

**MASSACHUSETTS BAY
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, 2020

MASSACHUSETTS BAY 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, 2020

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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
Massachusetts Bay Community College
Wellesley, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Massachusetts Bay 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, 2020. 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, 2020.

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 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

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 response.

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 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 did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items Findings 2020-001 and 2020-002 that 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.

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, 2020. We issued our report thereon with a dual date of November 20, 2020 and June 15, 2021, 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.



**Certified Public Accountants
Braintree, Massachusetts**

June 15, 2021



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
Massachusetts Bay Community College
Wellesley, 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 Massachusetts Bay Community College (the "College"), which comprise the statement of net position as of June 30, 2020, 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 have issued our report thereon with a dual date of November 20, 2020 and June 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing 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.

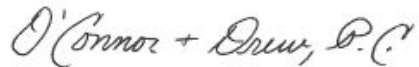
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in cursive script that reads "O'Connor + Drew, P.C.".

**Certified Public Accountants
Braintree, Massachusetts**

November 20, 2020 (except for Management's Discussion and Analysis, Statements of Net Position, Statements of Revenue and Expenses, Statements of Changes in Net Position, Statements of Cash Flows, Note 1, Note 2, and Note 12, as to which the date is June 15, 2021)

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER						
U.S. Department of Education:						
Direct Awards:						
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 141,710	\$ 141,710	\$ -
Federal Work-Study Program	84.033	N/A	N/A	84,357	84,357	-
Federal Pell Grant Program	84.063	N/A	N/A	4,094,089	4,094,089	-
Federal Direct Student Loans	84.268	N/A	N/A	2,330,919	2,330,919	-
Total Student Financial Assistance Cluster				6,651,075	6,651,075	-
RESEARCH AND DEVELOPMENT CLUSTER						
National Science Foundation:						
Pass-through Awards:						
Education and Human Resources	47.076	Boston College	1501451	2,218		-
Education and Human Resources	47.076	Northeastern University	502411-78052	5,943	8,161	-
Total National Science Foundation				8,161	8,161	-
U.S. Department of Health and Human Services						
Direct Awards:						
National Institutes of Health - Biomedical Research and Research Training - Bridges to the Baccalaureate	93.859	University of Massachusetts - Boston	B000482065	52,761	52,761	-
Total Research and Development Cluster				60,922	60,922	-
NON-CLUSTER						
U.S. Department of Education:						
Direct Awards:						
Title III Part A Strengthening Institutions Program	84.031A	N/A	N/A	323,265	323,265	-
Career and Technical Education - Basic Grants to States	84.048	Massachusetts Department of Education	V048A190021	162,026	162,026	-
Higher Education Emergency Relief Fund - Student Aid Portion	84.425E	N/A	N/A	202,239		-
Higher Education Emergency Relief Fund - Institutional	84.425F	N/A	N/A	840,218	1,042,457	-
Total U.S. Department of Education				1,527,748	1,527,748	-
Corporation for National and Community Service						
Direct Awards:						
Federal AmeriCorps Program	94.006	N/A	N/A	9,185	9,185	-
Total Non-Cluster				1,536,933	1,536,933	-
Total Federal Funds				<u>\$ 8,248,930</u>	<u>\$ 8,248,930</u>	<u>\$ -</u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an Agency of the Commonwealth of Massachusetts)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Massachusetts Bay Community College (the “College”) under programs of the Federal Government for the year ended June 30, 2020. 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 Direct Student Loans

The College disbursed \$2,330,919 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. The College is only responsible for the performance of certain administrative duties and, accordingly, there are no significant continuing compliance requirements and these loans are not included in the College’s financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I – Summary of Auditors’ Results:

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted? ☐ yes ☒ no

Federal Awards

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

Internal control over major programs:

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

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

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Section I – Summary of Auditors’ Results - Continued:

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 4)	84.268
Federal AmeriCorps Program	94.006
Non-Cluster:	
CARES Act Higher Education Emergency Relief Fund - Students	84.425E
CARES Act Higher Education Emergency Relief Fund - Institutional	84.425F

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

\$750,000

Auditee qualified as a low-risk auditee?

 x yes no

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Section II – Financial Statement Findings:

None

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs:

Finding number: 2020-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.063, 84.268
Award year: 2020

Criteria

According to 34 CFR 685.309(b)(2):

Unless [the institution] it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that –

- (i) A loan under title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- (ii) A student who is enrolled at the school and who received a loan under title IV of the Act has changed his or her permanent address.

The Dear Colleague Letter GEN-12-6 issued by the U.S. Department of Education (“ED”) 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 Perkins Loan recipients.

According to 2 CFR Part 200, Appendix XI Compliance Supplement updated August 2020:

Under the Pell Grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via the National Student Loan Data System (“NSLDS”). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Condition

The Federal Government requires the College to report student status enrollment changes to the National Student Loan Data System ("NSLDS") within 60 days. During our testing of forty students with enrollment status changes, we noted the following:

1. Two students' status changes were never reported to NSLDS.
2. Three students had incorrect status changes reported to NSLDS.

Cause

The College did not have adequate procedures in place to ensure that status changes were properly reported to NSLDS.

Effect

The College did not report the students' correct status changes to NSLDS, which may impact the students' loan grace periods and enrollment reporting statistics collected by the Department of Education.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the forty students selected for testing, five students, or 12.5% of our sample, were not reported correctly.

