



A. JOSEPH DeNUCCI  
AUDITOR

# The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819

BOSTON, MASSACHUSETTS 02108

TEL. (617) 727-6200

NO. 2003-0204-2S

INDEPENDENT STATE AUDITOR'S REPORT

ON CERTAIN ACTIVITIES OF

ROXBURY COMMUNITY COLLEGE

JULY 1, 2001 TO JUNE 30, 2002

OFFICIAL AUDIT  
REPORT  
FEBRUARY 24, 2003

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Roxbury Community College (RCC) is authorized by Chapter 15A, Section 5, of the Massachusetts General Laws. RCC is under the oversight of the Board of Higher Education, which is responsible for monitoring each educational institution to ensure that state funds support measurable performance, productivity, and results. RCC is governed by a Board of Trustees, which establishes RCC's administrative policies, and RCC's president is responsible for implementing the policies set by the Board of Trustees.

We conducted a review of RCC's federal student financial assistance (SFA) programs funded through the United States Department of Education (DOE) for the period July 1, 2001 through June 30, 2002. Our review was conducted in conjunction with the Single Audit of the Commonwealth for the fiscal year ended June 30, 2002.

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During the fiscal year 2002 Single Audit, we found that RCC has made progress in improving its administration over SFA programs and other financial areas. However, RCC still needs to improve in these areas, which have also been identified in two prior audit reports. Our last audit found that RCC could not provide information and documentation to substantiate the federal SFA awards for the 2000-2001-award year necessary to conduct an audit of its federal SFA programs. As such, RCC was not complying with DOE standards for administrative capability. In addition, the audit disclosed that RCC did not have (1) written policies and procedures; (2) systems in place to process, record, and report accurate SFA data; (3) adequate staff to administer its programs; and (4) sufficient coordination between the student Financial Assistance Office and the Business Office. The follow-up audit revealed that RCC made some improvements in addressing the prior year's audit issues; however, further improvements were still necessary. The areas cited in last year's report included nonappropriated fund activity not reconciled monthly, the need to finalize DOE Office of the Inspector General (OIG) issues, lack of procedures to identify walk-away students, and inadequate administration of SFA programs. These areas are all in need of continued improvement. New conditions found during this audit and included in this report include: noncompliance with reporting and disclosure of information; students inappropriately awarded Pell Grants without a documented high school diploma; a student awarded a Pell Grant using incorrect Social Security numbers and different dates of birth; a Pell Grant recipient not making satisfactory academic progress; and an RCC internal control plan that needs to be updated.

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The 1997 Single Audit of the Commonwealth reported that the OIG conducted an audit of the English as a Second Language (ESL) program at RCC covering the period from July 1, 1993 to June 30, 1995. The OIG's final report contained three findings and recommended that RCC repay in excess of \$2.2 million. RCC disagreed with the OIG findings and, at that time, was awaiting the final audit determination letter from federal officials. The 1997 Single Audit found eight additional students who, pending the outcome of RCC's appeal, could have been ineligible. The 1998 Single Audit revealed that DOE issued its Final Determination Letter on September 18, 1998. On the basis of this determination, the 1998 Single Audit concluded that five of the eight students were eligible and that the eligibility of the remaining three students, who received Pell grants totaling \$3,901, depended on the final result of RCC's continued appeal to an Administrative Law Judge. The 2001 Single Audit Report recommended that RCC repay the \$201,563 to DOE, as well as the Pell awards of \$3,901 paid to the three students identified in the fiscal year 1997 Single Audit as taking only ESL classes.

Our follow-up disclosed that the Secretary of DOE issued a final decision certifying the earlier decision of the Administrative Law Judge for RCC to repay \$200,488 to DOE for awarding financial aid to ineligible ESL students and \$1,075 for awarding aid to a 15-year old student. RCC acknowledged that during mid-November 2001, the Secretary of DOE certified that RCC should repay \$200,488 to DOE for awarding financial aid to ineligible ESL students, \$1,075 for awarding aid to a 15 year old student (who became sixteen, the necessary minimum age later that academic year), and \$3,901 for the three students taking only ESL classes in 1997. RCC entered into a formal written repayment agreement on July 12, 2002, to repay DOE \$201,563 in sixteen quarterly payments ending April 1, 2006. Two quarterly payments of \$13,977 have been forwarded to DOE paid from RCC's Unrestricted Trust Funds. However, RCC did not address the issue of the three students who received Pell grants of \$3,901 identified in the fiscal year 1997 Single Audit. In response to this issue, RCC stated that the events in question occurred before the current Financial Aid Director and Vice-President for Finance were employed by RCC, who need more time to research the three student Pell Grants and determine the appropriate action for RCC to take.

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**3. LACK OF PROCEDURES TO IDENTIFY WALK-AWAY STUDENTS****8**

RCC did not establish procedures during fiscal year 2002 to identify "walk-away" students. The fiscal year 1999 Single Audit initially reported that RCC lacked a procedure to identify walk-away students to comply with federal regulations. Prior Single Audits reported that, contrary to federal regulations, RCC lacked a procedure to identify walk-away students who do not officially withdraw from RCC. These regulations require schools to calculate refunds based on the last recorded date of attendance and establish procedures to identify that date. The 2002 Single Audit

disclosed that a more comprehensive system was in place for the fall 2001 semester whereby faculty were instructed on September 20, 2001 (add/drop deadline) and on October 30, 2001 (mid-term) to indicate on class rosters students who never attended or stopped attending and note their last day of attendance. The rosters, which were accompanied by written instructions, were collated by the Registrar's Office, and a report of "Student Changes" was forwarded to the Financial Aid Office. However, the "Student Changes" report was marked "In Progress" and stated that many faculty members either did not prepare the initial status (add/drop) report or prepared it too late for initial reporting purposes. In response to our audit, RCC indicated that it was aware that the walk-away process was not administered at the end of each semester and developed an electronic procedure report that became available in September of 2002 from the Jenzabar software system. The report produces a list of any enrolled student who did not earn credits at the end of each grading period.

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Prior audit reports starting in fiscal year 1995 disclosed that RCC had not been entering and reconciling its Non-Appropriated Fund [Fund 901] activity monthly as required by Commonwealth laws and regulations. To comply, RCC should have reconciled the Massachusetts Management Accounting and Reporting System (MMARS) 110H Report with its internal records on a monthly basis. The follow-up audit disclosed that as of October 1, 2002, RCC has made some improvements and has completed reconciliations through March 31, 2002 for its Non-Appropriated Fund activity. In response to the audit, RCC indicated that the reconciliation process for non-appropriated funds will be easier to accomplish in fiscal year 2003 because of the new Jenzabar administrative and financial software that was installed as of July 1, 2002. Also, RCC indicated that it is waiting for the finalization of the fiscal year 2002 figures before placing a trust fund onto the Jenzabar system.

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**5. ROXBURY COMMUNITY COLLEGE DID NOT COMPLY WITH REQUIREMENTS FOR REPORTING AND DISCLOSING INFORMATION TO STUDENTS**

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RCC did not comply with federal regulations required for reporting and disclosing information to students pursuing Title IV Funds. RCC is required to make information relative to its financial aid programs available to both current and prospective students. However, RCC has not published a general college catalog for the past two academic years, 2001-2002 and 2002-2003. College officials stated that the college catalog is in review and would be available to students sometime before January 1, 2003 for the 2002-2003 academic years. RCC maintained a Website on the Internet, but does not provide sufficient information to current and prospective students in the form of detailed information on financial aid programs at RCC, in order to comply with regulations on reporting and disclosure of information. In response to the audit, RCC indicated that it exhausted its supply of catalogs but did provide complete information about the financial aid available to enrolled students, eligibility criteria and standards, the application process including how to apply for both federal and state aid, and award notification. Moreover, RCC indicated that

both the Admissions and Financial Aid offices prepared and distributed this information on all relevant policies and procedures regarding financial aid. However, our review of documentation supplied to students disclosed that RCC did not adequately address the federal publication compliance requirement for identifying and describing federal financial aid programs at RCC.

