

# OFFICE OF THE STATE AUDITOR

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# DIANA DIZOGLIO

Official Audit Report – Issued December 27, 2024

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## Mount Wachusett Community College

For the period March 1, 2020 through June 30, 2023



OFFICE OF THE STATE AUDITOR

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**DIANA DIZOGLIO**

December 27, 2024

James Vander Hooven, EdD, President  
Mount Wachusett Community College  
444 Green Street  
Gardner, MA 01040

Dear Dr. Vander Hooven:

I am pleased to provide to you the results of the enclosed performance audit of Mount Wachusett Community College. As is typically the case, this report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, March 1, 2020 through June 30, 2023. As you know, my audit team discussed the contents of this report with college managers. This report reflects those comments.

I appreciate you and all your efforts at Mount Wachusett Community College. The cooperation and assistance provided to my staff during the audit went a long way toward a smooth process. Thank you for encouraging and making available your team. I am available to discuss this audit if you or your team has any questions.

Best regards,



Diana DiZoglio  
Auditor of the Commonwealth

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## LIST OF ABBREVIATIONS

ARPA	American Rescue Plan Act
CARES	Coronavirus Aid, Relief, and Economic Security
CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act
FAFSA	Free Application for Federal Student Aid
FAQ	frequently asked questions
HEERF	Higher Education Emergency Relief Fund
IHE	institute of higher education
MWCC	Mount Wachusett Community College
SSARPA	Supplemental Support under the American Rescue Plan Act
US DOE	United States Department of Education

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## 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 Mount Wachusett Community College (MWCC) for the period March 1, 2020 through June 30, 2023. When examining employee settlement agreements entered into by MWCC, we extended the audit period to January 1, 2019 through December 31, 2023.

The purpose of our audit was to determine the following:

- whether MWCC administered 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) *Higher Education Emergency Relief Fund (HEERF) Frequently Asked Questions (FAQ) Rollup Document*;
- whether MWCC administered the institutional portion of funding under Section 18004(a)(1) of the CARES Act in accordance with Section F of US DOE's *HEERF FAQ Rollup Document*;
- whether MWCC administered the student portion of funding under Section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in accordance with US DOE's *HEERF II Public and Private Nonprofit Institution (a)(1) Programs ([Catalog of Federal Domestic Assistance, or CFDA] 84.425E and 84.425F) FAQ*;
- whether MWCC administered the institutional portion of funding under Section 314(a)(1) of the CRRSAA in accordance with US DOE's *HEERF II Public and Private Nonprofit Institution (a)(1) Programs (CFDA 84.425E and 84.425F) FAQ*;
- whether MWCC administered the student portion of funding under Section 2003(a)(1) of the American Rescue Plan Act (ARPA) in accordance with Section B of US DOE's *HEERF III FAQ*;
- whether MWCC administered the institutional portion of funding under Section 2003(a)(1) of the ARPA in accordance with Section C of US DOE's *HEERF III FAQ*;
- whether MWCC updated its internal control plan to address the COVID-19 pandemic in accordance with the Office of the Comptroller of the Commonwealth's (CTR's) "COVID-19 Pandemic Response Internal Controls Guidance," dated September 30, 2020;
- whether MWCC ensured that its employees received cybersecurity awareness training in accordance with the requirements noted in Sections 6.2.3 and 6.2.4 of the Executive Office of Technology Services and Security's Information Security Risk Management Standard IS.010; and
- whether MWCC had internal policies and procedures in place for (a) the review and approval of employee settlement agreements, including the language used, and (b) the reporting of employee settlement agreements to CTR. For employee settlement agreements entered into from January 1, 2019 through December 31, 2023, did MWCC follow these policies and did it use non-disclosure, non-disparagement, or similarly restrictive clauses as part of employee settlement agreement language?

Below is a summary of our findings, the effects of those findings, and our recommendations, with links to each page listed.

<b>Finding 1</b> <b>Page <a href="#">16</a></b>	MWCC did not update its internal control plan with a COVID-19 pandemic response plan.
<b>Effect</b>	An internal control plan identifies objectives and risks and identifies control activities to mitigate risks that may prevent an agency from accomplishing its public mission. Without updating its internal control plan, MWCC may not identify and/or mitigate all risks that may prevent it from accomplishing its objectives.
<b>Recommendation</b> <b>Page <a href="#">17</a></b>	MWCC should establish policies and procedures to ensure that its internal control plan is updated annually and when significant changes occur.
<b>Finding 2</b> <b>Page <a href="#">17</a></b>	MWCC did not have a transparent or accountable process related to employee settlement agreements, including those containing non-disclosure, non-disparagement, or similarly restrictive clauses.
<b>Effect</b>	If MWCC does not have a transparent and accountable process to handle employee settlement agreements, especially those containing non-disclosure, non-disparagement, or similarly restrictive clauses, it cannot ensure that employee settlement agreements are handled in an ethical, legal, or appropriate manner.
<b>Recommendations</b> <b>Page <a href="#">20</a></b>	<ol style="list-style-type: none"><li>1. MWCC should develop, document, and implement a policy related to employee settlement agreements.</li><li>2. To help increase transparency and accountability, MWCC should track and document all employee settlements entered into by MWCC.</li><li>3. To help increase transparency and accountability, MWCC should track and document all complaints that include non-disclosure, non-disparagement, or similarly restrictive clauses in employee settlement agreements.</li></ol>
<b>Finding 3</b> <b>Page <a href="#">21</a></b>	MWCC could not provide evidence that all users were assigned or completed cybersecurity awareness training.
<b>Effect</b>	Without educating all employees on their responsibility of protecting the security of information assets, MWCC may be exposed to a higher risk of cybersecurity attacks and financial and/or reputation losses.
<b>Recommendations</b> <b>Page <a href="#">22</a></b>	<ol style="list-style-type: none"><li>1. MWCC should take steps to establish a connection between MWCC's internal system and the systems used by the third-party training providers to ensure that all employees are assigned to take initial cybersecurity awareness training upon being hired and refresher training on an annual basis.</li><li>2. MWCC should ensure that all employees complete initial and refresher cybersecurity awareness training.</li><li>3. MWCC should ensure that it retains certificates on file for its employees to document their completion of cybersecurity awareness training.</li></ol>

In addition, we identified an issue regarding MWCC's information system general controls over its finance and administration system. For more information on this issue, see the "[Other Matters](#)" section of this report.

