



Board of Trustees

Audit Committee

1:00 PM

December 11, 2019

President's Boardroom, The Horace Mann Center

- | | |
|--|-------------------------|
| 1. Call to Order | Trustee Boudreau |
| 2. Minutes | |
| a. October 10, 2019 | Trustee Boudreau |
| 3. Items for Information | |
| a. Associate Director for Risk Management Search | Stephen Taksar |
| 4. Items for Discussion | |
| a. Information Technology and Cybersecurity Observations:
FY19 Audit Report | Alan Blair |
| 5. Items for Action | |
| a. Motion – Uniform Guidance Report | O'Connor and Drew, P.C. |

Attachment(s):

- a. 10-10-19 Minutes (Draft)
- b. Information Technology and Cybersecurity Observations (Action Plan)
- c. Motion – Uniform Guidance Report
- d. Uniform Guidance Report (Draft)



Board of Trustees

Audit Committee

Minutes

President's Boardroom, The Horace Mann Center

October 10, 2019

MEMBERS PRESENT: Trustees Boudreau, Hagan and Martin

MEMBERS EXCUSED: Committee Chair Martinez-Alvarez and Vice Chair Landrau

TRUSTEE GUESTS PRESENT: Trustees Magovern, Neves, Queenin and Sullivan

Dr. Ramon S. Torrecilha, President of Westfield State University, was also present.

The meeting was called to order at 9:38 AM by Trustee Hagan who called for a Motion to elect a chair pro tem in the absence of Committee Chair Martinez-Alvarez.

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to designate Trustee Hagan as Chair Pro Tempore of the Audit Committee meeting in accordance with Article II of the Audit Committee of the Board of Trustees of Westfield State University Charter (0460).

Motion passed unanimously.

MOTION made and seconded to approve the minutes of the June 20, 2019 meeting.

Motion passed unanimously.

Trustee Hagan welcomed Paul Boudreau and Thalita Neves to the Board of Trustees.

Mr. Stephen Taksar, Vice President for Finance and Administration, gave an update on the Director of Risk Management position, stating the position will hopefully be filled in the next few weeks. The committee asked whether the dual responsibilities document reviewed earlier this year was provided to the Inspector General's (IG) office. The University attorney did a thorough review of the document and suggested formatting changes. Further, they suggested it didn't seem necessary to provide to the IG's office. It was requested that the job description be presented to the Inspector General's office for review. Mr. Taksar will follow through with this request.

Mr. Alan Blair, Chief Information Security Officer, brought forward the FY19 Payment Card Industry (PCI) Assessment, stating this is the third year in a row with no findings. Dining services will now accept debit and credit cards.

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to accept the annual report for fiscal year ending June 30, 2019, as prepared by the university's Administration and Finance Division and to authorize the submission of this report to the State Comptroller's Office, the Massachusetts Department of Higher Education, and the State

Auditor's Office, as required by the Massachusetts Department of Higher Education. This annual report includes the Westfield State University FY19 Financial Statements, audited by O'Connor & Drew, P.C.

Mr. David Dilulis, principal, and Mr. Rick Strout, the audit manager, of O'Connor & Drew, P.C., presented the Required Communications and FY19 Financial Statements, stating there were no material weaknesses or deficiencies noted within the Report on Internal Control over Financial Reporting and on Compliance and Other Matters. There was discussion on the following recommendations (these are suggestions only and not a part of the formal audit):

- President Torrecilha's travel expenses are pre-approved by the Board Chair, reviewed by the Vice President of Administration and Finance after the travel, and reported to the full Board annually. Vice President Taksar reported that the P-card is used almost exclusively for travel. It was suggested that in addition to pre-approval by the Board Chair, it would make sense to have the Board Chair also approve the President's travel report when submitted. The committee agreed with this suggestion.
- O'Connor and Drew recommends that in future meetings the Audit Committee go into executive session with the auditors. Mr. Taksar supports this practice, stating it is best practice. Since this falls outside of the ten reasons for a formal executive session, it will be researched how to proceed with this suggestion.
- Recommendations were presented to further mitigate risk in the areas of information technology and cybersecurity. It was requested that Mr. Blair come back to the committee in the future to present a response to the recommendations.
- The new GASB Statement 87 – Leases will be effective for periods beginning after December 15, 2019 and will need to show leases on the balance sheet in two years. The assets and liabilities will both increase, showing no negative impact on the balance sheet. Adding the leases to the balance sheet will affect the debt covenants, so banking relationships will need to be reviewed and potentially modified. In 2028, a major portion of liability goes away with only leases from University Hall and New Hall remaining.