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RCC awarded a total of \$31,875 in Pell Grant funds to nine students, included in a sample of 25 students receiving Pell Grants, who did not have a high school diploma or its equivalent. Six of these students' admissions files did not contain any evidence that these students had the required high school diploma or its recognized equivalent. Three of these students' files contained a foreign language document, without the necessary translation, purporting to be a high school diploma, despite RCC's stated requirement in its 2000-2001 catalog that "students with a transcript in a language other than English must submit a notarized or certified translation of their transcript." In response, RCC indicated that the Admissions and Registrar's offices will take corrective action and will retain copies of the high school diploma or its equivalent. Also, RCC stated that the Admissions Office will ensure that applicants to RCC whose credentials are in a foreign language will have them translated and notarized as accurate.

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RCC awarded a total of \$3,282 in Pell Grant funds to a student, included in our sample of 25 students, who was not making satisfactory academic progress prior to the first semester of the award year. In reviewing RCC's policy, federal regulations, and the student's admissions file and transcripts, we determined that the student was not in compliance with the program award requirement of satisfactory progress. In response, RCC indicated that it is implementing procedures that require a review of satisfactory academic progress before the beginning of each semester.

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RCC did not have an updated internal control plan in accordance with Chapter 647 of the Acts of 1989, which outlines internal control standards that RCC should comply with. At the initiation of our audit in July 2002, RCC was not able to provide us with an updated internal control plan. The Fiscal Affairs Office had developed an internal control plan; however, it did not discuss all of the components of internal control or all of RCC's operating cycles. RCC does have an array of standard operating procedures for both fiscal and non-fiscal activities, which include manuals and policy directives to inform staff of certain control activities, methods of communication, and internal monitoring procedures, which are elements of sound internal controls. RCC, however, has not cross-referenced those procedures and directives into its plan and has not fully utilized and applied the guidelines set forth by the Office of the State Comptroller (OSC). Updating the plan is important for

RCC to document the integrity and effectiveness of its internal control system and to respond to changes in its internal control system while maintaining the system's effectiveness. In response, RCC indicated that a risk assessment/internal control document was prepared and reviewed by the OSC on September 26, 2002. RCC also stated that it will indicate actions intended to reduce risks from occurring and, should they occur, include an explanation of the plans in place to resolve them immediately so that RCC may continue to serve its mission.

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**9. STUDENT AWARDED PELL GRANTS USING MULTIPLE SOCIAL SECURITY NUMBERS AND DIFFERENT DATES OF BIRTH** **22**

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RCC awarded \$3,682 in Pell Grants to one student for the 2001-2002 academic year who may have applied for and received Title IV funds from RCC under highly questionable and possibly false pretenses. Our review of the student's file revealed that the file contained six separate applications that were dated July 16, 1998; July 1, 1999; August 16, 2001; December 14, 2001; and two others that were undated. Further review of the student's applications revealed that three different Social Security numbers and two different dates of birth were entered by the applicant student. On the application dated August 16, 2001, the Admissions Office reported him as a "new" student, despite previous dated applications on file and other documentation, including notes and letters within the file indicating that the student had previously applied and attended RCC in previous semesters. RCC must improve upon its verification practices and procedures to include review and resolution of situations involving students who have applied for admission to RCC more than once, prior to awarding any financial aid to the student. In response, RCC indicated that its old Clearview software did not identify duplicate numbers automatically, but that its new Jenzabar administrative and financial software automatically checks for initial numbers and identifies duplicate numbers.

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## INTRODUCTION

### *Background*

Roxbury Community College (RCC) is authorized by Chapter 15A, Section 5, of the Massachusetts General Laws. RCC is under the oversight of the Board of Higher Education, which is responsible for monitoring each educational institution to ensure that state funds support measurable performance, productivity, and results. RCC is governed by a Board of Trustees, which establishes RCC's administrative policies, and RCC's president is responsible for implementing the policies set by the Board of Trustees.

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

In accordance with Chapter 11, Section 12, we conducted a review of RCC's federal student financial assistance programs funded through the United States Department of Education (DOE) for the period July 1, 2001 through June 30, 2002.

We conducted our review in conjunction with the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2002. Our review was conducted in accordance with the applicable generally accepted government auditing standards and standards set forth in Office of Management and Budget (OMB) Circular No. A-133, revised June 24, 1997, Audits of States, Local Governments, and Non-Profit Organizations. Additionally, our review evaluated RCC's compliance with the Office of the State Comptroller (OSC) policies, Massachusetts General Laws, and other applicable laws, rules, and regulations.

In performing our review of RCC's activities, we referred to OMB's Circular A-133 Appendix B: March 2001 Compliance Supplement (Supplement) to determine the compliance requirements that must be considered in an audit conducted under OMB Circular A-133. Based upon that review, we determined requirements applicable to the programs and designed appropriate tests to determine RCC's compliance with those requirements. Specifically, our objectives were to:

1. Assess the internal controls in place at RCC during our review period; and
2. Assess and evaluate the programs for compliance with the requirements of the Supplement, the federal DOE, and OSC.

With regard to our objectives, the criteria for our review was drawn from OMB Circular A-133, the Supplement, the Code of Federal Regulations, and the OSC's Internal Control Guide. Those criteria dealt with RCC's responsibility for administration and operation of the federal Student Financial Assistance programs and for compliance with the laws and regulations governing:

- Activities Allowed or Unallowed
- Cash Management
- Eligibility
- Matching, Level of Effort, and Earmarking
- Period of Availability of Federal Funds
- Program Income
- Reporting
- Special Tests and Provisions

We examined, on a test basis, evidence about RCC's compliance with those requirements and performed such other procedures as we considered necessary in the circumstances. Our tests disclosed conditions that could adversely affect RCC's ability to properly administer its student financial assistance programs.

## AUDIT RESULTS

### 1. ROXBURY COMMUNITY COLLEGE ADMINISTRATION OVER STUDENT FINANCIAL ASSISTANCE NEEDS FURTHER IMPROVEMENT

During the fiscal year 2002 Single Audit, we found that Roxbury Community College (RCC) has made progress in improving its administration over student financial assistance (SFA) programs and other financial areas. However, RCC still needs to improve in these areas, which have also been identified in two prior audit reports.

Our last audit found that RCC could not provide information and documentation to substantiate the federal SFA awards for the 2000-2001-award year necessary to conduct an audit of its federal SFA programs. As such, RCC was not complying with the U.S. Department of Education (DOE) standards for administrative capability. In addition, the audit disclosed that RCC did not have (1) written policies and procedures, (2) systems in place to process, record, and report accurate SFA data, (3) adequate staff to administer its programs, and (4) sufficient coordination between the student Financial Assistance Office and the Business Office. For that award year, DOE authorized RCC a total of \$3,531,595 in Federal Pell Grant (PELL), Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS) funds. RCC drew down only \$3,246,629, which was a questioned cost (costs at the time of the audit that were not supported by adequate documentation) in last year's Single Audit.

