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

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Holyoke Community College (HCC) 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 HCC's President is responsible for implementing the policies set by the Board of Trustees, in accordance with the policies and procedures established by the Board of Higher Education.

We have conducted a follow-up review of our prior audit of HCC (No. 2007-0195-16S) covering the period July 1, 2006 to June 30, 2007. Our review was conducted in conjunction with the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2007.

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HCC reviewed and updated its existing internal controls and the applications of controls in the Federal Work Study Program (FWS) payroll areas, including processing payroll checks, reviewing supervisory and signature practices over FWS timesheets, and implementing an updated payroll distribution and check cashing policy.

INTRODUCTION

Background

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

Audit Scope, Objectives, and Methodology

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

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

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

We conducted a follow-up review of the issues contained in our prior audit report (No. 2007-0195-16S) and in the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2007. Our review was conducted in accordance with applicable generally accepted government auditing standards 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 HCC'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 HCC's activities, we referred to OMB's Circular A-133, March 2007 Compliance Supplement, to determine the compliance requirements that must be considered in an audit conducted under OMB Circular A-133.

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

- Improvements over Federal Work-Study Payroll Internal Controls

As reported in the Audit Results section of this report, we concluded that HCC has implemented the corrective action plan for the audit results identified in our prior report (No. 2007-0195-16S) and has adequate internal controls in place to improve upon the areas previously cited. We concluded that HCC 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.

AUDIT RESULTS**PRIOR AUDIT RESULTS RESOLVED - IMPROVEMENTS OVER FEDERAL WORK STUDY PAYROLL INTERNAL CONTROLS**

Our follow-up review disclosed that Holyoke Community College (HCC) reviewed and updated its existing internal controls and the applications of controls in the Federal Work Study Program (FWS) payroll areas, including processing payroll checks, reviewing supervisory and signature practices over FWS timesheets, and implementing an updated payroll distribution and check cashing policy.