Financial Statements highlights:

- The statements show the increased OPEB and pension expense of approximately \$6 million.
- Total liabilities went up by approximately \$6 million on net basis. Net investment in capital assets went down. Unrestricted net position went down, but if added back the \$6 million from OPEB and pension, net position would increase.
- Cash balance increased by \$6 million from operations.
- \$2 million in debt was paid off.
- Capital assets and construction in progress of \$300,000 added totaling \$2.2 million in additions to capital assets on page 33.
- Depreciation expense exceeded the amounts infused into capital.
- The approved financial statements are always posted on the University website.

Motion passed unanimously.

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to eliminate the Computer Viruses Policy (0040) as it is no longer applicable.

Discussion: This policy was created in 1985 and is now part of the Software and Hardware Acquisition and Usage Policy, which is reviewed annually for compliance. **Motion passed**

unanimously.

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to eliminate the Equipment/Software Purchasing Policy (0070) as it is no longer applicable.

Discussion: This policy was replaced by the Software and Hardware Acquisition and Usage Policy, but was never removed. **Motion passed unanimously.**

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to eliminate the Identity Theft Prevention Policy (0540) as it is no longer applicable.

Discussion: The potential threat for identity theft by the University to an individual is minimal and identity theft is covered in other policies. Lowering the risk of identity theft is accomplished through PCI audits and staff training on scamming awareness and cash handling. **Motion passed unanimously.**

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to eliminate the Telephone Use Policy (0310) as it is no longer applicable.

Discussion: The University no longer has a switchboard and most of this policy is outdated. The landscape of our phone system is changing and a procedure can be made once that has been done. **Motion passed unanimously.**

There being no further business, **MOTION** made by Trustee Boudreau, seconded by Trustee Martin, to adjourn. **Motion passed unanimously.**

Meeting adjourned at 10:38 AM.

Attachments presented at this meeting:

- a. Minutes (Draft) 6-20-19
- b. FY19 Payment Card Industry (PCI) Assessment (Narrative)
- c. FY19 Payment Card Industry (PCI) Assessment (Graph)
- d. Motion – FY19 Audit Report
- e. FY19 Audit Report (Required Communication)
- f. FY19 Audit Report (Draft)
- g. Motion – Computer Viruses Policy (0040)
- h. Policy – Computer Viruses (0040)
- i. quipmeMotion – Equipment/Software Purchasing Policy (0070)
- j. Policy – Ent/Software Purchasing (0070)
- k. Motion – Identity Theft Prevention Policy (0540)
- l. Policy – Identity Theft Prevention (0540)
- m. Motion – Telephone Use Policy (0310)
- n. Policy – Telephone Use (0310)

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees Audit Committee meeting held on October 10, 2019.

Lydia Martinez-Alvarez, Secretary

Date

O'Connor and Drew Audit Findings

Critical Security Control #2: Inventory and Control of Software Assets

<i>Observation</i>	<i>Recommendation</i>	<i>Action Plan</i>	<i>Timeline</i>	<i>Notes</i>
Major software (i.e. ERP system) is centrally managed and monitored to ensure version is current	IT should continue to work to bring all software currently in use under its management.	Remove local admin privileges	Plan in place for execution no later than 12-31-2019 Implementation of the plan no later than 5-31-2020	<ul style="list-style-type: none"> • Ascertain impact on user community (Nick) • Method of deployment (Aaron) • Update guidelines (Approved S&H) and policies (602 & 580) (Alan) • Communication to campus if appropriate (All – Alan to send) • Align with best practice/ regulatory compliance (Alan)
All users (faculty/staff) have local admin access on their machines	Local admin privileges should be removed and other role-based privileges investigated and implemented	Remove local admin privileges	Plan in place for execution no later than 12-31-2019 Implementation of the plan no later than 5-31-2020	<ul style="list-style-type: none"> • Ascertain impact on user community (Nick) • Method of deployment (Aaron) • Update guidelines (Approved S&H) and policies (602 & 580) (Alan) • Communication to campus if appropriate (All – Alan to send) • Align with best practice/ regulatory compliance (Alan)