Recommendation

The College should provide training to employees responsible for processing information for the NSLDS and ensure that they have adequate knowledge of the related rules and regulations. This training should include an explanation of the status changes, the importance of reporting the correct status changes and the consequences of incorrect reporting. Additionally, the College should implement reconciliation procedures between enrollment records and NSLDS to ensure that information is properly maintained.

Identification as a Repeat Finding, if applicable

N/A

View of Responsible Officials

The College concurs with the auditors' finding.

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Finding number:	2020-002
Federal agency:	U.S. Department of Education
Programs:	Student Financial Assistance Cluster
CFDA #:	84.063, 84.268
Award year:	2020

Criteria

According to 34 CFR 668.164(l):

- (1) Notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary any Title IV, Higher Education Act (“HEA”) program funds, except Federal Work Study (“FWS”) program funds, that it attempts to disburse directly to a student or parent that are not received by the student or parent. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursement.
- (2) If an EFT to a student's or parent's financial account is rejected, or a check to a student or parent is returned, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the EFT was rejected or the check returned. In cases where the institution does not make another attempt, the funds must be returned to the Secretary before the end of this 45-day period.
- (3) If a check sent to a student or parent is not returned to the institution but is not cashed, the institution must return the funds to the Secretary no later than 240 days after the date it issued the check.

Condition

Federal regulations require an institution to return unclaimed Title IV funds issued by check or EFT within 240 days. During our testing, we noted 7 students, out of a sample of 40, that had unclaimed funds exceeding the federal day limit.

Cause

The College did not monitor the outstanding check aging to ensure that the 240-day timeframe was met.

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Effect

The College did not return Title IV unclaimed funds to the Department of Education within the required 240-day time frame.

Questioned Costs

There were 7 outstanding checks totaled \$8,259, which pertained specifically to federal-sourced funds.

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the 40 students selected for testing, 7 students, or 17.5% of our sample, had unclaimed funds pertaining to federal sources that were not returned to the Department of Education within the 240-day required time frame.

Identification as a Repeat Finding, if applicable

N/A

Recommendation

The College should examine its policies and procedures related to unclaimed funds including the process and time frame for identifying aged balances and the process for cancelling checks and returning funds to the Department of Education.

View of Responsible Officials

The College concurs with the auditors' finding.

Management's Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Finding number: 2019-001
Federal agency: U.S. Department of Education
Programs: Federal Work Study ("FWS")
CFDA #: 84.033
Award year: 2019

Condition

Regulations require that the College use at least 7% of its Federal Work Study funds to compensate students employed in a community service activity. In addition, at least one student must be compensated for holding a literacy related community service position. As of June 30, 2019, the College did not have a Federal Work Study program that met the definition of community service, and as such, did not have a student who was employed in a work study program related to literacy.

Current Status

Under the Coronavirus Aid, Relief and Economic Security ("CARES") Act, the Department of Education exercised their authority to grant a waiver of the Federal Work Study community service requirements for the 2019-2020 award year.

Management's Corrective Action Plan

Year Ended June 30, 2020

Finding number: 2020-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.063, 84.268
Award year: 2020

Corrective Action

The College will implement the following:

1. Financial Aid Office will have the PeopleSoft system assign a checklist requesting the student submit documentation to the Registrar to update their social security number ("SSN"). This will hold up the student's financial aid award until it is resolved. The IT Department will also create a report for the Registrar's Office that will identify if the College has a SSN on file from the Free Application for Federal Student Aid ("FASFA") but not on file with the Registrar to help identify students. When discrepancies exist the Registrar's staff will work to resolve the error and manually update the SSN data with the valid data from FASFA in the Financial Aid module.
2. The Registrar's Office will rededicate staffing and resources to timely resolution of Student Status Confirmation Report errors and ensure access to NSLDS to report and verify correctly reported SSN.
3. Work with IT on a review and update of the withdrawal programming in the College's PeopleSoft National Student Clearinghouse ("NSC") reporting.
4. The Registrar's Office will dedicate more time and resources to the review and updating of graduation records in the NSC.

Timeline for Implementation of Corrective Action Plan:

These will be implemented for the 2021-2022 Academic year cycle.

Contact Persons:

Curtis Cormier, Chief Information Officer
Robyn Butterfield, Director of Financial Aid
Jen McAndrew, Registrar



MassBay Community College
Wellesley Hills Campus
50 Oakland Street
Wellesley Hills, MA 02481
Tel: 781.239.3000

Management's Corrective Action Plan

Year Ended June 30, 2020

Finding number:	2020-002
Federal agency:	U.S. Department of Education
Programs:	Student Financial Assistance Cluster
CFDA #:	84.063, 84.268
Award year:	2020

Corrective Action

To comply with the requirement that outstanding checks which are over 240 days old and are related to federal financial aid must be returned to the original funding source, management is outsourcing check maintenance to an outside organization and implementing a monthly review of outstanding checks. The outsourcing will include implementing electronic payment methods, which will reduce the number of checks issued. The outside organization also uses reminder emails to students that checks are outstanding and automatically cancels checks after a given period of time. This will help with the tracking of uncashed checks. Finally, management is implementing a monthly review of outstanding checks to processes items that are over 180 days to initiate the return process within the required timeframe.

Timeline for Implementation of Corrective Action Plan:

Both the review and outsourcing should be completed by the next fiscal year-end.

Contact Person

Stephen Baccari, Controller