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## OVERVIEW OF AUDITED ENTITY

Mount Wachusett Community College (MWCC) is authorized by Section 5 of Chapter 15A of the Massachusetts General Laws and operates under the direction of a board of trustees comprising individuals from the local community, alumni, and a student trustee. The president of MWCC is the administrative head of the college and reports to the board of trustees.

MWCC 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. Founded in 1963, MWCC is a two-year college with campuses in Gardner, Fitchburg, and Leominster and offers 76 degree and certificate options.

According to MWCC's website,

*[MWCC's mission is to provide] access to affordable, high-quality, innovative, civic-minded, and relevant education and training opportunities. With a focus on community, we are committed to diversity, equity and inclusion with a racial equity lens and value the dignity and worth of all individuals and believe opportunity and access to education transforms lives.*

As of fall 2021, there were 3,156 students enrolled in MWCC's undergraduate programs, and MWCC employed 1,289 full- and part-time employees during the audit period.

### **The 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 the Education Stabilization Fund to prevent, prepare for, and respond to the COVID-19 pandemic. The United States Department of Education's (US DOE's) Education Stabilization Fund included the Governor's Emergency Education Relief Fund, the Elementary and Secondary School Emergency Relief Fund, and Education Stabilization Fund grants to state educational agencies and the Governors' offices. The Education Stabilization Fund also allocated money for the Higher Education Emergency Relief Fund (HEERF) Program.

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According to Section E(19) of US DOE's *Higher Education Emergency Relief Fund (HEERF) Frequently Asked Questions (FAQ) Rollup Document*,

*Institutions may provide emergency financial aid grants to students using checks, electronic transfer payments, debit cards, and payment apps that adhere to [US DOE's] requirements for paying credit balances [i.e., money paid directly] to students.*

Section 18004 of the CARES Act required recipients to use no less than 50% of the funds received (referred to as the student portion) to provide emergency financial aid grants to students for expenses related to the disruption of campus operations because of COVID-19 (including course materials, food, housing, technology, healthcare, and childcare). This section also allowed institutes of higher education (IHEs) to use up to the remaining 50% of the funds received (referred to as the institutional portion) to cover any costs associated with significant changes to the delivery of instruction because of the COVID-19 pandemic.

Students could receive funding under the CARES Act if they were eligible to participate in Title IV Federal financial aid programs if they applied for funding using an application developed by the institution disbursing the funds. At institutions that provided both online and on-campus education, students were not eligible if they were enrolled in an online-only program on March 13, 2020, the date the President declared the national emergency.

### **Coronavirus Response and Relief Supplemental Appropriations Act**

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law on December 27, 2020 to provide approximately \$23 billion of additional funding to support IHEs affected by the COVID-19 pandemic.

Like the CARES Act, Section 314(a)(1) of the CRRSAA allocated funding to IHEs by providing both student and institutional funding through HEERF II grants. US DOE modified its guidance to allow more students to receive funding. Under the modified guidance, students were no longer required to be eligible to participate in Title IV Federal financial aid programs or to be enrolled in on-campus classes to receive emergency financial aid grants.

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 funding that was not expended by the time an IHE received CRRSAA funding.



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## American Rescue Plan Act

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law, providing an additional \$40 billion for the HEERF. ARPA required that at least half of each institution's award be used to make emergency financial aid grants to students and the rest for institutional purposes.

US DOE's guidance document for ARPA funding, the *HEERF III FAQ* document, defines funding used for institutional purposes as follows:

*[Funding used to] (a) implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines; and (b) conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances.*

On January 31, 2022, an additional \$198 million in new awards were made available as Supplemental Support under ARPA (SSARPA).

Below is a summary of MWCC's financial activity related to COVID-19 funding during the audit period.

Grant Type	Award	Disbursement	Variance
CARES Act	\$2,554,748	\$2,557,597	(\$2,849)*
CRRSAA	\$5,520,672	\$5,416,499	\$104,173
ARPA	\$9,535,328	\$9,535,853	(\$525)*
SSARPA	\$907,049	\$903,050	\$3,999

\* The amounts spent over the award amount for the CARES Act and ARPA were reimbursed by the CRRSAA and SSARPA, respectively, when the funds became available.

## 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 Mount Wachusett Community College (MWCC) for the period March 1, 2020 through June 30, 2023. When examining employee settlement agreements entered into by MWCC, we extended the audit period to January 1, 2019 through December 31, 2023.

