

**HOLYOKE
COMMUNITY
COLLEGE**

**Office of the
Vice President for
Administration & Finance**

MEMORANDUM

TO: Audit and Finance Committee
FROM: President Christina Royal
DATE: March 26, 2019
SUBJECT: FY 2020 Student Fee Proposal

Community College Benchmarks

In preparation for the FY 2020 budget process, we need to begin discussion of revisions in student fees. We typically begin this review with a comparative analysis of HCC's cost position relative to other Massachusetts community colleges. The listing below, ranging from the most to the least expensive community college, is based on the Department of Higher Education's report on annual cost of mandatory tuition and fees for students taking 15 credits per semester.

To the right of annual tuition and fees, the FY 2017 FTE enrollment is shown. It has been common wisdom that fees are lower in institutions with higher enrollment due to the ability to spread basic overhead costs among a larger student body.

1. Middlesex Community College:	\$7,400	5,338.4
2. Mt. Wachusett Community College:	\$6,950	2,656.8
3. Greenfield Community College:	\$6,932	1,141.2
4. Quinsigamond Community College:	\$6,780	5,005.4
5. Berkshire Community College:	\$6,750	1,105.3
6. Northern Essex Community College:	\$6,560	3,528.5
7. North Shore Community College:	\$6,550	3,894.0
8. Roxbury Community College:	\$6,490	1,238.6
9. MassBay Community College:	\$6,360	3,122.0
10. Cape Cod Community College:	\$6,330	1,993.1
11. Springfield Techn. Community College:	\$6,300	3,751.7
12. Holyoke Community College:	\$6,060	3,812.4
13. Bristol Community College:	\$6,044	5,330.8
14. Massasoit Community College:	\$6,030	4,801.0
15. Bunker Hill Community College:*	\$5,620	8,374.3

**While most colleges implement fee increases for Fall Semester, Bunker Hill Community College normally implements fee increases in Spring Semester. While Spring Semester 2019 falls within FY 2019, any increase will not be reflected in the figure listed above.*

Holyoke Community College traditionally has listed in the 14th position above Bunker Hill. While for FY 2019 the College is listed 12th, it is important to note that the annual cost difference between HCC and #14 Massasoit Community College is \$30. Holyoke Community College continues to be the least expensive institution in Western Massachusetts.

Also, while there is some rough correlation between enrollment and cost, there are notable exceptions. For example, HCC has significantly lower enrollment than the other colleges in the lowest cost tier.

Current Fee Structure

Our current fee structure is summarized below:

Mandatory Tuition & Fees (apply to all courses or students)

- Tuition: \$24 per credit (set by State Legislature)
- Educational Service Fee: \$164 per credit
- Facility Fee: \$5 per credit
- Transportation Fee: \$25 per semester
- Information Technology Fee: \$85 per semester
- Student Service Fee: \$25 per semester

Special Fees (do not apply to all courses or students)

- Health Insurance: \$1,879 per semester
- Online Courses: \$20 per credit
- Course Equipment & Materials Fee: \$50 per high-cost course, capped at \$100 per semester
- Nursing & Radiology Program Fee: \$200 per semester
- Fees to cover direct costs based on specialized needs (kits, uniforms, insurance, etc.)

Recommended Change in Fee Structure

Before exploring changes to fee amount, we recommend that we simplify the structure for mandatory fees. Admissions and other staff working directly with students report confusion regarding the number of fee types, and note that each individual category gives rise to students questioning why that fee applies to them. We recommend that the student-facing structure be simplified as follows:

- Tuition: \$24 per credit
- Educational Services Fee: \$169 per credit
- Student Services Fee: \$135 per semester.

The College can make a determination that revenue equivalent to \$5 per credit of the Educational Services Fee will be allocated to facility improvements, and that a certain portion of the Educational Services fee will be allocated to technology. Those internal allocations do not need to be reflected in the fee schedules presented to students.

Karen Derouin and Olivia Kynard have both expressed support for the proposed simplification of the fee structure.

Proposed Fee Increase

In looking at fee scenarios, it should be noted that every \$1 increase in the Educational Services Fee is projected to generate \$124,400 in annual revenue, while every \$1 increase in the Student Service Fee is projected to generate \$11,000 in annual revenue.

To begin the analysis, it would seem reasonable to consider a fee increase that would cover inflation. According to the U.S. Department of Labor, the Consumer Price Index (CPI) for the year ending September 2018 rose 2.3%. A fee revision reflecting the CPI rise could be accomplished by implementing a \$5 per credit increase in the Educational Services Fee which would generate an estimated \$622,000 in annual revenue.

