



# The Commonwealth of Massachusetts

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INDEPENDENT STATE AUDITOR'S REPORT ON  
CERTAIN ACTIVITIES OF THE  
NORTH SHORE COMMUNITY COLLEGE  
JULY 1, 2007 TO JUNE 30, 2008

OFFICIAL AUDIT  
REPORT  
APRIL 7, 2009

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North Shore Community College (NSCC) 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 NSCC'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.

The Office of the State Auditor has conducted a follow-up review of our prior audit of NSCC (No. 2008-0202-16S). Our follow-up audit covered the period July 1, 2007 to June 30, 2008. Our review was conducted in conjunction with the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2008.

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Our review disclosed that NSCC satisfactorily resolved the issues reported in our prior audit relating to (a) improving Federal Work Study (FWS) internal control and payroll procedures, and (b) timely reporting of student status changes as required.

##### **a. Improved Federal Work Study Internal Controls and Procedures Implemented**

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NSCC has taken corrective action to review and revise existing FWS policies and procedures to strengthen internal controls over student payroll and provide for monitoring of departmental compliance.

##### **b. System for Timely and Accurate Reporting of Student Status Changes Implemented**

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NSCC has established and implemented an improved reporting schedule for notifying the National Student Loan Data System concerning student status changes. Additionally, NSCC's internal policies and procedures over student status changes have been updated and implemented to ensure compliance with federal regulations.

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## INTRODUCTION

### ***Background***

North Shore Community College (NSCC) 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 NSCC'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.

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

In accordance with Chapter 11, Section 12, of the General Laws, the Office of the State Auditor has conducted a follow-up review of NSCC's federal student financial assistance programs funded through the United States Department of Education (DOE) for the period July 1, 2007 through June 30, 2008. We conducted our review in conjunction with the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2008. The Commonwealth's Fiscal Year 2008 Single Audit Report consists of the following volumes:

- Statutory Basis Financial Report
- Comprehensive Annual Financial Report
- OMB Circular A-133 Report

The Audit Results contained in this report are also reported in the Commonwealth of Massachusetts OMB Circular A-133 Report for the fiscal year ended June 30, 2008, as mentioned above.

We conducted a follow-up review of the issues contained in our prior audit report (No. 2008-0202-16S) and in the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2008. Our review was conducted in accordance with generally accepted government auditing standards and 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 NSCC'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 NSCC's activities, we referred to OMB's Circular A-133, March 2008 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 NSCC's procedures for corrective action and improvements in the areas identified in our prior audit were as follows:

- Improving Federal Work Study internal control and payroll procedures
- Reporting student status changes on a timely basis

We concluded that NSCC has implemented the corrective action plan for the Audit Results identified in our prior report (No. 2008-0202-16S) and has adequate internal controls in place to improve upon the areas previously cited. We further concluded that NSCC 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.

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## AUDIT RESULTS

### PRIOR AUDIT RESULTS RESOLVED

We have conducted a follow-up review of our prior audit of North Shore Community College (NSCC) and found that NSCC has satisfactorily resolved the issues reported in our prior audit relating to (a) improving Federal Work Study (FWS) internal controls and payroll procedures, and (b) timely reporting of student status changes as required.

#### **a. Improved Federal Work Study Internal Controls and Procedures Implemented**

Our follow-up review disclosed that NSCC has reviewed and revised its FWS policies and procedures and strengthened internal controls over student payroll. The following actions have taken place: 1) a training packet has been developed for all individuals responsible for the administration of the FWS program, and mandatory training sessions have taken place for FWS supervisors and timekeepers; 2) the Human Resources (HR)/Payroll Office has developed a new standardized time slip and reporting template for work-study students, and has changed the bi-weekly reporting deadline for submission of hours worked; 3) HR/Payroll has conducted audits to determine compliance with the new procedures; 4) all overpayments and underpayments of FWS disbursements that were reported in the prior audit have been resolved, and the appropriate reimbursements have been made; 5) FWS contracts are being more closely monitored to prevent overspending of awards; and 6) an internal sub-module within the Banner financial aid system has been implemented for FWS activity.

#### **b. System for Timely and Accurate Reporting of Student Status Changes Implemented**

Our follow-up review found that NSCC has implemented a procedure of timely and accurate reporting of enrollment data to the National Student Loan Data System (NSLDS). A reporting schedule has been established and implemented with NSLDS, and the College has revised its policies and procedures to transition the reporting responsibility of student status changes to the Director of Enrollment and Student Records Office, and they are now in compliance with federal regulations.

**OTHER MATTERS****UNITED STATES DEPARTMENT OF EDUCATION FINAL DETERMINATION PROGRAM REVIEW REPORT NSCC – ENGLISH AS A SECOND LANGUAGE PROGRAM**

There has been no change in the status of the appeal of the United States Department of Education's Final Determination Program Review Report (FDPR), which contained two findings covering the administration of NSCC's Title IV programs related to federal aid awarded to students who received English as a Second Language instruction at NSCC. The appeal process continues, and NSCC's management has determined that the findings identified in the FDPR will remain open until resolution of the appeal.