



# The Commonwealth of Massachusetts

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

OFFICIAL AUDIT  
REPORT  
APRIL 7, 2009

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### **INTRODUCTION**

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Springfield Technical Community College (STCC) 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 STCC'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 STCC (2008-0205-16S). Our follow-up review 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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### **AUDIT RESULTS**

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

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

##### **a. Determinations Made on Status of Outstanding Student Checks**

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STCC has taken corrective action by establishing policies and procedures to ensure that outstanding checks are identified, acted upon, and resolved on a timely basis. In response to our audit recommendations, STCC returned \$13,473 of Title IV funds to the Department of Education and submitted \$27,488 to the Commonwealth of Massachusetts Abandoned Property Division on June 26, 2008.

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

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

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

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

## INTRODUCTION

### ***Background***

Springfield Technical Community College (STCC) 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 STCC'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 STCC'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. 2008-0205-16S) 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 applicable 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 STCC'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 STCC'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 STCC's procedures for corrective action and improvements in the areas identified in our prior audit were as follows:

- Determining the status of outstanding student checks
- Improving Federal Work Study internal control and payroll procedures
- Reporting student status changes on a timely basis

We concluded that STCC has implemented the corrective action plan for the Audit Results identified in our prior report (No. 2008-0205-16S) and has adequate internal controls in place to improve upon the areas previously cited. We further concluded that STCC has complied with the requirements of the United States DOE, 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**

Our review disclosed that Springfield Technical Community College (STCC) satisfactorily resolved the issues reported in our prior audit relating to (a) determining the status of outstanding student checks, (b) improving Federal Work Study (FWS) internal controls and payroll procedures, and (c) timely reporting of student status changes as required.

#### **a. Determinations Made on Status of Outstanding Student Checks**

Our follow-up review disclosed that STCC has taken corrective action by establishing policies and procedures to ensure that outstanding checks are identified in a timely manner and returned either to students, to the respective Title IV program, or, if applicable, to the Massachusetts Office of the State Treasurer's (OST) Abandoned Property Division. We found that due diligence was being performed on resolving outstanding student checks on a timely basis. In response to our audit recommendations, STCC returned \$13,473 of Title IV funds to the U. S. Department of Education and submitted \$27,488 to the OST Abandoned Property Division on June 26, 2008.

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

Our follow-up review disclosed that STCC has reviewed and revised its FWS policies and procedures to strengthen internal controls over student payroll and provide for improved monitoring of departmental compliance, including a revision of STCC's financial aid packaging language to more accurately reflect the process by which financial aid is awarded. STCC has also implemented procedures to improve the monitoring of its payroll timesheet processing. Work Study forms have been revised to more accurately reflect the policies in place. Further, the Financial Aid and the Business Offices are working together to ensure that students and supervisors comply with updated policies and ensure that no student is earning more than the amount they have been awarded.

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

Our follow-up review disclosed that STCC has implemented a procedure of timely and accurate reporting of enrollment data to the National Student Loan Data system (NSLDS). STCC's internal control policies and procedures over student status changes have been updated and

implemented to ensure compliance with federal regulations. STCC developed a process by which the Financial Aid Office is notified of unofficial student withdrawals (or “walkaways”) by STCC faculty. STCC has also increased the number of per-semester National Student Loan Data System (NSLDS) enrollment submissions from three to four. Taken together, these steps have improved the accuracy and timeliness of enrollment information reported to NSLDS in compliance with federal regulations.