In addition to covering inflation, the College should consider fee adjustments to help defray campus deferred maintenance needs and support initiatives of the Strategic Plan.

I recommend an additional \$3 per credit be added to the Educational Services Fee with the resulting revenue dedicated to campus deferred maintenance. This will generate an estimated \$373,200 in addition to the \$622,000 already allocated to facilities.

Finally, I recommend that the Student Services Fee be increased by \$10 per semester, generating \$110,000 in annual revenue to partially offset the \$500,000 planned for FY 2020 for strategic initiatives in support of student success.

Taken together, these changes would increase the annual costs of our mandatory tuition and fees for students taking 15 credits per semester by \$260 or 4.3%.

Actual student impact would vary, of course, depending on credit load. Based on most recent enrollment reports, it appears that the average student takes about eight credits per semester. Therefore, on average the fee increase would cost students \$148 per year.

Impact on Budget

The total package proposed above will generate a little over \$1.1 million in revenue and will bring FY 2020 tuition and fee receipts roughly in line with FY 2019 in spite of the projected enrollment decline. It will not relieve the College from taking substantial action to reduce spending and reallocate resources in support of the Strategic Plan.

**HOLYOKE COMMUNITY
COLLEGE**

(an agency of the Commonwealth of Massachusetts)

**INDEPENDENT AUDITORS' REPORTS AS REQUIRED
BY THE UNIFORM GUIDANCE AND *GOVERNMENT*
AUDITING STANDARDS AND RELATED
INFORMATION**

JUNE 30, 2018

HOLYOKE COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

**Independent Auditors' Reports as Required by the Uniform Guidance and
Government Auditing Standards and Related Information**

June 30, 2018

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Holyoke Community College
Holyoke, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Holyoke Community College's (an agency of the Commonwealth of Massachusetts) (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2018. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings 2018-001, 2018-002 and 2018-003. Our opinion on each federal program is not modified with respect to these matters.

The College's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002 and 2018-003, that we consider to be significant deficiencies.

The College's responses to the internal control over noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the College as of, and for, the year ended June 30, 2018. We issued our report thereon with a dual date of November 27, 2018 and February 26, 2019 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

O'Connell and Murry, PC

**Certified Public Accountants
Braintree, Massachusetts**

February 26, 2019
(except for the Schedule of Expenditures of Federal Awards, for which the date is November 27, 2018)



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Holyoke Community College
Holyoke, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Holyoke Community College (the "College"), which comprise the statement of net position as of June 30, 2018 and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and we have issued our report thereon with a dual date of November 27, 2018 and February 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Holyoke Community College's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holyoke Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connell and Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

November 27, 2018 (except for Management's Discussion and Analysis, Note 2, Note 10, Note 12, Note 16, and Schedule of Proportionate Share of the Net OPEB Liability contained in the financial statements, as to which the date is February 26, 2019)

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

Holyoke Community College
(an Agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER				
U.S. Department of Education:				
Direct Awards:				
84.007	N/A	N/A	\$ 188,464	\$ -
84.033	N/A	N/A	183,566	-
84.063	N/A	N/A	10,574,996	-
84.268	N/A	N/A	5,818,793	-
Total Student Financial Assistance Cluster				
RESEARCH AND DEVELOPMENT CLUSTER				
U.S. Department of Education:				
Direct Awards:				
47.076	N/A	N/A	347,504	-
Total Research and Development Cluster				
TRIO CLUSTER				
U.S. Department of Education:				
Direct Awards:				
84.042	N/A	N/A	372,288	-
Total TRIO Cluster				
NON-CLUSTER				
U.S. Department of Labor:				
Pass-through Awards:				
17.277	Regional Employment Board	WOIA #105-17#707-18	912	-
17.278	Regional Employment Board		14,400	-
17.282	Massasoit Community College	TC264501460A25	138,503	-
Total Program				
Promotion of the Humanities, Teaching and Learning Resources and Curriculum Development				
45.162	N/A	ME-228652-15	17,556	-

Holyoke Community College
(an Agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2018