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; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did MWCC 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>Higher Education Emergency Relief Fund (HEERF) Frequently Asked Questions (FAQ) Rollup Document</i> ?	Yes
2. Did MWCC administer the institutional portion of funding under Section 18004(a)(1) of the CARES Act in accordance with Section F of US DOE's <i>HEERF FAQ Rollup Document</i> ?	Yes
3. Did MWCC administer the student portion of funding under Section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in accordance with US DOE's <i>HEERF II Public and Private Nonprofit Institution (a)(1) Programs ([Catalog of Federal Domestic Assistance, or CFDA] 84.425E and 84.425F) FAQ</i> ?	Yes
4. Did MWCC administer the institutional portion of funding under Section 314(a)(1) of the CRRSAA in accordance with US DOE's <i>HEERF II Public and Private Nonprofit Institution (a)(1) Programs (CFDA 84.425E and 84.425F) FAQ</i> ?	Yes
5. Did MWCC administer the student portion of funding under Section 2003(a)(1) of the American Rescue Plan Act (ARPA) in accordance with Section B of US DOE's <i>HEERF III FAQ</i> ?	Yes
6. Did MWCC administer the institutional portion of funding under Section 2003(a)(1) of the ARPA in accordance with Section C of US DOE's <i>HEERF III FAQ</i> ?	Yes

Objective	Conclusion
7. Did MWCC update its internal control plan to address the COVID-19 pandemic in accordance with the Office of the Comptroller of the Commonwealth's (CTR's) "COVID-19 Pandemic Response Internal Controls Guidance," dated September 30, 2020?	No; see Finding <u>1</u>
8. Did all MWCC employees receive cybersecurity awareness training in accordance with Sections 6.2.3 and 6.2.4 of the Executive Office of Technology Services and Security's Information Security Risk Management Standard IS.010?	No; see Finding <u>3</u>
9. Did MWCC have internal policies and procedures in place for (a) the review and approval of employee settlement agreements, including the language used, and (b) the reporting of employee settlement agreements to CTR? For employee settlement agreements entered into from January 1, 2019 through December 31, 2023, did MWCC follow these policies and did it use non-disclosure, non-disparagement, or similarly restrictive clauses as part of employee settlement agreement language?	No; see Finding <u>2</u>

To accomplish our audit objectives, we gained an understanding of MWCC's internal control environment relevant to our objectives by reviewing applicable college policies and procedures, as well as by interviewing MWCC's staff members and management. In addition, we performed the following procedures to address the objectives.

### CARES Act Student Funds

To determine whether MWCC administered the student portion of funding under Section 18004(a)(1) of the CARES Act in accordance with Sections C, D, and E of US DOE's *HEERF FAQ Rollup Document*, we obtained a list of 2,772 payments made to students from the CARES Act student-portion funding, totaling \$1,387,850, from MWCC's accounting and finance system during the audit period. We selected a random, statistical sample<sup>1</sup> of 47 payments totaling \$23,500 using a 90% confidence level,<sup>2</sup> a 0% expected error rate,<sup>3</sup> and a 5% tolerable error rate<sup>4</sup> from the list of 2,772 payments and completed the following actions:

- For payments to students enrolled in the spring 2020 semester, we observed student account records, including students' financial aid awards, financial aid enrollments, account details, and

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1. Auditors use statistical sampling to select items for audit testing when a population is large (usually over 1,000) and contains similar items. Auditors generally use a statistics software program to choose a random sample when statistical sampling is used. The results of testing using statistical sampling, unlike those from judgmental sampling, can usually be used to make conclusions or projections about entire populations.

2. Confidence level is a mathematically based measure of the auditor's assurance that the sample results (statistic) are representative of the population (parameter), expressed as a percentage.

3. Expected error rate is the number of errors that are expected in the population, expressed as a percentage. It is based on the auditor's knowledge of factors such as prior year results, the understanding of controls gained in planning, or a probe sample.

4. Tolerable error rate is the maximum error in the population that auditors would be willing to accept and still conclude that the result from the sample has achieved the audit objective.

enrollment statuses in the student account module of MWCC's accounting and finance system, to determine whether the students:

- were enrolled as of March 13, 2020 and participating in in-person classes;
- were eligible to apply for Title IV funding or Signed a Free Application for Federal Student Aid (FAFSA) Acknowledgment Form;
- were not dual enrollment students;
- were not second-chance Pell Grant participants; and
- did not receive over \$500.
- For payments to students enrolled in the fall 2020 semester, we observed student account records, including students' financial aid awards, financial aid enrollments, account details, and enrollment statuses in the student account module of MWCC's accounting and finance system, to determine whether the students:
  - were enrolled in the fall semester for at least six credits;
  - were eligible to apply for Title IV funding or signed a FAFSA Acknowledgment Form;
  - were not dual enrollment students;
  - were not second-chance Pell Grant participants; and
  - did not receive over \$500.
- For both semesters, we compared the amount each student received in the student account module to the amount from the transaction data.

Based on the results of our testing, we determined that, during the audit period, MWCC administered the student portion of funding under Section 18004(a)(1) of the CARES Act in accordance with Sections C, D, and E of US DOE's *HEERF FAQ Rollup Document*.

### **CARES Act Institutional Funds**

To determine whether MWCC administered the institutional portion of funding under Section 18004(a)(1) of the CARES Act in accordance with Section F of US DOE's *HEERF FAQ Rollup Document*, we obtained from MWCC's accounting and finance system a list of 47 CARES Act institutional transactions, totaling \$1,169,747, from the audit period. We selected a random, nonstatistical sample of 10 transactions, totaling \$51,906, and reviewed supporting documentation (invoices, purchase orders, receipts, emails, etc.) to identify the nature of the expense and determine whether the expense was allowable under the *HEERF FAQ Rollup Document*, specifically Questions 29–50.

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Based on the results of our testing, we determined that, during the audit period, MWCC administered the institutional portion of funding under Section 18004(a)(1) of the CARES Act in accordance with Section F of US DOE's *HEERF FAQ Rollup Document*.

