the list to documentation from WSU's Human Resources Department and Information Technology Services Department. In addition, we tested the data for duplicate records.

We assessed the reliability of the cybersecurity awareness training records obtained from KnowBe4 by reviewing SOC reports for the system that covered our audit period and ensuring that certain information system control tests had been performed. We also interviewed WSU's KnowBe4 administrator, who is responsible for monitoring training completion.

Based on the data reliability procedures described above, we determined that the data obtained for our audit period were sufficiently reliable for the purposes of our audit work.

Conclusion

Our audit revealed no significant instances of noncompliance that must be reported under generally accepted government auditing standards.