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
National Endowment for the Humanities - Continued:					
Direct Awards - Continued:					
Promotion of the Humanities, Teaching and Learning Resources and Curriculum Development	45.162	N/A	AE-256343-17	23,971	-
Total Program					
U.S. Department of Education					
Pass-through Awards:					
Adult Education - Basic Grants to States	84.002	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	343-002-7-1210-R	27,851	-
Adult Education - Basic Grants to States	84.002	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	343-137857-2018-1210	132,209	-
Adult Education - Basic Grants to States	84.002	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	359-001-7-1210-R	20,743	-
Adult Education - Basic Grants to States	84.002	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	359-137800-2018-1210	58,527	-
Adult Education - Basic Grants to States	84.002	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	359-020-7-1210-R	27,000	-
Adult Education - Basic Grants to States	84.002	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	359-137800-2018-1210	47,678	-
Adult Education - Basic Grants to States	84.002	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	340-019-7-1210-R	46,392	-
Adult Education - Basic Grants to States	84.002	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	359-137800-2018-120	218,707	-
Total program					
579,107					
Career and Technical Education - Basic Grants to States	84.048	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	407-008-7-1210-R	57,884	-
Career and Technical Education - Basic Grants to States	84.048	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	401-147697-2018-1210	162,816	-
Career and Technical Education - Basic Grants to States	84.048	Commonwealth of Massachusetts, Department of Elementary, and Secondary Education	401-013-7-1210-R	80,608	-
Total program					
301,308					

Holyoke Community College
 (in Agency of the Commonwealth of Massachusetts)
Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2018

CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
93.732	N/A	N/A	48,379	-
			1,471,640	-
			<u>\$ 18,609,747</u>	<u>\$ -</u>

Health and Human Services HRSA
 Direct Awards:
 HRSA/BHWET

Total Non-Cluster

Total Expenditures of Federal Awards

HOLYOKE COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Holyoke Community College (the "College") (an agency of the Commonwealth of Massachusetts) under programs of the Federal Government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3 - Indirect Cost Rate

The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Federal Student Loan Programs

Direct Student Loan Program

The College disbursed \$5,818,793 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the College under the program as of June 30, 2018. The College is only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the College's financial statements.

HOLYOKE COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

Section I – Summary of Auditors’ Results:

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Type of auditors’ report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? x yes _____ no

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? x yes _____ no

The College did not have any findings in the previous year’s audit.

HOLYOKE COMMUNITY COLLEGE
 (an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans (Note 3)	84.268
TRIO Cluster	
Student Support Services	84.042

Dollar threshold used to distinguish between
 type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

 x yes no

HOLYOKE COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Section II – Financial Statement Findings:

Finding number: 2018-001
Federal agency: U.S. Department of Education
Programs: Federal Pell Grants
CFDA #: 84.063
Award year: 2018

Criteria

According to 34 CFR 690.83(b)

- (1) An institution shall report to the Secretary any change for which a student qualifies including any related Payment Data changes by submitting to the Secretary the student's Payment Data that discloses the basis and result of the change in award for each student. The institution shall submit the student's Payment Data reporting any to the Secretary by the reporting deadlines published by the Secretary in the Federal Register.
- (2) An institution shall submit, in accordance with the deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct

According to Volume 77 Number 126 of the Federal Register:

An institution must submit Pell Grant, Iraq and Afghanistan Service Grant, Direct Loan and Teach Grant disbursement records, as applicable, no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement. In accordance with 34 CFR 668.164(a), Title IV funds are disbursed on the date that the institution:

- (a) Credits those funds to a student's account in the institution's general ledger or any sub ledger of the general ledger; or
- (b) Pays those funds to a student directly.

Title IV funds are disbursed even if an institution uses its own funds in advance of receiving program funds from the Secretary.

Condition

Federal regulations require the College to report to the Federal Government's Common Origination and Disbursement System ("COD") Federal Pell Grant disbursements made to students within 15 days of the funds being disbursed to the student. Our testing of forty Pell recipients revealed that:

- Out of a sample of 40 students, the College reported the disbursement of Pell Grant funds for three students was 17 days late.

HOLYOKE COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Cause

The College needs to generate two reports to capture the information required by the COD. The late reporting for the three students was caused by not generating the second report for the two week period.

Effect

The College did not report Pell Grant disbursement to COD within the required time frame.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of forty students selected for testing, 3 students, or 7.5% of our sample, was determined to be reported late to the COD.

Identification as a Repeat Finding, if applicable

Not applicable

Recommendation

We recommend that management of the College review, and if necessary, update the policies and procedures to ensure all Pell Grant funds are reported within the required timeframe.

Views of Responsible Officials

The College agrees with the finding.

The Ellucian Banner software system has a process that extracts Federal Pell Grant award and disbursement data for transmission to the U.S. Department of Education's Common Origination and Disbursement System (COD) system. It is our practice to run this process at least once a week to ensure that the Pell Grant information reaches COD well within the 15 day timeframe. Following the release of an upgrade to the Banner financial aid module, it was determined that there was a flaw in the extract process. In response to this issue, we developed a work around to ensure that all Pell Grant information would be properly extracted.