Federal regulation 34 Code of Federal Regulations (CFR) 668.14(b) 4 states that an institution by entering into its program participation agreement with DOE:

*Agrees to establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds.*

RCC attributed these problems to the lack of a computer system that integrates the Financial Assistance, Admissions, Registrar, and Business offices. While we agreed that RCC may have been hampered by not having an integrated computer capability, our observations also indicated that the departure of the Financial Aid Director, uncertainty of duties within the Financial Assistance Office (FAO), lack of coordination between the FAO and the Business

Office, and poor management practices and director oversight were at least as critical in causing the conditions previously described.

The prior audit recommended that RCC, in conjunction with the Board of Higher Education, temporarily assign the necessary personnel and other resources to the FAO and Business Office to correct the administration and processing of SFA in a timely and accurate manner. There was an immediate need to establish proper records and procedures for the fall term. We also recommended that RCC review, evaluate, and document current policies and procedures and develop procedures and controls to improve the administration, documentation, and oversight of its SFA programs. RCC also needed to reconcile its records, make the appropriate adjustments during the Fiscal Operations Report audit period, and return funds to the respective grantor agencies.

The current audit revealed some improvements in addressing the prior year's audit issues; however, improvements must continue to be made. The areas cited in last year's report included non-appropriated fund activity not reconciled monthly, the need to finalize DOE Office of Inspector General (OIG) issues, lack of procedures to identify walk-away students, and inadequate administration of student financial assistance programs. These areas are all in need of continued improvement. New conditions found during this audit and included in this report include: noncompliance with reporting and disclosure of information; students inappropriately awarded Pell Grants without a documented high school diploma; a student awarded a Pell Grant using incorrect Social Security numbers and different dates of birth; a Pell Grant recipient not making satisfactory academic progress; and an RCC internal control plan that needs to be updated.

Because of past conditions and results of prior Single Audits at RCC, a Commonwealth Joint Agency comprised of staff from the Human Resources Division (HRD), the Operational Services Division (OSD), the Information Technology Division (ITD), the Office of the State Comptroller (OSC), the Board of Higher Education, and the State Auditor's Office (SAO) conducted a management review of the administrative and business operations of RCC. In a report dated November 7, 2001, the joint agency review concluded, among other

things, that RCC needed to (1) fill the high level of vacancies; (2) implement a general ledger system; (3) develop and update written policies and procedures; (4) show evidence of competitive procurements; (5) award, bill, and disburse SFA in a more timely manner; and (6) improve the accounting, tracking, and reporting of its receivables.

As indicated above, RCC's independent audit firm issued a report dated August 20, 2002 on its audit of the fiscal year 2001 financial statements. The auditor's report identified eight reportable conditions of noncompliance dealing not only with SFA but also with overall college fiscal matters, as follows:

- RCC does not have a comprehensive integrated general ledger system. RCC recorded activity in separate, decentralized, manual spreadsheets.
- RCC has informal procedures to verify that the expenditures paid through the Commonwealth's statewide accounting system, Massachusetts Management Accounting and Reporting System (MMARS), are proper; however, these procedures were ignored.
- RCC did not have adequate internal controls to verify that students who received federal and state financial aid met the minimum requirements.
- RCC has inadequate procedures to track day tuition funds, which are required to be remitted to the Commonwealth of Massachusetts.
- RCC was unable to generate an accurate listing of student accounts receivable from its computer software system as of June 30, 2001.
- RCC has inadequate controls in remitting employee withholdings to a respective third party timely. Each pay period, employees have a portion of their salaries withheld for certain items.
- Proper segregation of duties between the Financial Aid Department and the Business Office were not always followed.
- One bank account was not reconciled to the general ledger by RCC personnel on a timely basis.

The independent auditor concluded that two of the conditions listed above--verification of expenditures paid through MMARS and inadequate controls to verify that students who received federal and state financial aid met minimum requirements--were material

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weaknesses. The audit firm was in the process of auditing the fiscal year 2002 financial statements.

RCC's Board of Trustees, recognizing the serious nature of the problems at RCC, took preliminary action to improve overall operations beginning with the dismissal of the former President and the appointment of a new Interim President in February 2002. The Interim President assessed the conditions of both the academic and administrative operations and made some organizational changes. RCC began fiscal year 2003 by implementing new hardware and software systems, including a new comprehensive database management system to facilitate student services, aimed at enhancing the efficiency and effectiveness of enrollment management.

In direct response to our request for an update to RCC's Corrective Action Plan (CAP) for this finding, RCC responded on September 24, 2002, noting that general improvements had been made since the last Single Audit Report was issued. RCC explained that it had instituted procedures and general improvements that it believed would bring it into full compliance with federal regulations for administration of Title IV programs as stated in 34 CFR 668.16.

***Recommendation***

RCC should continue to implement improvements as planned. In addition, RCC should update and monitor its new electronic management database and financial operating system to ensure that its applications are performing as planned. Correction of prior-year reported results should be monitored continually to ensure that full corrective action is implemented. RCC should also continue to review, evaluate, and update policies and procedures as needed and ensure that improvements continue to be made in the administration, documentation, and oversight over SFA programs. All necessary recording of financial awards, activity, and reporting should be monitored, with any adjustments being made immediately into RCC's electronically controlled operating system.

***Auditee's Response***

*This finding cited improvement in the College's administration of financial aid at the College during FY [fiscal year] 2002 compared with earlier years but noted the continued need for improvement in management of the operations and the need to exercise due diligence in areas such as the completeness of the admission files.*

*The timeliness of awarding financial aid improved significantly this year. During FY 2001, financial aid for the Spring 2001 semester was not completed June 2001. We worked continuously this year to obtain student applications for aid earlier, and to call attention to the need for the completion of all required documentation. We were successful and this year, awarded aid to 85% of the completed applications before September 1, 2002.*

*We are aware that the completeness of admission folders filed in the registrar's office continues to be a problem area. We are instituting a checklist of each item required in the admissions folder to be completed, signed and dated by a staff member in the admissions office, and then in the registrar's office. This procedure should resolve the missing data issue.*

*Finally, the College's lack of a general ledger and accurate financial software has been a major handicap, which has been resolved with the purchase of Jenzabar software. This software has been actively used starting July 1, 2002 and is meeting our expectations. With this software in place, we can now focus on the remaining managerial and operational issues commonly faced by Roxbury and other colleges: processing financial information in a timely manner, and the capability of submitting accurate reports in a timely manner.*

**2. STATUS OF U.S. DEPARTMENT OF EDUCATION OFFICE OF THE INSPECTOR GENERAL ISSUES**

The 1997 Single Audit of the Commonwealth reported that the OIG conducted an audit of the English as a Second Language (ESL) program at RCC for the period July 1, 1993 to June 30, 1995 (Audit Control No. A01500991). The OIG's final report contained three findings and recommended that RCC repay in excess of \$2.2 million. RCC disagreed with the OIG findings and, at that time, was awaiting the final audit determination letter from federal officials. The 1997 Single Audit found eight additional students who, pending the outcome of RCC's appeal, could have been ineligible. The 1998 Single Audit revealed that DOE issued its Final Determination Letter on September 18, 1998. On the basis of this determination, the 1998 Single Audit concluded that five of the eight students were eligible and that the eligibility of the remaining three students, who received Pell grants of \$3,901, depended on the final result of College's continued appeal to an Administrative Law Judge. The 2001 Single Audit Report recommended that RCC repay the \$201,563 to DOE as well

as the Pell awards of \$3,901 paid to the three students identified in the fiscal year 1997 Single Audit as taking only ESL classes.

