

HOLYOKE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

**INDEPENDENT AUDITORS' REPORTS AS REQUIRED
BY OFFICE OF MANAGEMENT AND BUDGET (OMB)
CIRCULAR A-133 AND *GOVERNMENT AUDITING
STANDARDS* AND RELATED INFORMATION**

JUNE 30, 2015



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

**Independent Auditors' Reports as Required by Office of Management and
Budget (OMB) Circular A-133 and *Government Auditing Standards* and
Related Information**

June 30, 2015

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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 OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2015-001. Our opinion on each major 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's 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 OMB Circular A-133, 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 may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item Finding 2015-001, which we consider to be significant deficiencies.

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

Purpose of Report

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 OMB Circular A-133. 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, 2015 and have issued our report thereon dated October 6, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and is not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

O'Conna and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

February 5, 2016

(except for the Schedule of Expenditures of Federal Awards, for which the date is October 6, 2015)



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 the Holyoke Community College (the "College"), which comprise the statements of net position as of June 30, 2015 and 2014, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 6, 2015.

Internal Control Over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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 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'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

October 6, 2015

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

Schedule of Current Year Findings and Questioned Costs

June 30, 2015

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Award

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes

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

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Major programs of Holyoke Community College include:

<u>Program Title</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster	Various
TRIO Cluster:	
Student Support Services	84.042
Adult Education - Basic Grants to States	84.002
National Science Foundation	47.076

The dollar threshold to distinguish between Type A and Type B programs is \$300,000.

The Office of Management and Budget (OMB) has minimum requirements for a recipient of federal funds to be considered a low-risk auditee. The College does not qualify as a low-risk auditee because the College has had findings in at least one of the prior two years.

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

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Finding number:	2015-001
Federal agency:	U.S. Department of Education
Programs:	Federal Supplemental Educational Opportunity Grants Federal Pell Grant Program, Federal Direct Student Loans Federal Work Study
CFDA #'s:	84.007, 84.063, 84.268, 84.003
Award year:	2015

Condition

Federal regulations require an institution to return unclaimed funds issued by check or EFT within 240 days. During our testing, we noted 1 student, out of our sample of 40, had unclaimed funds exceeding the federal limit.

Criteria

According to 34 C.F.R. Section 668.164(h):

- (1) Notwithstanding any State law, an institution must return to the Secretary, lender, or guaranty agency, any Title IV, HEA program funds, except FWS program funds that it attempts to disburse directly to a student or parent but the student or parent does not receive or negotiate those funds. For FWS program funds, the institution is required to return only the federal portion of the payroll disbursement.
- (2) If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check.
- (3) (i) If a check is returned to the institution, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of this 45 day period; and
- (4) (ii) No later than the 240 day period described in paragraph (h)(2) of this section, the institution must cease any additional disbursement attempts and immediately return those funds.

HOLYOKE COMMUNITY COLLEGE
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Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Cause/Effect

The College had developed and implemented policies and procedures to resolve outstanding checks containing Title IV funds that are outstanding over 240 days. However, in this instance, the College mistakenly overlooked this specific check.

Recommendation

We recommend that management continue to work to fully comply with its policies to ensure that the College will be in compliance with federal regulations.

Questioned Costs

\$ 91.47

Views of Responsible Officials

The College has reviewed its procedures in relation to this finding. While we find the procedures sound, they are largely manual in nature; we believe that, in this instance, the outcome is a result of a rare human error.

The College will develop an automated report that will analyze unclaimed funds and will be periodically reviewed by the responsible parties to ensure compliance, and will eliminate the possibility that this type of clerical error will be repeated. Until this report is implemented, the College will institute an additional review by the responsible accountant's supervisor to confirm compliance with 34 CFR 668.164(h).

Contact Person

NAME: Marcia L. Mitchell
TITLE: Interim Comptroller

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

Schedule of Prior Year Findings and Questioned Costs

June 30, 2015

Finding number: 2014-001
Federal agency: U.S. Department of Education
Programs: Federal Work-Study Program
Federal Supplemental Education Opportunity Grants
Federal Pell Grant Program
Federal Direct Student Loans
CFDA #'s: 84.007, 84.063, 84.268
Award year: 2014

Condition

Out of a sample of forty students, five students that had credit balances in their accounts caused by financial aid, were not issued a refund within 14 days.

Auditors' Current Year Comment

Our testing revealed no similar findings for the year ended June 30, 2015.

Finding number: 2014-002
Federal agency: National Science Foundation
Program: Education and Human Resources
CFDA #: 47.076
Award year: 2014

Condition

During our testing, we discovered a piece of equipment with a useful life of over one year and an acquisition cost of over \$5,000 for which the College did not maintain proper records.

Auditors' Current Year Comment

Our testing revealed no similar findings for the year ended June 30, 2015.

HOLYOKE COMMUNITY COLLEGE
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Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
<u>Student Financial Assistance Cluster:</u>		
<i>U.S. Department of Education:</i>		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 187,142
Federal Work-Study Program	84.033	209,392
Federal Pell Grant Program	84.063	13,033,980
Federal Direct Student Loans	84.268	<u>7,701,239</u>
Total Student Financial Assistance Cluster		<u>21,131,753</u>
 <u>TRIO Cluster:</u>		
<i>U.S. Department of Education:</i>		
TRIO - Student Support Services	84.042	<u>349,159</u>
 <u>Non-Cluster:</u>		
<i>U.S. Department of Labor:</i>		
Passed Through Regional Employment Board:		
Employment Service - Wagner Peyser Funded Activities	17.207	2,400
WIA Adult Program	17.258	10,280
WIA Program National Emergency Grants	17.277	11,988
WIA Dislocated Worker Formula Grants	17.278	49,316
Passed Through Quinsigamond Community College (\$125,665) and Massasoit Community College (\$64,819):		
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	<u>190,484</u>
Total U.S. Department of Labor		<u>264,468</u>
 <i>National Endowment for the Humanities:</i>		
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	<u>25,770</u>
 <i>National Science Foundation:</i>		
Education and Human Resources	47.076	<u>183,497</u>

HOLYOKE COMMUNITY COLLEGE
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Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education:</u>		
Higher Education- Institutional Aid	84.031	\$ 144,161
Passed Through Commonwealth of Massachusetts, Department of Elementary and Secondary Education:		
Adult Education - Basic Grants to States	84.002	412,873
Career and Technical Education - Basic Grants to States	84.048	331,030
Twenty First Century Community Learning Centers	84.287	81,784
Passed Through Commonwealth of Massachusetts, Department of Higher Education:		
Improving Teacher Quality State Grants	84.367	105,390
College Access Challenge Grant Program	84.378	<u>73,081</u>
Total U.S. Department of Education		<u>1,148,319</u>
Total Expenditures of Federal Awards		<u>\$ 23,102,966</u>

HOLYOKE COMMUNITY COLLEGE
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Notes to the Schedule of Expenditures of Federal Awards

June 30, 2015

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activities of Holyoke Community College (the "College") (an agency of the Commonwealth of Massachusetts) and is presented on the accrual basis of accounting.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the College, agencies, departments of the Federal Government, and all subawards to the College by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

Note 2 - **Federal Direct Student Loans Program**

The College disbursed \$7,701,239 of loans under the Federal Direct Student Loans program, which includes Stafford Subsidized and Unsubsidized Loans and Parents' Loans. It is not practical to determine the balances of loans outstanding to students of the College under this program as of June 30, 2015. 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.

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