Throughout a two-week period in the fall of 2017 the back-up person ran this process in place of the staff member who has the main responsibility for exporting Pell Grant data. During that timeframe the work around was not run and the three records in the audit sample failed to be extracted. The records were extracted when the original staff member began running the process again, however, at that point the notifications were two days late.

HOLYOKE COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Finding number: 2018-002
Federal agency: U.S. Department of Education
Programs: Federal Supplemental Education Opportunity Grant
Federal Direct Student Loans
Federal Pell Grants
CFDA #: 84.268, 84.063
Award year: 2018

Criteria

According to 34 C.F.R. Section 685.309(b)(2) states:

A school shall, unless it expects to submit its next student status confirmation report to the Secretary within the next sixty days, notify the Secretary within thirty days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf for a student who:

- 1) Enrolled at that school but has ceased to be enrolled on at least a half-time basis
- 2) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period which the loan was intended; or
- 3) Has changed his or her permanent address.

The Dear Colleague Letter GEN-12-6 issued by the U.S. Department of Education on March 30, 2012 states that in addition to student loan borrowers, Enrollment Reporting files will include two additional groups of students: Pell Grant and Perkin Loan recipients.

Condition

The Federal Government requires the University to report student enrollment changes to the National Student Loan Data System ("NSLDS") within sixty days. Out of a sample of forty students with enrollment status changes, two students were not reported in a timely matter to NSLDS.

Cause

During the current year there was a change in the way students are reported to the Clearinghouse which resulted in students reported as graduated later than the 60 day limitation.

Effect

The College did not properly report student status changes to NSLDS within the required time frame. The status of the students was not updated with NSLDS until discovered as part of the Single Audit. Improper enrollment reporting results in the students' loan deferment period to be incorrectly calculated. Additionally, the student would be responsible for any interest rate changes.

Questioned Costs

Not applicable

HOLYOKE COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Perspective

Our sample was not, and was not intended to be statistically valid. Of 40 students selected from testing, 2 students, or 5% of our sample, was determined to be reported late to NSLDS and were not reported until discovered by the Single Audit.

Identification as a Repeat Finding, if applicable

Not applicable

Recommendations

We recommend that management of the College review, and if necessary, update the policies and procedures to ensure all students are reported to NSLDS within the required timeframe.

Views of Responsible Officials

The College agrees with the finding.

During the fiscal year 2018 audit, there was a discrepancy in graduation information that was supplied to the National Student Clearinghouse (NSC) and what was, in turn, reported to the National Student Loan Data Services (NSLDS). Specifically, two of the forty students for whom the auditors requested data were not indicated in the NSLDS as having graduated even though the students were submitted within graduation status to the NSC via the "Degree Verify" file.

In researching these two students, we were advised by the National Student Clearinghouse audit resource department staff that, there is another file that needs to be submitted to NSC to guarantee that both the "program" and "enrollment" levels for each student are properly updated and submitted the NSLDS. The second file is the "Graduates Only" file.

HOLYOKE COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Finding number: 2018-003
Federal agency: Return of Title IV – Late Return of Title IV Funds
U.S. Department of Education
Programs: Federal Supplemental Education Opportunity Grant
Federal Pell Grants
CFDA #: 84.007, 84.063
Award year: 2018

Criteria

According to 34 CFR Sections 668.22(j):

Time frame for the Return of Title IV funds – An institution must return the amount of Title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institutions determination that the student withdrew as defined in paragraph (1)(3) of this section.

According to 34 CFR Sections 668,173(b):

Timely return of Title IV, HEA program funds – In accordance with procedures, established by the Secretary of FFEL Program lender, an institution returns unearned Title IV, HEA program funds timely if –

1. The institution deposits or transfers the funds into the bank account in maintains under 34 CFR Sections 668.163 no later than 45 days after the date it determines that the student withdrew;
2. The institution initiates an electronic funds transfer (“EFT”) no later than 45 days after the date it determines the student withdrew;
3. The institution initiates an electronic transaction no later than 45 days after the date it determines that the student withdrew, that informs a FFEL lender to adjust the borrower’s loan account for the amount returned; or
4. The institution issues a check no later than 45 days after the date it determines that the student withdrew. An institution does not satisfy this requirement if –
 - a. The institution’s records show that the check was issued more than 45 days after the date the institution determined that the student withdrew; or
 - b. The date on the cancelled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 60 days after the date the institution determined that the student withdrew.