Our follow-up disclosed that the Secretary of DOE issued a final decision certifying the earlier decision of the Administrative Law Judge for RCC to repay \$200,488 to DOE for awarding financial aid to ineligible ESL students and the \$1,075 for awarding aid to a 15-year old student. RCC acknowledged that during mid-November 2001, the Secretary of the DOE certified that RCC should repay \$200,488 to DOE for awarding financial aid to ineligible ESL students, \$1,075 for awarding aid to a 15-year old student (who became sixteen, the necessary minimum age later that academic year), and \$3,901 for the three students who received the Pell Grants in question in 1997.

RCC entered into a formal written repayment agreement on July 12, 2002, to repay DOE \$201,563 in 16 quarterly payments ending April 1, 2006. Two quarterly payments of \$13,977 have been forwarded to DOE paid from RCC's Unrestricted Trust Funds. However, RCC did not address the issue of the three students who received Pell grants of \$3,901 in 1997.

***Recommendation***

RCC should repay the Pell awards of \$3,901 paid to the three students identified in the fiscal year 1997 Single Audit as taking only ESL classes.

***Auditee's Response***

Since this action and finding occurred before the current Financial Aid Director and Vice President for Finance were employed by RCC, the Vice President for Finance requested time to research the finding and determine the appropriate action for RCC. Allowing time for DOE to respond to requests for information, we fully anticipate RCC to review and formulate an appropriate action plan by December 15, 2002.

**3. LACK OF PROCEDURES TO IDENTIFY WALK-AWAY STUDENTS**

RCC did not establish procedures during fiscal year 2002 to identify "walk-away" students (students who do not officially withdraw). The fiscal year 1999 Single Audit initially reported

that RCC lacked a procedure to identify walk-away students to comply with federal regulations.

In the case of students who do not officially withdraw, federal student financial assistance regulations (34 CFR, Part 668.22) require schools to calculate refunds based on the last recorded date of attendance and establish procedures to identify that date. In describing what is expected of participating schools, the Student Financial Aid (SFA) Handbook states:

*Participating SFA schools are expected to monitor student attendance for the purpose of determining a withdrawal date in cases of unofficial withdrawal. The school must demonstrate that the student has remained in academic attendance through a specific point in time. The school's determination of the student's last day of attendance must be based on an event that the school routinely monitors and must be confirmed by an employee of the school.*

Since these regulations require that the school base its refund calculations on the last date that it can demonstrate academic attendance, the school may be liable for refunds as if the students withdrew before the first day of class. If the actual number of official withdrawals is consistent with our 1999 sample and if the school cannot demonstrate that the remainder stayed in school past the refund date, the school's liability could be substantial.

A three-step faculty attendance policy was adopted by RCC on January 1, 2000. The first step was to forward class rosters to instructors two weeks into the semester to accurately record those students who never attended classes. The second step required all instructors to mark mid-term rosters with one of three grades: satisfactory, unsatisfactory, or not attending. In addition, the instructors were verbally instructed to give the last date of attendance for those marked not attending. The third step is similar to the second but for final grades. Financial aid awards were consequently calculated or adjusted based on the actual withdrawal date. RCC personnel indicated that, for the most part, the first step was not implemented until the fall of 2000. The second and third steps were implemented in the spring of 2000, but were not uniformly enforced until the fall.

The 2002 Single Audit disclosed that a more comprehensive system was in place for fall 2001 whereby faculty were instructed on September 20, 2001 (add/drop deadline) and on October 30, 2001 (mid-term) to indicate on class rosters students that “never attended”

(N/A) or “stopped attending” (W/A) noting the last day of attendance. The rosters were accompanied by written instructions. The class rosters were collated by the Registrar's Office and a report of “Student Changes” was forwarded to the Financial Aid Office. However, the "Student Changes" report was marked "In Progress" and stated that many faculty members either did not prepare the initial status (add/drop) report or prepared it too late for initial reporting purposes.

On September 24, 2002, RCC submitted an updated Corrective Action Plan for this repeated issue.

*The identification of “walk-away students”-students who leave the college during the academic year without officially withdrawing from the college-continues to be a problem for the college because the coordination of activities has not occurred in a timely manner this past year. The Registrar's Office and academic departments complete the first six terms in a timely manner. ...Performing the analysis to identify walk-away students and providing the list to the Financial Aid Office have been the problem areas this past year. This process needs to be completed each semester including the summer session.*

RCC further responded in its status of prior year findings as follows.

*We are running a list of students receiving all “F” grades, which indicates the student did not satisfactorily complete the semester, and in virtually all cases, this was the result of the student leaving the college without officially withdrawing from his or her classes. We plan to temporarily hire a person to go through this information to complete this process for the 2002 academic year.*

Because of these repeated conditions as noted in this and prior audit reports, which RCC acknowledges, there are inadequate assurances that conditions of eligibility, continuing progress, or even student attendance in eligible programs at RCC are being met to qualify students for federal financial assistance. This is a serious control weakness that has continued over a number of years within RCC's operating environment. RCC's lack of significant progress has diminished the reliability of student records.

***Recommendation***

RCC must take immediate steps to identify walk-away students in fiscal year 2002 and the prior years cited in Single Audits. Reviews of students receiving federal Title IV Funds must be made to determine that they have not violated conditions of their awards by leaving RCC

without withdrawing. RCC needs to assure that its policies and procedures are fully implemented so that all unofficially withdrawn students are identified along with the last date of attendance, including having the faculty prepare and return the status reports in a timely manner. RCC then needs to ensure that it has complied with 34 CFR 668.22, which requires schools to calculate refunds based on the last recorded date of attendance, and to establish procedures to identify that date. Follow-up steps must be taken to ensure that RCC has properly calculated awards and refunds in accordance with these regulations.

### ***Auditee's Response***

*The College developed an electronically produced report that became available for the first time in September 2002, from its Jenzabar system. This report produces a list of any enrolled student who did not earn credits at the end of each grading period.*

*Listed below is a brief explanation of the college's procedure for identifying Walk-Away Students:*

- 1. At the end of the first two weeks of the fall and spring semesters, faculty turn in attendance rosters to the Registrar. Non-attending students are deleted from classes.*
- 2. Financial Aid adjusts or cancels student awards based on this information.*
- 3. At the 50% point in the semester faculty turn in revised attendance rosters to the Registrar.*
- 4. Financial Aid makes recording adjustments and cancellation prior to disbursing aid, somewhere around 60% of the semester.*
- 5. Subsequent to grades being posted at the end of each semester the Registrar presents to Financial Aid a list of students for whom the College cannot confirm attendance.*
- 6. Financial Aid cancels the awards for any aid recipient that appears on the Registrar's Walk Away Report.*
- 7. Involved students will be billed by the college for outstanding charges. Students that don't respond to billing demands will have their account assigned to the U.S. Department of Education Select Program for collection in accordance with our Internal Control Plan procedures.*

*Summary: The College is aware that the walk away process was not administered at the end of each semester. However the College did present auditors with a final list of walk away adjustments that was done prior to the conclusion of the audit.*

**4. NON-APPROPRIATED FUND ACTIVITY AND BALANCES NOT RECONCILED MONTHLY**

Prior audit reports starting in fiscal year 1995 have disclosed that RCC had not been entering and reconciling its Non-Appropriated Fund [Fund 901] activity monthly as required by Commonwealth laws and regulations. To comply, RCC should have reconciled the MMARS 110H Report with its internal records on a monthly basis. This condition was still an issue during fiscal year 2002 despite assurances that corrective action would be taken by RCC.