## **CRRSAA Student Funds**

To determine whether MWCC administered the student portion of funding under Section 314(a)(1) of the CRRSAA in accordance with US DOE's *HEERF II Public and Private Nonprofit Institution (a)(1) Programs (CFDA 84.425E and 84.425F) FAQ*, we obtained from MWCC's accounting and finance system a list of 1,815 payments made to students from the CRRSAA student-portion funding, totaling \$1,173,200, made during the audit period. We selected a random, statistical sample of 47 payments, totaling \$30,000, using a 90% confidence level, a 0% expected error rate, and a 5% tolerable error rate from the list of 1,815 payments and completed the following actions:

- For payments to students enrolled in the fall 2020 semester, we observed student account records in the student account module of MWCC's accounting and finance system, including students' financial aid awards, financial aid enrollments, account details, and enrollment statuses, to determine whether the students:
  - were enrolled for at least six credits or were noncredit students;
  - were eligible to apply for Title IV funding or signed a FAFSA Acknowledgment Form;
  - were not dual enrollment students;
  - were not second-chance Pell Grant participants; and
  - did not receive over \$500.
- For the payments to students enrolled in the spring 2021 semester, we observed student account records in the student account module of MWCC's accounting and finance system, including students' financial aid awards, financial aid enrollments, account details, and enrollment statuses, to determine whether the students:
  - were enrolled for at least three credits or were noncredit students;
  - were eligible to apply for Title IV funding or signed a FAFSA Acknowledgment Form;
  - were not dual enrollment students;
  - were not second-chance Pell Grant participants; and

- did not receive over \$500, unless the student was enrolled in a healthcare program where classes were disrupted by the lack of clinical sites—these students were eligible for a fixed amount of \$2,000.
- For payments to students enrolled in the fall 2021 semester, we observed student account records in the student account module of MWCC’s accounting and finance system, including students’ financial aid awards, financial aid enrollments, account details and enrollment statuses, to determine whether the students:
  - were enrolled for at least six credits or were noncredit students;
  - were eligible to apply for Title IV funding or signed a FAFSA Acknowledgment Form; and
  - did not receive over \$500, unless the student was eligible for a Pell Grant—these students were eligible for \$750—or enrolled in a healthcare program where classes were disrupted by the lack of clinical sites—these students were eligible for a fixed amount of \$2,000.
- For all semesters, we compared the amount each student received in the student account module to the amount from the transaction data.

Based on the results of our testing, we determined that, during the audit period, MWCC ensured that it administered the student portion of funding under Section 314(a)(1) of the CRRSAA in accordance with US DOE’s *HEERF II Public and Private Nonprofit Institution (a)(1) Programs (CFDA 84.425E and 84.425F) FAQ*.

### **CRRSAA Institutional Funds**

To determine whether MWCC administered the institutional portion of funding under Section 314(a)(1) of the CRRSAA in accordance with US DOE’s *HEERF II Public and Private Nonprofit Institution (a)(1) Programs (CFDA 84.425E and 84.425F) FAQ*, we obtained from MWCC’s accounting and finance system a list of 274 CRRSAA institutional transactions, totaling \$4,243,299, from the audit period. From this list, we selected a random, nonstatistical sample of 40 transactions, totaling \$2,246,183, and reviewed supporting documentation (invoices, purchase orders, receipts, emails, etc.) to identify the nature of the expense and determine whether the expense was allowable under the *HEERF II FAQ* document, specifically Questions 10, 11, 15, 18, 19, 22, and 25.

Based on the results of our testing, we determined that, during the audit period, MWCC administered the institutional portion of funding under Section 314(a)(1) of the CRRSAA in accordance with US DOE’s *HEERF II Public and Private Nonprofit Institution (a)(1) Programs (CFDA 84.425E and 84.425F) FAQ*.

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## ARPA and Supplemental Support under the ARPA Student Funds

To determine whether MWCC administered the student portion of funding under Section 2003(a)(1) of the ARPA in accordance with Section B of US DOE's *HEERF III FAQ*, we obtained from MWCC's accounting and finance system both a list of 4,621 payments made to students from the ARPA student-portion funding, totaling \$4,873,579, and a list of 948 payments made to students from the SSARPA student-portion funding, totaling \$451,075, made during the audit period.

From the ARPA payments, we selected a random, statistical sample of 47 payments, totaling \$48,450, using a 90% confidence level, a 0% expected error rate, and a 5% tolerable error rate. From the SSARPA payments, we selected a random, nonstatistical sample of 60 transactions, totaling \$28,800. For each payment in our samples, we completed the following actions:

- For payments to students enrolled in the fall 2021 semester, we observed student account records in the student account module of MWCC's accounting and finance system, including students' financial aid awards, financial aid enrollments, account details, and enrollment statuses, to determine whether:
  - noncredit students received no more than \$500;
  - Pell Grant–eligible students enrolled in at least six credits received no more than \$750;
  - non–Pell Grant eligible students enrolled in at least six credits received no more than \$500; and
  - students in healthcare programs where classes were disrupted by a lack of clinical sites for an average of four months received no more than \$2,000.
- For payments to students enrolled in the spring 2022 semester, we observed student account records in the student account module of MWCC's accounting and finance system, including students' financial aid awards, financial aid enrollments, account details, and enrollment statuses, to determine whether:
  - noncredit students received no more than \$500;
  - Pell Grant–eligible students enrolled in at least four credits received no more than \$1,250; and
  - non–Pell Grant eligible students enrolled in at least four credits received no more than \$1,000.
- For payments to students enrolled in the fall 2022 semester, we observed student account records in the student account module of MWCC's accounting and finance system, including students' financial aid awards, financial aid enrollments, account details, and enrollment statuses:
  - Pell Grant–eligible students enrolled in at least six credits received no more than \$1,600 and

- non–Pell Grant eligible students enrolled in at least six credits received no more than \$1,350.
- For payments to students enrolled in the spring 2023 semester, we observed student account records in the student account module of MWCC’s accounting and finance system, including students’ financial aid awards, financial aid enrollments, account details, and enrollment statuses:
  - Pell Grant–eligible students enrolled in at least three credits who had gross need of over \$2,000—students received no more than \$550—and
  - non–Pell Grant eligible students enrolled in at least three credits who had gross need of over \$2,000—students received no more than \$340.

