



# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819  
BOSTON, MASSACHUSETTS 02108

A. JOSEPH DeNUCCI  
AUDITOR

TEL. (617) 727-6200

NO. 2008-0201-7S

INDEPENDENT STATE AUDITOR'S REPORT ON  
CERTAIN ACTIVITIES OF  
NORTHERN ESSEX COMMUNITY COLLEGE  
JULY 1, 2006 TO JUNE 30, 2007

OFFICIAL AUDIT  
REPORT  
APRIL 3, 2008

---

## TABLE OF CONTENTS/EXECUTIVE SUMMARY

---

### **INTRODUCTION**

**1**

Northern Essex Community College (NECC) is authorized by Chapter 15A, Section 5, of the Massachusetts General Laws and operates under the oversight of the Board of Higher Education. A Board of Trustees appointed by the Governor of the Commonwealth controls its operations, and NECC's President is responsible for implementing the policies set by the Board of Trustees, in accordance with the policies and procedures established by the Board of Higher Education.

We have conducted a follow-up review of our prior audit of NECC (No. 2007-0201-16S) covering the period July 1, 2006 to June 30, 2007. Our review was conducted in conjunction with the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2007.

---

### **AUDIT RESULTS**

**3**

#### **PRIOR AUDIT RESULTS RESOLVED**

**3**

Our review disclosed that NECC satisfactorily resolved the issues reported in our prior audit relating to (a) improving its Internal Control Plan (ICP) and (b) issuing inaccurate student refunds.

##### **a. Internal Control Plan Updated**

**3**

NECC has taken corrective action to update its ICP to include a more comprehensive, college-wide risk assessment with specific policies and procedures designed to mitigate risk, with reference to and discussion of the five components of internal control as they pertained to NECC's internal control framework.

##### **b. Reviewing and Issuing Correct Student Refund Checks**

**3**

New parameters have been set within NECC's computer information system to ensure that the issuance of student refunds is done timely, accurately, and in accordance with the requirements for distribution of Title IV funds. Additionally, NECC's IT department installed a computer program that allows the Bursar's Office to determine whether any payments had been made to a future term in the course of a financial aid disbursement.

## INTRODUCTION

### ***Background***

Northern Essex Community College (NECC) is part of the system of public institutions of higher education as promulgated by Chapter 15A, Section 5, of the Massachusetts General Laws. A Board of Trustees appointed by the Governor, which establishes the College's administrative policies, governs NECC. NECC's President is responsible for implementing the policies set by the Board of Trustees, in accordance with the policies and guidelines established by the Board of Higher Education.

### ***Audit Scope, Objectives, and Methodology***

In accordance with Chapter 11, Section 12, of the General Laws, we conducted a follow-up review of NECC's federal student financial assistance programs funded through the United States Department of Education (DOE) for the period July 1, 2006 through June 30, 2007. We conducted our review in conjunction with the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2007. The Commonwealth's Fiscal Year 2007 Single Audit Report consists of the following volumes:

- Statutory Basis Financial Report
- Comprehensive Annual Financial Report
- Reports on Compliance and Internal Controls in Accordance with Governmental Auditing Standards and Requirements of the Office of Management and Budget (OMB) Circular A-133, and the Schedule of Expenditures of Federal Awards

The audit results contained in this report are also reported in the Fiscal Year 2007 Single Audit of the Commonwealth of Massachusetts Reports on Compliance and Internal Controls in Accordance with Governmental Auditing Standards and Requirements of the Office of Management and Budget (OMB) Circular A-133, and the Schedule of Expenditures of Federal Awards mentioned above.

We conducted a follow-up review of the issues contained in our prior audit report (No. 2007-0201-16S) and in the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2007. Our review was conducted in accordance with applicable generally accepted government auditing standards set forth in OMB Circular A-133, revised June 27, 2003, and the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide, Audits of State and

Local Governments. Additionally, our review evaluated NECC's compliance with Office of the State Comptroller (OSC) policies and procedures; Massachusetts General Laws; and other applicable laws, rules, and regulations.

In performing our review of NECC's activities, we referred to OMB's Circular A-133, March 2007 Compliance Supplement to determine the compliance requirements that must be considered in an audit conducted under OMB Circular A-133.

Our follow-up review of NECC's procedures for corrective action and improvements in the areas identified in our prior audit were as follows:

- Updating and amending its Internal Control Plan
- Reviewing and issuing correct student refund checks

We concluded that NECC has implemented the corrective action plan for the audit results identified in our prior report (No. 2007-0201-16S) and has adequate internal controls in place to improve upon the areas previously cited. We concluded that NECC has complied with the requirements of the United States DOE and OMB Circular A-133 and the Compliance Supplement; the Massachusetts General Laws; and other applicable laws, rules, and regulations, for the areas tested in our follow-up review.

## AUDIT RESULTS

### PRIOR AUDIT RESULTS RESOLVED

We have conducted a follow-up review of our prior audit of Northern Essex Community College (NECC) and found that NECC has satisfactorily resolved the issues reported in our prior audit relating to (a) improving its Internal Control Plan (ICP) and (b) reviewing and issuing correct student refund checks.

#### **a. Internal Control Plan Updated**

Our follow-up review disclosed that NECC has updated its ICP to include a more comprehensive, college-wide risk assessment with specific policies and procedures designed to mitigate risk, with reference to and discussion of the five components of internal control as they pertained to NECC's internal control framework. Furthermore, these updates ensure compliance with Chapter 647 and OSC guidelines.

#### **b. Reviewing and Issuing Correct Student Refund Checks**

Our follow-up review determined that new parameters have been set within NECC's computer information system to ensure that the issuance of student refunds is done timely, accurately, and in accordance with the requirements for distribution of Title IV funds. Additionally, NECC's IT department installed a computer program that allows the Bursar's Office to determine whether any payments had been made to a future term in the course of a financial aid disbursement.