Our prior audit showed that the reconciliation process consisted of RCC's trust fund accountant inputting adjustments into MMARS so that the MMARS records agreed with RCC's Trust Account records. No explanations, details, or other documentation accompanied the adjustments, nor was the accountant able to explain the adjustments. A review of the reconciliations disclosed that adjustments were based on the need to adjust the MMARS records to agree with RCC's in-house trust records. RCC stated in its Corrective Action Plan for the fiscal year 2001 Single Audit:

*The College must (a) input and reconcile its Non-Appropriated Fund [Fund 901-Trust Funds] activity on a monthly basis, and (b) reconcile the College's funds with the MMARS 110H Report on a monthly basis, and (c) document any adjustments required. This process will be easier to accomplish when the new Jenzabar software is used regularly which is scheduled to occur on July 1, 2002. In the meantime, we will attempt to do this on a monthly basis. However, we will specifically agree to perform these activities by July 31, 2002. This will be accomplished by enabling the director of finance more time to carry out these duties than was previously possible. Billing and financial aid adjustments have been transferred to other staff within the Business Office to enable this. The College will continue to improve its reconciliation process in this area.*

The follow-up audit disclosed that as of October 1, 2002 RCC has made some improvement and has completed reconciliations through March 31, 2002 for its Non-Appropriated Fund Activity. RCC indicated that it made improvements, as follows:

*The College was able to improve its performance during the past fiscal year but we have not been able to maintain the reconciliation consistently on a monthly basis, such as performing the reconciliation within 30 days after receiving the bank statements for the Trust Fund Accounts. Part of the delay is attributed to staffing shortages and pressing time commitments for state and private audits, other business responsibilities, and financial report status. We have completed the reconciliations through March 31, 2002 as of this date, and are working on the final quarter for FY 2002. Specifically, we are completing the fiscal 2002 entry and*

*reconciliation process on MMARS and hope to have this completed by October 15, 2002. We recognize that we should be reconciling July's activity at this time. In response to the FY 2001 finding, we stated that the reconciliation process would be easier to accomplish with the new Jenzabar software that has been installed (Roxbury "went live" July 1, 2002) and is functioning properly. This continues to be a valid statement. We are waiting for the finalization of FY 2002 figures before placing all trust funds onto the Jenzabar system. Another factor which should assist in the timely reconciliation process is the alteration of staff responsibilities necessitated by the implementation of the Jenzabar system and the departure of three support staff members in the Business Office since March 2002. Notwithstanding these issues, the College will continue to improve its reconciliation process in this area."*

**Recommendation**

RCC should continue to take corrective action by updating and reconciling non-appropriated funds in MMARS. RCC should continue to input and reconcile its Fund 901 activity on a monthly basis. Finally, RCC should perform a final reconciliation of their fiscal year 2002 Fund 901 activity and account balances with MMARS and prepare and document whatever adjustments are required. This is extremely important in the cross-over to the new Jenzabar system in order for RCC to establish a clear audit trail with correct balances and details of reported activity.

**Auditee's Response**

*As stated by the College in its response to the FY 2001 single state audit findings, the reconciliation process among non-appropriated funds will be easier to accomplish in FY 2003 with the new Jenzabar administrative and financial software that was installed as of July 1, 2002. We also stated that we were waiting for the finalization of the FY 2002 figures before placing all trust funds onto the Jenzabar system.*

*In addition to the above statement, which continues to be valid, is the importance of the General Ledger (GL) which has been incorporated into the Jenzabar software. Prior to the installation of the new software, Roxbury Community College did not have a General Ledger in the previous financial system and this deficiency had been cited in previous audits. The GL will correct inefficiencies in virtually all processing of financial information.*

*We recognize the need to perform a final reconciliation of our FY 2002 Fund 901 activity and will do so by December 1, 2002.*

**5. ROXBURY COMMUNITY COLLEGE DID NOT COMPLY WITH REQUIREMENTS FOR REPORTING AND DISCLOSING INFORMATION TO STUDENTS**

RCC did not comply with federal regulations required for reporting and disclosing information to students pursuing Title IV Funds. RCC is required to make information

relative to its financial aid programs readily available to both current and prospective students. RCC has not published a general college catalog for the past two academic years, 2001-2002 and 2002-2003. RCC officials stated that the college catalog is in review and would be available to students sometime before January 1, 2003 for the 2002-2003 academic years. RCC maintained a Website on the Internet but does not provide sufficient information to current and prospective students in the form of detailed information on financial aid programs at RCC in order to comply with regulations on reporting and disclosure of information.

Federal regulation 34 CFR 668.42 requires that RCC publish annually available student financial assistance information, as follows:

*(a)(1) Information on financial assistance that the institution must publish and make readily available to current and prospective student's under this subpart includes, but is not limited to, a description of all the Federal, State, local, private and institutional student financial assistance programs available to students who enroll at that institution. (2) These programs include both need-based and non-need-based programs. (3) The institution may describe its own financial assistance programs by listing them in general categories.*

*(b) For each program referred to in paragraph (a) of this section, the information provided by the institution must describe—(1) The procedures and forms by which students apply for assistance; (2) The student eligibility requirements; (3) The criteria for selecting recipients from the group of eligible applicants, and (4) The criteria for determining the amount of a student's award.*

*(c) The institution shall describe the rights and responsibilities of students receiving financial assistance and, specifically, assistance under the title IV, HEA programs. This description must include specific information regarding—(1) Criteria for continued student eligibility under each program; (2) (i) Standards which the student must maintain in order to be considered to be making satisfactory progress in his or her course of study for the purpose of receiving financial assistance; and (ii) Criteria by which the student who has failed to maintain satisfactory progress may re-establish his or her eligibility for financial assistance; (3) The method by which financial assistance disbursements will be made to the students and the frequency of those disbursements; (4) The terms of any loan received by a student as part of the student's financial assistance package, a sample loan repayment schedule for sample loans and the necessity for repaying loans;*

In addition, federal regulation 34 CFR 668.43 requires the following:

*(a) Further states that the College must make certain information available Institutional information that the institution must make readily available upon request*

*to enrolled and prospective students under this subpart includes, but is not limited to:*

- (1) the cost of attending the institution, including:*
  - (i) Tuition and fees charged to full-time and part-time students;*
  - (ii) Estimates of the costs for necessary books and supplies;*
  - (iii) Estimates of typical charges for room and board.*
  - (iv) Estimates of transportation costs for students; and*
  - (v) Any additional cost of a program in which a student is enrolled or expresses a specific interest.*

### **Recommendation**

RCC should have readily available to all currently enrolled and prospective students an annual catalog or updated Internet Website location that complies with the reporting and disclosure of information requirements of the federal financial assistance programs and such information should be provided as soon as possible. In addition, RCC must ensure that such data and relative information is provided to students no later than the first day of class in the fall of each academic year.