HOLYOKE COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Condition

The Financial Aid Office is responsible for completing the Return of Title IV calculation and determining how much aid must be returned to the Department of Education. Once the Return of Title IV calculation is completed, the Business Office is responsible for adjusting the student's billing statement and returning unreturned Title IV funds through the U.S. Department of Education Grant Management System ("G5"). The College has 45 days from the date they determined the student withdrew to return any unearned portions of Title IV funds. Our testing of forty students who withdrew from the College revealed that one student's refund was returned after 66 days.

Cause

The Return of Title IV calculation form was not completed until two months after the the registrar received the college withdrawal forms. This oversight caused the Title IV aid to be returned after the 45-day time frame.

Effect

The correct unearned portion of the withdrawn student's Title IV aid was not adjusted from the student's account and returned to the Department of Education within the required 45-day time frame.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the sample of 40 students, one or 2.5%, student's unearned Title IV aid was not returned within the 45-day time frame.

Identification as a Repeat Finding, if applicable

Not applicable

Recommendations

We recommend that management of the College review, and if necessary, update the policies and procedures to ensure all unearned Title IV aid is returned within the required time frame.

Views of Responsible Officials

The College agrees with the finding.

The Financial Aid Office runs a weekly withdrawal report to identify any withdrawn students who have financial aid. Our procedure has been to run this report using the date prior to the last date the report was run to find any new withdrawals. The staff who review the report post a requirement for each student on the Applicant Requirement screen in our student information system Banner. The requirement is posted with a status of 'O' for open, meaning that an adjustment needs to be completed. When the withdrawal adjustment has been finalized, the status is change to 'X' indicating it has been reviewed and is complete.

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Management's Corrective Action Plan

Year Ended June 30, 2018

Finding number: 2018-001
Federal agency: U.S. Department of Education
Program: Federal Pell Grants
CFDA #: 84.063
Award year: 2018

Corrective Action Plan

Our corrective action plan will include the following:

- a) The Pell Grant origination procedures will be revised to more prominently point out the need to run the work around process when extracting data for COD.
- b) Additional training will be conducted with pertinent staff members related to the procedures and deadline requirements involved in this process.
- c) Staff members who run this process on a back-up basis will receive a refresher training just prior to being asked to run it for a period of time.

Timeline for Implementation of Corrective Action Plan

The above action plan includes actions already taken by the program throughout the 2018 and 2019 fiscal years.

Contact Person

Karen Derouin, Director of Financial Aid

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Management's Corrective Action Plan - Continued

Year Ended June 30, 2018

Finding number: 2018-002
Federal agency: U.S. Department of Education
Program: Federal Supplemental Education Opportunity Grant
Federal Direct Student Loans
Federal Pell Grants
CFDA #: 84.268, 84.063
Award year: 2018

Corrective Action Plan

Our corrective action plan will include the following:

Degree Verify Files for the fall 2017, spring 2018, and summer 2018 were reviewed for additional discrepancies. All errors were manually corrected. IT will assist in submitting a comprehensive "Graduates Only" file to verify and update any students who are not coded correctly. Finally, beginning with the next graduate list in January 2019, a "Graduates Only" file will always be submitted in addition to the "Degree Verify" file which will prevent any student from not being coded on the program and enrollment levels.

Timeline for Implementation of Corrective Action Plan

The above action plan includes actions already taken by the program throughout the 2018 and 2019 fiscal years.

Contact Person

Karen Derouin, Director of Financial Aid

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Management's Corrective Action Plan - Continued

Year Ended June 30, 2018

Finding number: 2018-003
Federal agency: Return of Title IV - Late Return of Title IV Funds
Program: U.S. Department of Education
Federal Supplemental Education Opportunity Grant
Federal Pell Grants
CFDA #: 84.007, 84.063
Award year: 2018

Corrective Action Plan

Our corrective action plan will include the following:

Periodically we run the withdrawal report for the entire semester, not just since the last time we ran it. This is done as a quality control measure to track any adjustments that may have been missed. We have now updated our procedures to run this full term report on a weekly basis. We believe that this action will bring any missing adjustments to the attention of financial aid staff in a timelier manner, allowing for the review to happen quickly enough for the funds to be returned within the required 45-day time frame.

Timeline for Implementation of Corrective Action Plan

The above action plan includes actions already taken by the program throughout the 2018 and 2019 fiscal years.

Contact Person

Karen Derouin, Director of Financial Aid