Based on the results of our testing, we determined that, during the audit period, MWCC administered the student portion of funding under Section 2003(a)(1) of the ARPA in accordance with Section B of US DOE’s *HEERF III FAQ*.

### **ARP and SSARPA Institutional Funds**

To determine whether MWCC administered the institutional portion of funding under Section 2003(a)(1) of the ARPA in accordance with Section C of US DOE’s *HEERF III FAQ*, we obtained from MWCC’s accounting and finance system a list of 45 ARPA institutional transactions, totaling \$4,662,274, and a list of 21 SSARPA institutional transactions, totaling \$451,975, from the audit period. We reviewed a random, nonstatistical sample of 10 transactions, totaling \$589,282, from the ARPA list and all 21 transactions from the SSARPA. For each of these transactions, we reviewed supporting documentation (invoices, purchase orders, receipts, emails, etc.) to identify the nature of the expense and determine whether the expense was allowable under Section 2003(a)(1) of the ARPA in accordance with Section C of US DOE’s *HEERF III FAQ* document, specifically Questions 21, 22, 23, 24, 25, 42, 43, 44, and 52.

Based on the results of our testing, we determined that, during the audit period, MWCC administered the institutional portion of funding under Section 2003(a)(1) of the ARPA in accordance with Section C of US DOE’s *HEERF III FAQ*.

### **Internal Control Plan COVID-19 Updates**

To determine whether MWCC updated its internal control plan to address the COVID-19 pandemic in accordance with CTR’s “COVID-19 Pandemic Response Internal Controls Guidance,” dated September 30, 2020, we interviewed MWCC’s vice president of finance and reviewed the internal control plan in effect during the audit period, dated June 30th 2020.



See Finding 1 for more information regarding the results of our testing related to MWCC's updating its internal control plan to address the COVID-19 pandemic.

## **Cybersecurity Awareness Training**

To determine whether MWCC employees 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 Information Security Risk Management Standard IS.010, we interviewed MWCC employees on how MWCC administers and tracks the completion of its initial and annual data security trainings and its annual Social Engineering Red Flags training. Additionally, we reviewed completion reports from the third-party companies MWCC uses to provide these trainings to its employees to determine whether all new hires completed the initial training and whether all employees took both annual trainings.

From the list of 1,289 employees, we determined that 718 employees were required to take MWCC's annual Social Engineering Red Flags training by reviewing whether the employee was hired on or before the date the training was implemented. For each of these 718 employees, we reviewed whether they were assigned training and whether the training was completed.

See Finding 3 for more information regarding the results of our testing related to cybersecurity awareness training.

## **Employee Settlement Agreements**

To determine whether MWCC had internal policies and procedures in place for (a) the review and approval of employee settlement agreements, including the language used, and (b) the reporting of employee settlement agreements to CTR, we interviewed MWCC's vice president of human resources. MWCC stated that it follows CTR's Settlements and Judgments Policy for any employee settlement agreements involving monetary payments.

To determine whether MWCC entered into employee settlement the agreements that included non-disclosure, non-disparagement, or similarly restrictive clauses, we reviewed language in all 15 employee settlement agreements that MWCC entered into from January 1, 2019 through December 31, 2023. Additionally, we reviewed all 15 employee settlement agreements to determine whether any resulted in the employee receiving a monetary payment. We determined that 1 of the 15 employee settlement agreements resulted in a monetary payment to the employee, which was not processed through CTR. We

ensured that this employee settlement agreement was related to unpaid regular time by reviewing payroll records. We further determined that 6 of the 15 employee settlement agreements resulted in monetary payments in the form of lump-sum payments to the six employees. For each of these 6 employee settlement agreements, we determined whether the settlement was handled in accordance with CTR's Settlements and Judgments policy by reviewing supporting documentation for the following:

- whether MWCC's legal counsel or the chief financial officer was listed as the central point of contact;
- whether the claimant or claimant's attorney was provided "Notice of Settlement/Judgment Tax Reporting And Withholdings, Claimant Receipt of W-2, 1099-MISC or 1099-INT Forms"; and
- whether all settlements were reviewed by CTR before the payment.

See Finding 2 for more information regarding the results of our testing of the use of employee settlement agreements by MWCC.

We used both statistical and nonstatistical sampling methods; however, we did not project the results of our testing to any of the corresponding populations.

## **Data Reliability Assessment**

### **COVID-19 Funding**

To determine the reliability of the data received from MWCC's accounting and finance system, we interviewed MWCC officials who were knowledgeable about the data. We reviewed the System and Organization Control reports for the system that covered fiscal years 2021 and 2022 and the fiscal year 2023 portion of the audit period. We also tested certain general information system controls (including security management, access controls, configuration management, segregation of duties, and contingency planning) over MWCC's accounting and finance system.

To determine the reliability of the lists of payments made to students from MWCC's accounting and finance system funded by the CARES Act, CRRSAA, ARPA, and SSARPA grants, provided by MWCC's controller, we tested to ensure that there were no duplicates and that all of the data was from within the audit period. Further, we selected a random sample of 20 transactions from each list and matched the student names and identification numbers, COVID-19 funding type codes, and payment amounts to the data in the students' accounts in MWCC's accounting and finance system.

To determine the reliability of the CARES Act, CRRSAA, ARPA, and SSARPA institutional transaction lists from MWCC's accounting and finance system, provided by MWCC's controller, we tested to ensure that there were no duplicates and that all of the data was from within the audit period. We selected a random sample of 20 transactions from the CRRSAA list and judgmental samples of 5 transactions each from the CARES Act, ARPA, and SSARPA lists and matched the transaction descriptions, amounts, and document codes to the original invoices. Further, we judgmentally selected a total of 35 invoices (20 CRRSAA, 5 CARES Act, 5 ARPA, and 5 SSARPA) and matched the transaction descriptions, amounts, and code identification numbers on the invoices to the data in MWCC's accounting and finance system.