### **Auditee's Response**

*During the past two years, the College exhausted its supply of catalogs but did provide complete information about the financial aid available to enrolled students, eligibility criteria and standards, the application process including how to apply for both federal and state aid, and award notification. Both the Admissions and Financial Aid Offices prepared and distributed this information on all relevant policies and procedures regarding financial aid. This was available to all students before the first day of classes. We understand samples of this information were provided to you, and have provided them again in this attachment. In addition, the College maintains this information on the College website which is available to both current and prospective students, and to the public at large.*

*In addition, the auditors received draft copies of the new catalog to demonstrate our intent of providing this important information in the catalog and that the catalog was near completion. We expect to have copies delivered and distributed before the Spring semester.*

*Therefore, even with the difficulties of the College's decreased appropriation received from the state during each of the past two years, the College was able to provide information prepared by the Admissions and Financial Aid Office fully informing students of the required information.*

***Auditor's Reply***

RCC in its response indicated that both the Admissions and Financial Aid offices prepared and substituted, in alternatives to general publication, compliance information on all relevant policies and procedures regarding financial aid available to students and was fully informing students of the required information. However, our review of the samples of the documentation supplied to students (provided to our auditors, both while on site and in an attachment to RCC's response) found that they do not satisfactorily address the publication compliance requirements as specified in the federal regulations and were deficient in identifying and describing federal financial aid programs at RCC. The documentation that RCC provided did not provide adequate referencing or descriptions of Title IV programs in general. Although RCC responded that it made this data available to enrolled students, it did not indicate how prospective students may have received such data. In addition, RCC's Website, both in prior periods and as of November 6, 2002, does direct prospective and current enrolled students to RCC's Financial Office for information; however, it does not identify, specify, or detail the information required to conform and comply with 34 CFR 668.42 criteria, contrary to RCC's response claims and as disclosed in the audit result above.

RCC's response documentation and its Website do not contain the following required federal publication data.

- A description of all federal, state, local, private, and institutional financial assistance programs available to students who enroll at the institution described either in general or to each individual program specifics.
- Written description or reference to need-based and non-need-based programs.
- Description of the criteria for selecting recipients from the group of eligible applicants, and the criteria for determining the amount of a student's award.
- Disclosure as to the method by which financial assistance disbursements will be made to the students and the frequency of those disbursements.
- Identification of the cost of attending the institution.

Our review of draft copies of RCC's new catalog indicated that RCC is progressing in informing and providing important information to both its prospective and enrolled students. RCC should continue this progression by ensuring that all the elements required by federal reporting and disclosure of information standards are included within the new catalog or properly referenced to supporting data or identifying locations where students may obtain the information. Also, RCC needs to periodically update its Website to include these compliance requirements to better inform its student community and prospective students. RCC's Website is an increasingly important component to obtaining information about RCC, its programs, and its overall operations in general. It will serve as the most easily accessed and readily updateable medium to prospective students and currently enrolled students to obtain information on financial aid programs.

**6. STUDENTS INAPPROPRIATELY AWARDED PELL GRANTS WITHOUT A DOCUMENTED HIGH SCHOOL DIPLOMA OR EQUIVALENT**

RCC awarded a total of \$31,875 in Pell Grant funds to nine students, of a sample of 25 students receiving Pell Grants, who did not have a high school diploma or its equivalent. Six of these students' admissions files did not contain any evidence that these students had the required high school diploma or its recognized equivalent. Three of these students' files contained a foreign language document, without the necessary translation, purporting to be a high school diploma, despite RCC's stated requirement in its 2000-2001 catalog that "students with a transcript in a language other than English must submit a notarized or certified translation of their transcript."

Federal regulations, 34 CFR 668 668.32 (e) Student Assistance General Provisions – Subpart C – Student Eligibility, detail students eligibility to receive Title IV, HEA assistance as follows:

- (1) Has a high School diploma or its recognized equivalent (2) Has obtained within 12 months before the date the student initially receives title IV, HEA program assistance, a passing score specified by the Secretary on an independently administered test in accordance with subpart J of this part.*

As a result, the above students were not eligible for the program award requirements of 34 CFR 668.32(e)(1)&(2) and 34 CFR 668.156, RCC's own admissions requirements and the subsequent awarding of federal financial aid under the Title IV programs.

***Recommendation***

RCC should review its practices of tracking students' application information by cross-checking that data within the Admissions, Registrar's, Financial Aid, and Business offices prior to awarding Federal Title IV funds. RCC should review its practices of monitoring each student's Admission and Registrar files to be sure that each file contains required admissions documentation for those who are applying for federal financial aid. RCC should undertake a system whereby the Admissions Office can track the documents that are sent to the Registrar's Office, and the Registrar's Office conversely should have a system in place for receiving and acknowledging the receipt of such admissions files.

***Auditee's Response***

*The six files in question all had the relevant documentation when the files were transferred to the Registrar's Office. This was verified by the electronic database in the Admissions Office. However, in view of the missing information, the Admissions and the Registrar's Offices will perform the following: after the Add/Drop period is over, the Registrar's Office will run a list of all new students that have continued to be enrolled. This list will be provided to the Admissions Office. The files will be checked for completion. Both offices will sign the list and both will retain copies.*

*The Admissions Office will ensure that applicants to the college whose credentials are in a foreign language will have them translated and notarized as accurate.*

**7. PELL GRANT RECIPIENT NOT MAKING SATISFACTORY ACADEMIC PROGRESS**

RCC awarded a total of \$3,282 in Federal Pell Grant funds to a student, included in our sample of 25 students, who was not making satisfactory academic progress prior to the first semester of the award year. In reviewing RCC's policy, the federal regulations, and the student's admissions file and transcripts, we determined that the student was not in compliance with the program award requirements of satisfactory progress. Federal regulations promulgated under 34 CFR 690.75, Determination of Eligibility for Payment - Federal Pell Grant Program, states that:

*For each payment period, an institution may pay a Federal Pell Grant to an eligible student only after it determines that the requirements of 34 CFR 668.19 have been met, and the student -- (1) qualifies as an eligible student under 34 CFR 668, subpart C.*

*Further, 34 CFR 668.32 (f) requires the student to: "Maintain satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Sec. 668.16 (e)".*

The student received a Pell Grant award of \$3,282 for the 2001-2002-award year (\$1,407/fall and \$1,875/spring semester). The student was awarded the fall and spring semester awards even though he was not making satisfactory progress at the end of the spring semester 2001. The student's transcript shows that he failed all his previous attempted courses totaling 34 credit hours and earned seven "F" grade scores and 0 credit hours with a grade point average (GPA) of 0.00 prior the fall semester 2001. In spite of not maintaining satisfactory progress, RCC awarded the student the Pell Grant of \$3,282 for the fall 2001 and spring 2002 semesters.

RCC officials stated that it reviews satisfactory progress for financial assistance award recipients only once a year, although RCC disburses awards in each semester to the student. RCC has no requirement for evaluating satisfactory academic progress that coincides with each payment period as required by federal regulation. There was no documentation within this student's file to identify any administrative review of the student's academic record by awarding officials.

### ***Recommendation***

RCC should review its practices of reviewing students' satisfactory academic progress who are receiving Title IV funds to ensure that they comply with federal regulations. These procedures should include a review of students receiving Title IV funds who are below the GPA and credit hour thresholds necessary to make satisfactory academic progress. When a student is below these thresholds, RCC should notify the student and document clearly whether and why the student is to be allowed to continue receiving Title IV financial support.

***Auditee's Response***

*The College is implementing procedures that require a review of student's satisfactory academic progress before the beginning of each semester as required by federal regulation. The Registrar's Office regularly runs student grade point averages and reviews satisfactory academic progress in terms of the number of courses completed each semester and for the entire career of the student at the College.*

**8. INTERNAL CONTROL PLAN NEEDS TO BE UPDATED**

RCC did not have an updated internal control plan in accordance with Chapter 647 of the Acts of 1989, which outlines internal control standards that:

*Define the minimum level of internal control systems in operation throughout the various state agencies and departments . . . and it constitutes . . . the criteria against which such internal control systems will be evaluated*

Chapter 647 details the important elements of an effective system of controls as a guide for RCC to consider when completing its plan. An internal control plan should identify all of RCC's operating cycles and discuss such components of internal control as control environment, risk assessment, control activities, information, and communication and monitoring for each cycle. Chapter 647 stipulates that RCC designate an individual whose responsibilities include ensuring that RCC has written documentation of its accounting and administrative control systems on file and, at least annually, evaluate and implement any changes necessary to maintain the integrity and effectiveness of the system.