### **Cybersecurity Awareness Training**

We received from MWCC's vice president of human resources a list of 2,547 active employees hired before June 30, 2023, which was extracted from the Human Resources Compensation Management System. To determine the reliability of this list, we removed duplicate records because of employees holding more than one position at the college, which resulted in a list of 1,289 employees. We reviewed the date of any terminated employees to ensure that they were not terminated before the beginning of the audit period. In addition, we selected a random sample of 20 employees from the list and matched employee names and identification numbers to hardcopy employee files. Further, we selected a judgmental sample of 20 hardcopy employee files and matched employee names and identification numbers to the employee list.

### **Employee Settlements**

To determine the reliability of the list of employee settlement agreements created by MWCC during the extended audit period of January 1, 2019 through December 31, 2023, we reviewed all 15 employee settlement agreements that we received and determined that 9 employee settlement agreements did not result in lump-sum payments and were therefore not processed through CTR. We requested and received from CTR an independent list of MWCC employee settlement agreements that resulted in a lump-sum payment during the audit period. We then verified that each of the 6 employee settlement agreements that resulted in a lump-sum payment, which were processed through CTR, were the only ones on CTR's independent list.

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

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## DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

### 1. Mount Wachusett Community College did not update its internal control plan with a COVID-19 pandemic response plan.

Mount Wachusett Community College's (MWCC's) internal control plan was not updated with a COVID-19 component as required by the Office of the Comptroller of the Commonwealth's (CTR's) "COVID-19 Pandemic Response Internal Controls Guidance," issued September 30, 2020. MWCC's internal control plan was last updated in June 2020.

An internal control plan identifies objectives and risks and identifies control activities to mitigate risks that may prevent an agency from accomplishing its public mission. Without updating its internal control plan, MWCC may not identify and/or mitigate all risks that may prevent it from accomplishing its objectives.

#### Authoritative Guidance

CTR's "COVID-19 Pandemic Response Internal Controls Guidance," dated September 30, 2020, states,

*Department internal control plans must be based on risk assessments and updated annually, or when significant changes occur. Because the COVID-19 Pandemic has affected all departments, The Comptroller, in consultation with the State Auditor's Office, is providing two options for updating internal controls.*

- 1. If the impact to your department is such that it can be reflected in your Internal Control Plan (ICP), then update the ICP as you would for any other mid-year changes.*
- 2. Departments experiencing a significant impact, and requiring the accumulation of substantial documentation (e.g. changes to business processes, requirements of federal and state-specific laws or guidance, new funds or new programs), can draft a separate COVID-19 Pandemic Response Plan Appendix to the ICP as an organized set (hard or soft copies) of emails, documents, risk assessments, policies, and procedures.*

#### Reasons for Issue

MWCC's current vice president of administration and finance informed us that a draft internal control plan was created by the previous vice president of administration and finance during summer 2020; however, the draft was never approved.

## Recommendation

MWCC should establish policies and procedures to ensure that its internal control plan is updated annually and when significant changes occur.<sup>5</sup>

## Auditee's Response

*MWCC does regularly review and update the internal control plan annually in accordance with the Office of State Comptroller guidance but will implement procedures to ensure documentation of such reviews. In the case of the COVID-19 Response Plan the "draft" plan shared was the most current version used by the college to guide and direct its response. We acknowledge this plan was never finalized into a "final" plan as the guidance from federal, state and local health officials continued to evolve throughout the pandemic which necessitated the college remain nimble in order to quickly respond to the latest guidance. However, we do understand under normal operating conditions that all such plans and internal controls should be incorporated into the Internal Control plan in a "final" approved format.*

## Auditor's Reply

Based on its response, MWCC is taking measures to address our concerns regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

## **2. Mount Wachusett Community College did not have a transparent or accountable process related to employee settlement agreements, including those containing non-disclosure, non-disparagement, or similarly restrictive clauses.**

MWCC did not have documented internal policies or procedures for reviewing and approving the processing and reporting of employee settlement agreements. Additionally, MWCC did not have documented policies or procedures in place to review the language used when entering into 15 employee settlement agreements during the period of January 1, 2019 through December 31, 2023. Further, our review showed that 13 of the employee settlement agreements that MWCC entered into contained non-disclosure, non-disparagement, or similarly restrictive clauses.

If MWCC does not have a transparent and accountable process to handle employee settlement agreements, especially those containing non-disclosure, non-disparagement, or similarly restrictive clauses, it cannot ensure that employee settlement agreements are handled in an ethical, legal, or

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5. We would normally recommend that the auditee establish required policies and procedures it failed to establish. In this instance, however, the COVID-19 pandemic public health emergency declaration has been rescinded, and it is necessary to establish a policy that would no longer be in effect.

appropriate manner. Further, there is a risk that confidentiality language may be used to cover up harassment, discrimination, or other unlawful behaviors, potentially allowing perpetrators to continue to remain in their position and engage in further unlawful behavior. Impacted employees may also not know that non-disclosure terms may be unenforceable under Public Records Law.

Further, a lack of a documented policy on the use of confidentiality language also creates the risk that confidentiality language could be used to protect or obscure from public view repeated instances of poor management or inappropriate or unlawful behavior at agencies of government. This perpetuates the risk that public employees may continue to face abusive or harassing treatment from perpetrators, and that the taxpayers be required to pay for the costs of settlements or litigation in connection with this continued behavior.

The table below summarizes the dates, amounts, and payment methods (if applicable) of the 15 employee settlement agreements MWCC entered into during the audit period.