Chapter 647 requires RCC to have this written documentation of its accounting and administrative controls in accordance with the guidelines issued by the OSC, which has issued guidelines and provides training to assist state agencies in developing internal control plans and agency-wide risk assessments.

The OSC Internal Control Guide for Departments, Volume II, defines an internal control plan as:

*A high level summarization on a department-wide basis, of the department's risk (as the result of a risk assessment) and of the controls used by the department to mitigate those risks. The high level summary must be supported by lower level detail, i.e., departmental policies and procedures. This summary would usually be from ten to fifty pages in length depending on the size and complexity of the department.*

At the initiation of our audit in July 2002, RCC was not able to provide us with an updated internal control plan. The Fiscal Affairs Office had developed an internal control plan; however, it did not discuss all of the components of internal control or all of RCC's operating cycles. RCC does have an array of standard operating procedures for both fiscal and non-fiscal activities, which include manuals and policy directives to inform staff of certain control activities, methods of communication, and internal monitoring procedures, which are elements of sound internal controls. RCC, however, has not cross-referenced those procedures and directives into its plan and has not fully utilized and applied the guidelines set forth by the OSC. RCC also provided a document called a risk assessment that was developed in October 2002. This risk assessment was not included as part of the internal control plan.

RCC has yet to formulate and revise its plan by updating and including applications and controls relative to its recently installed (July 1, 2002) Jenzabar operating system, a key activity within RCC's operating environment. Inclusion of the operational system and its relative risks and controls of those risks into the plan at the time of full implementation is an important internal control component. Updating the plan is important for RCC to quantify the integrity and effectiveness of its internal control system and to respond to changes in its internal control system while maintaining the system's effectiveness.

Subsequent to our audit period, RCC contacted OSC personnel for assistance and has commenced to organize and update its internal control plan along with revising its risk assessment.

***Recommendation***

RCC must update its internal control plan to include all components of internal control as well as an appropriate college-wide risk assessment. The overall plan must focus on all phases of its operations at all levels. Significant changes in any components, applications, systems, personnel, and control environment should be promptly addressed by RCC.

***Auditee's Response***

*The institutional risk assessment/internal control document was prepared and reviewed by [an employee] of the State Comptroller's Office to his satisfaction on September 26, 2002. The next step will be for the College to indicate actions intended to reduce the risks from occurring, and, should they occur, an explanation of the plans in place to resolve the issues immediately so the College may continue to serve its mission.*

**9. STUDENT AWARDED PELL GRANTS USING MULTIPLE SOCIAL SECURITY NUMBERS AND DIFFERENT DATES OF BIRTH**

RCC awarded \$3,682 in Pell Grants to one student who may have applied for and received Title IV funds from RCC under highly questionable and possibly false pretenses.

RCC's Admissions Office has the initial responsibility for verifying a student's admission to RCC. The information provided by the Admissions Office is used by the Financial Aid Office to determine if the student is potentially eligible for financial aid. A student is eligible to receive Title IV, HEA program assistance if the student reported the correct Social Security number as determined under section 34 CFR 668.36(b)(1), which states as follows:

*An institution may not disburse any title IV, HEA program assistance funds to a student until the institution is satisfied that the student's reported social security number is accurate.*

Our review of the student's file revealed that the file contained six separate applications that were dated July 16, 1998, July 1, 1999, August 16, 2001, December 14, 2001, and two others that were undated. Further review of the student's applications revealed that three different Social Security numbers and two different dates of birth were entered by the applicant student. On the application dated August 16, 2001, the Admissions Office reported him as a "new" student despite previous dated applications on file and other documentation, including notes and letters within the file that the student had applied to and attended RCC in previous semesters. As a result of this determination, the student was awarded \$3,682 in Pell Grants for the 2001-2002 academic year.

We further found that the student had used two more Social Security numbers, (the fourth and fifth) in cashing two net refund checks totaling \$1,725 issued by RCC which represented the balance of his student account for the fall 2001(\$713) and spring 2002 (\$1,012)

semesters. In order to determine whether any additional funds were inappropriately awarded by RCC to this student, we traced all Social Security numbers identified and used by the student to RCC's Student Activity Receivable Activity Reports for the 2001-2002-award period. Although no additional student financial aid was given to this student during the current award period, our review of the Student Accounts Receivable Activity Reports for prior periods revealed that an outstanding balance of \$1,862 for this student, under another previously identified Social Security number, was owed RCC for the fall 2000 semester. RCC refunds to the student cited above were not applied to the student's previous balance as a result of his use of multiple Social Security numbers.

Additionally, we noted that this student was the only one of 25 tested who was not in compliance with the Title IV program award requirements of satisfactory academic progress, as discussed in Audit Result No. 7. This student's transcript showed that he failed all attempted courses totaling 34 credit hours in previous semesters at RCC.

#### ***Recommendation***

RCC must contact DOE for further investigative review of the conditions cited in regard to this student applying for and receiving Title IV funds. RCC must improve upon its verification practices and procedures to include review and resolution of situations involving students who have applied for admission to RCC more than once, prior to awarding any financial aid to the student. RCC needs to improve upon its practices of tracking students' application information by cross-checking that data within the Admissions, Registrars, Financial Aid, and Business offices.

#### ***Auditee's Response***

*When an individual applies for admission to Roxbury Community College and completes an application, office staff transfers the information to a computer information data base. During 2002 and earlier years, the software was a Clearview product and did not identify duplicate numbers automatically. The new Jenzarbar administrative and financial software automatically checks for identical numbers and sends a message to the staff member that this number is already in the file. Our policies do not permit multiple social security numbers for the same student and the staff member is instructed to check the information or application further. The capability to automatically check the data base for identical numbers, and internal*

*control which results in greater integrity of the data base and student enrollment/eligibility was not possible in the legacy Clearview software.*

Consequently, the new software will prevent similar fraudulent incidences in the future. The Jenzabar software has been functional since July 1, 2002.

## APPENDIX I

## Chapter 647, Acts of 1989, An Act Relative to Improving the Internal Controls within State Agencies

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Chapter 647

## THE COMMONWEALTH OF MASSACHUSETTS

*In the Year One Thousand Nine Hundred and Eighty-nine*

## AN ACT RELATIVE TO IMPROVING THE INTERNAL CONTROLS WITHIN STATE AGENCIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

Notwithstanding any general or special law to the contrary, the following internal control standards shall define the minimum level of quality acceptable for internal control systems in operation throughout the various state agencies and departments and shall constitute the criteria against which such internal control systems will be evaluated. Internal control systems for the various state agencies and departments of the commonwealth shall be developed in accordance with internal control guidelines established by the office of the comptroller.

(A) Internal control systems of the agency are to be clearly documented and readily available for examination. Objectives for each of these standards are to be identified or developed for each agency activity and are to be logical, applicable and complete. Documentation of the agency's internal control systems should include (1) internal control procedures, (2) internal control accountability systems and (3), identification of the operating cycles. Documentation of the agency's internal control systems should appear in management directives, administrative policy, and accounting policies, procedures and manuals.

(B) All transactions and other significant events are to be promptly recorded, clearly documented and properly classified. Documentation of a transaction or event should include the entire process or life cycle of the transaction or event, including (1) the initiation or authorization of the transaction or event, (2) all aspects of the transaction while in process and (3), the final classification in summary records.

(C) Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority. Authorizations should be clearly communicated to managers and employees and should

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include the specific conditions and terms under which authorizations are to be made.

(D) Key duties and responsibilities including (1) authorizing, approving, and recording transactions, (2) issuing and receiving assets, (3) making payments and (4), reviewing or auditing transactions, should be assigned systematically to a number of individuals to ensure that effective checks and balances exist.

(E) Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved. The duties of the supervisor in carrying out this responsibility shall include (1) clearly communicating the duties, responsibilities and accountabilities assigned to each staff member, (2) systematically reviewing each member's work to the extent necessary and (3), approving work at critical points to ensure that work flows as intended.

(F) Access to resources and records is to be limited to authorized individuals as determined by the agency head. Restrictions on access to resources will depend upon the vulnerability of the resource and the perceived risk of loss, both of which shall be periodically assessed. The agency head shall be responsible for maintaining accountability for the custody and use of resources and shall assign qualified individuals for that purpose. Periodic comparison shall be made between the resources and the recorded accountability of the resources to reduce the risk of unauthorized use or loss and protect against waste and wrongful acts. The vulnerability and value of the agency resources shall determine the frequency of this comparison.

Within each agency there shall be an official, equivalent in title or rank to an assistant or deputy to the department head, whose responsibility, in addition to his regularly assigned duties, shall be to ensure that the agency has written documentation of its internal accounting and administrative control system on file. Said official shall, annually, or more often as conditions warrant, evaluate the effectiveness of the agency's internal control system and establish and implement changes necessary to ensure the continued integrity of the system. Said official shall in the performance of his duties ensure that: (1) the documentation of all internal control systems is readily available for examination by the comptroller, the secretary of administration and finance and the state auditor, (2) the results of audits and recommendations to improve departmental internal controls are promptly evaluated by the agency management, (3) timely and appropriate corrective actions are effected

Chapter 647, Acts of 1989, An Act Relative to Improving the Internal Controls within State Agencies

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by the agency management in response to an audit and (4), all actions determined by the agency management as necessary to correct or otherwise resolve matters will be addressed by the agency in their budgetary request to the general court.

All unaccounted for variances, losses, shortages or thefts of funds or property shall be immediately reported to the state auditor's office, who shall review the matter to determine the amount involved which shall be reported to appropriate management and law enforcement officials. Said auditor shall also determine the internal control weaknesses that contributed to or caused the condition. Said auditor shall then make recommendations to the agency official overseeing the internal control system and other appropriate management officials. The recommendations of said auditor shall address the correction of the conditions found and the necessary internal control policies and procedures that must be modified. The agency oversight official and the appropriate management officials shall immediately implement policies and procedures necessary to prevent a recurrence of the problems identified.

House of Representatives, December 21, 1989.

Passed to be enacted, *George Luvaan*, Speaker.

In Senate, December 22, 1989.

Passed to be enacted, *William W. Budge*, President.

January 3, 1990.

Approved, *Richard H. Kiah* Governor.

## APPENDIX II

### Chapter 647 Awareness Letter from the State Auditor and the State Comptroller



## The Commonwealth of Massachusetts

Office of the State Auditor  
State House  
Boston, MA 02133

Office of the Comptroller  
One Ashburton Place  
Boston, MA 02108

September 19, 2000

Legislative Leadership  
Judicial Branch Administrators  
Elected Officials  
Secretariats  
Department Heads

The State Auditor and the Comptroller are both committed to departmental improvements in the Internal Control structure of the Commonwealth. A good system of controls, as you know, assists management in meeting objectives while avoiding serious problems. Chapter 647 of the Acts of 1989, *An Act Relative To Improving Internal Controls Within State Agencies*, establishes acceptable Internal Control systems for state government operations and constitutes the criteria against which we will evaluate internal controls. With the passage of this law, we began a campaign to educate all department staff on the significant role of internal controls in department operations.

In the past few years, departments have made significant progress in the area of internal controls. Every department has certified that they have documented internal controls in the form of an Internal Control Plan. In Fiscal Year 2001, we are focusing our Internal Control Campaign on the review of department risk assessments, as documented within the departments' internal control plans. Internal control plans must, of course, include all aspects of a department's business, programmatic operations as well as financial.

A major requirement of Chapter 647 is that "an official, equivalent in title or rank to an assistant or deputy to the department head, shall be responsible for the evaluation of the effectiveness of the department's internal controls and establish and implement changes necessary to ensure the continued integrity of the system". This official, whom we refer to as the Internal Control Officer, is responsible for ensuring that the plan is evaluated annually or more often as conditions warrant.

During this annual Statewide Single Audit, we continue with our review of the Commonwealth's internal controls. We analyze and evaluate information obtained during the audit process in our continuing effort to educate agencies regarding both the need for internal controls and the risks of not having adequate internal controls in place.

## Chapter 647 Awareness Letter from the State Auditor and the State Comptroller

To assist departments with this effort, we provide the following support activities:

- ◆ The Office of the Comptroller offers departments free monthly training on internal controls. These classes are listed in the *OSC Training Bulletin*.
- ◆ The Office of the Comptroller provided a new document entitled the *Internal Control Guide for Managers* on the Office of the Comptroller's Web page: <http://www.osc.state.ma.us/>. Part II of the guide will be available shortly and will replace the current *Internal Control Guide for Departments*, currently available on the Web.
- ◆ Upon request, the Office of the Comptroller provides assistance to departments in the process of redefining or reviewing their internal control plans.
- ◆ As part of the Statewide Single Audit, auditors will review and comment upon departments' internal control plans, risk assessments, and the reporting level of the Internal Control Officers.
- ◆ We have updated and automated the Internal Control Questionnaire (ICQ) for easier submission. These changes to the ICQ will enable OSA and OSC to evaluate department internal controls and monitor their progress.

Chapter 647 also requires that "all unaccounted for variances, losses, shortages, or thefts of funds or property be immediately reported to the Office of the State Auditor" (OSA). The OSA is required to determine the amount involved and the internal control weaknesses that contributed to or caused the condition, make recommendations for corrective action, and make referrals to appropriate law enforcement officials. In order to comply with this law instances must be reported on the *Report on Unaccounted for Variances, Losses, Shortages, or Thefts of Funds or Property* and be submitted to the OSA. Reporting forms can be obtained by contacting the Auditor's office, Room 1819, McCormack State Office Building, or Web Site:

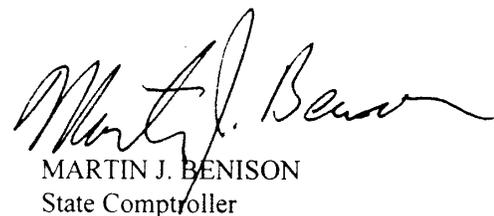
<http://www.magnet.state.ma.us/sao/>.

In conjunction with the above requirement, please note that management is responsible for financial records and systems and must inform, disclose and make representations to the auditors with regards to their management of funds, account activities, programs and systems.

The Offices of the State Comptroller and the State Auditor are committed to the goal of improving the Internal Control structure of the Commonwealth. Thank you for your cooperation and attention on this worthwhile task. Please do not hesitate to call upon the staff of either office for assistance.



A. JOSEPH D. NUCCI  
Auditor of the Commonwealth



MARTIN J. BENISON  
State Comptroller