Were Allegations Specified in the Agreement?	Settlement Date	Amount	Method of Payment	Did the Agreement Include Non-disclosure, Non-disparagement, Similarly Restrictive Clauses?
No*	May 19, 2020	\$90,000.00	CTR	Yes
No**	August 19, 2020	Not monetary	N/A	Yes
No*	October 15, 2020	Not monetary	N/A	Yes
No**	July 16, 2021	Not monetary	N/A	No
No*	September 15, 2021	Not monetary	N/A	Yes
No*	October 8, 2021	\$25,000.00	CTR	Yes
No*	June 30, 2022	\$55,000.00	CTR	Yes
No*	September 29, 2022	Not monetary	N/A	Yes
No*	December 13, 2022	Not monetary	N/A	Yes
No**	December 13, 2022	\$29,500.00	CTR	Yes
No*	April 12, 2023	Not monetary	N/A	Yes
No*	April 21, 2023	\$3,153.15	Payroll	Yes
No**	April 24, 2023	\$1,100.00	CTR	No
No**	May 1, 2023	Not monetary	N/A	Yes
No*	August 18, 2023	\$17,899.88	CTR	Yes

\* Settlement is related to an employment action (for example, employee termination due to alleged performance issues).

\*\* Settlement is allegedly related to a general human resources issue (or example, an agreement to remove a letter and/or an evaluation from an employee's human resources file).

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## Authoritative Guidance

Section 5.09 of Title 815 of the Code of Massachusetts Regulations states,

*(1) Responsibility of assigned attorney or staff person: Preparation of Reports. When litigation involving a monetary claim against the Commonwealth covered by these regulation terminates in a final Settlement or judgment with regard to such a claim, the agency attorney or staff person assigned to handle or monitor the claim shall do the following:*

*(a) Prepare a report indicating:*

- 1. the principal amount of the settlement or judgment;*
- 2. the amount of any attorney's fee award;*
- 3. the amount of any interest award or accrued, and whether the interest continues to accrue post-judgment;*
- 4. a request for payment of the amount;*
- 5. a description of the basis for the request, (e.g., Court order or settlement agreement); and*
- 6. whether the assigned attorney desires to award the payment check to the claimant;*

*(b) Forward the report with a copy of the settlement or judgment just described to the General Counsel of [CTR] within the time frames set forth in [Section 5.09(2) of Title 815 of the Code of Massachusetts Regulations]. . . .*

*(2) Time for preparation of reports. The report . . . shall be sent by the agency attorney to the General Counsel of the Comptroller:*

- (a) if based on a settlement agreement, within 15 days of signing of the final settlement papers; or*
- (b) if based on a judgment against the Commonwealth or any agency, within fifteen days of the Commonwealth's decision not to appeal; or*
- (c) if based on a judgment against the Commonwealth or an agency, where the Commonwealth decides to take an appeal from the judgment, within fifteen days of any final order on appeal or in remand proceedings, if such remand proceedings are ordered.*

## Reasons for Issue

During an interview, MWCC's vice president of human resources stated that there is no written policy regarding employee settlement agreements as they refer to the various bargaining unit agreements as

well as the non-unit professional Personnel Policies manual when entering into employee settlement agreements. For settlements that result in monetary payments in the form of lump-sum payments, MWCC uses CTR's Settlements and Judgments Policy as the default for handling the settlement.

## Recommendations

1. MWCC should develop, document, and implement a policy related to employee settlement agreements.
2. To help increase transparency and accountability, MWCC should track and document all employee settlements entered into by MWCC.
3. To help increase transparency and accountability, MWCC should track and document all complaints that include non-disclosure, non-disparagement, or similarly restrictive clauses in employee settlement agreements.

## Auditee's Response

*Elaborating on the referenced interview statements regarding the applicable collective bargaining agreements (CBA) and the Non Unit Professionals Personnel Policies Handbook provides additional relevant context regarding when such agreements are entered into. Of the 15 settlement agreements completed during the audit period, 9 of the 15 were arrived at following required processes defined and agreed to in the applicable CBA that include provisions for pursuing a mediated settlement and failing that, arbitration and a decision that may include a monetary award for actual damages. Of those settlement agreements including a lump sum payment, 5 of the 7 such agreements involved employees covered by a CBA. Although settlement agreements are not tracked in a stand-alone manner, limited information regarding grievances initiated in accordance with a CBA is maintained by the College in a database that is now being periodically updated on a more regular basis. Going forward and in consultation with the College's Office of General Counsel, the College will establish written parameters to reference regarding the potential for entering settlement agreements with employees and whether such agreements should include language pertaining to non-disclosure or non-disparagement should such language be sought by any party to such an agreement.*

## Auditor's Reply

Based on its response, MWCC is taking measures to address our concerns regarding this matter. We reiterate our concerns that without a fully documented process that increases oversight, there is a potential for settlements that include confidentiality language that could be misused, or possibly abused, to protect perpetrators and cover up unlawful or unethical behavior. We will follow up on this matter, both related to settlements covered by CBAs and those not, in approximately six months, as part of our post-audit review process.



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### 3. Mount Wachusett Community College could not provide evidence that all users were assigned or completed cybersecurity awareness training.

Our review of the completion report from the third-party platform MWCC uses to provide its annual Social Engineering Red Flags training to its employees showed that not all required employees were assigned this training. Out of the 718 employees required to complete this training, 144 employees (20%) were not assigned training. Additionally, out of the 574 individuals assigned training, there was no evidence that 341 employees (59%) completed the training. In total, out of the 718 employees required to complete this training, MWCC could not provide evidence of completion for 485 (68%) employees.

Additionally, our review of the completion reports from the third-party platforms MWCC uses to provide both its initial and annual data security training to its employees did not contain evidence of the completion of training for each year of the audit period.

Without educating all employees on their responsibility of protecting the security of information assets, MWCC may be exposed to a higher risk of cybersecurity attacks and financial and/or reputational losses.

#### Authoritative Guidance

Section 6.2 of the Executive Office of Technology Services and Security's Information Security Risk Management Standard IS.010 states,

*6.2.3 The New Hire Security Awareness course must be completed within 30 days of new hire orientation. . . .*

*6.2.4 Annual Security Awareness Training: All **personnel** are required to complete Annual Security Awareness Training.*

#### Reasons for Issue

MWCC's information technology director informed us that there is no technical connection between the college's system and the third-party platform that provides the annual Social Engineering Red Flags training. This resulted in discrepancies in the data between MWCC and the third-party platform.

MWCC's vice president of human resources told us in an email, dated August 28, 2024, that the third-party platform used for both the initial and annual data security trainings "clears the history every year; they are essentially resetting the assignment date so their system does not register that the employee already completed the training."

Additionally, MWCC's vice president of human resources stated that MWCC does not place a certificate of completion for the training in employees' personnel files.

## Recommendations

1. MWCC should take steps to establish a connection between MWCC's internal system and the systems used by the third-party training providers to ensure that all employees are assigned to take initial cybersecurity awareness training upon being hired and refresher training on an annual basis.
2. MWCC should ensure that all employees complete initial and refresher cybersecurity awareness training.
3. MWCC should ensure that it retains certificates on file for its employees to document their completion of cybersecurity awareness training.

## Auditee's Response

*MWCC has implemented an annual employee check between [the Human Resources Compensation Management System] (state payroll) and Banner to ensure that the employee list matches between the two systems. In addition, MWCC has connected the Active Directory, location of employee accounts, with [the cybersecurity awareness training system]. Thus, [the cybersecurity awareness training system] is updated daily on account status (new accounts, deleted accounts). During the 2024-2025 cyber training, MWCC will reach out to the manager of the employee if training is not completed by the initial deadline. In the new Acceptable Use Policy that is going through governance this year, MWCC will be able to remove network access to a user who does not complete the training. This will be implemented with the next training cycle once the policy is approved with the goal of 2025-2026. In addition, MWCC is implementing steps to ensure a backup file is maintained by the college to the vendor's system results of the annual cyber training.*

## Auditor's Reply

Based on its response, MWCC is taking measures to address our concerns regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

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## OTHER MATTERS

Mount Wachusett Community College (MWCC) is missing certain information system general controls over its finance and administration system.

We identified the following issues in our testing of MWCC's information system general controls:

1. MWCC's *Enterprise-Wide Risk Management and Internal Control Manual* has not been updated since June 30, 2020.
2. MWCC does not have a formalized identification and authentication policy that outlines password complexity requirements.
3. MWCC does not conduct supervisory reviews of user access rights.
4. Three out of 15 users randomly selected for user rights access testing did not have user rights approvals that matched their access rights (some employees were assigned roles for which they were not approved and/or were approved for roles but not given access to them).
5. MWCC does not regularly review or analyze information system audit records.

If MWCC does not update and receive approval each year for its *Enterprise-Wide Risk Management and Internal Control Manual*, it may be exposed to an increased risk of cyberattacks and financial and/or reputational losses. If MWCC does not have a formalized identification and authentication policy that outlines password complexity requirements, or does not conduct reviews of user access rights, this may cause an elevated risk of exposure to unauthorized access to its systems. If MWCC employees have unauthorized access privileges, along with MWCC not reviewing system audit logs, this may cause an elevated risk of security breaches or fraud.

Section 6.4.5.1 of the Executive Office of Technology Services and Security's Organization of Information Security Standard IS.001 states, "A review of **information security policies, procedures and standards** will be performed by the **Document Owner** . . . at least once every year."

The Executive Office of Technology Services and Security's Access Management Standard IS.003 states,

*6.1.5.3     **User** access requests will be recorded (paper or tool-based), include a business justification for access, and be approved by the requestor's supervisor and the appropriate **Information Owner** or authorized delegate. . . .*

*6.1.10.2    A review of **user** access must be conducted, at a minimum, semiannually, and all unauthorized accounts and access must be removed. . . .*

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6.4.1 *Passwords will be configured securely using complexity and expiration requirements, as follows:*

6.4.1.1 **User** *passwords must be a minimum of twelve (12) characters and contain three (3) of the following four (4) characteristics:*

6.4.1.1.1. *Special characters (e.g., ', %, \$, #)*

6.4.1.1.2. *Numerical characters (e.g., 1, 2, 3)*

6.4.1.1.3. *Alphabetic characters (e.g., a, b, c)*

6.4.1.1.4. *Combination of uppercase and lowercase letters. . . .*

Section 6.1.5 of the Executive Office of Technology Services and Security's Logging and Event Monitoring Standard IS.011 states, "Commonwealth Agencies and Offices must ensure that **Information Owner** activities are logged and monitored."

During an interview, MWCC's vice president of finance stated that an update of the *Enterprise-Wide Risk Management and Internal Control Manual* was drafted in 2020; however, the plan was never approved.

During an interview, MWCC's information technology director stated that the information technology department reviews only newly hired or terminated employees' access rights and that the previous database administrator did not complete audit log reviews.

## Recommendations

1. MWCC should ensure that its *Enterprise-Wide Risk Management Internal Control Manual* is updated and approved annually.
2. MWCC should ensure that its *Enterprise-Wide Risk Management Internal Control Manual* has a formalized identification and authentication policy that outlines password complexity requirements.
3. MWCC should conduct and document user access reviews at least twice a year.
4. MWCC should ensure that it reviews the system's audit log on a regular basis.