Critical Security Control #7: Email & Web Browser Protections

Observation	Recommendation	Action Plan	Timeline	Notes
Cisco Umbrella will alert to unsupported browser/email client versions but will not prevent use.	Preventative controls should be implemented to ensure that only fully supported web browsers and email clients are able to be used. This can also be accomplished by removing local admin privileges.	Remove local admin privileges and clarify observation as it does not clearly articulate the actual issue	Plan in place for execution no later than 12-31-2019 Implementation of the plan no later than 5-31-2020	<ul style="list-style-type: none"> • Ascertain impact on user community (Nick) • Method of deployment (Aaron) • Update guidelines (Approved S&H) and policies (602 & 580) (Alan) • Communication to campus if appropriate (All – Alan to send) • Align with best practice/ regulatory compliance (Alan)

Critical Security Control #13: Data Protection

Observation	Recommendation	Action Plan	Timeline	Notes
Most machines have no controls over removable media. Certain finance machines(sensitive) are configured to alert that the USB devices have connected, and IT will follow up as needed.	Preventative measures should be implemented to control the use of removable media. Options include maintain an inventory of authorized devices that are distributed to users or and requiring encryption of the device before it can write data to it.	Implement encryption or lockdown of the removable media for sensitive areas	Plan in place for execution no later than 12-31-2019 Implementation of the plan no later than 5-31-2020	<ul style="list-style-type: none"> • List of affected departments (Alan) • Ascertain impact on user community (Nick) • Method of deployment (Aaron) • Communication to campus if appropriate (All – Alan to send) • Align with best practice/ regulatory compliance (Alan)

Critical Security Control #17: Data Protection

Observation	Recommendation	Action Plan	Timeline	Notes
<p>Security awareness modules are available; employees are notified of their requirement upon hire and annually. Union labor restrictions prevent this being required training. Training for departments that handle certain data (i.e. registers) is required by law and conducted upon hire and annually.</p>	<p>IT should continue to communicate the value of security awareness and the risk that the end users pose (i.e. Cape Cod CC). Relating to employees own personal digital footprints is a good way to drive interest.</p>	<p>Implement security awareness training in 2 parts:</p> <ul style="list-style-type: none"> • Prior to onboarding complete (PRE) • After onboarding complete (POST) 	<p>Plan in place for execution no later than 3-31-2020 (SSO must be completed first)</p> <p>Implementation of the plan no later than 6-30-2020</p>	<ul style="list-style-type: none"> • EverFi modules available after SSO integration complete • PRE – get executive sponsorship, multiple offerings across campus at multiple times (all shifts) • POST – at hire, emailed at least annually, anyone who becomes victim, locked account until re-training • Tie to best practice and regulatory compliance



Board of Trustees

December 11, 2019

MOTION

To accept the audit report on the audit procedures required pursuant to the Office of Management and Budget (OMB) Uniform Guidance for fiscal year ending June 30, 2019 as prepared by the firm of O'Connor & Drew, P.C., and to authorize the submission of this report to the Federal Audit Clearinghouse and to other parties as required by OMB Uniform Guidance and the Commonwealth of Massachusetts.

Kevin R. Queenin

Date

WESTFIELD STATE UNIVERSITY
(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, 2019

WESTFIELD STATE UNIVERSITY
(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, 2019

C O N T E N T S

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INDEPENDENT AUDITOR'S 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
Westfield State University
Westfield, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Westfield State University's (an Agency of the Commonwealth of Massachusetts) (the "University") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2019. The University'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University'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 University'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 University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University 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, 2019.

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 Finding 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University'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 University 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 University'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 University'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, however, material weaknesses may exist that have not been identified.

We identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2019-001 and 2019-002 that we consider to be significant deficiencies.

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 University, as of and for the year ended June 30, 2019. We issued our report thereon dated October 10, 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.

**Certified Public Accountants
Braintree, Massachusetts**

DATE

(except for the Schedule of Expenditures of Federal Awards, for which the date is October 10, 2019)

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
Westfield State University
Westfield, 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 Westfield State University (the "University"), which comprise the statement of net position as of June 30, 2019, the related statements 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 University's basic financial statements and have issued our report thereon dated October 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University'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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Certified Public Accountants
Braintree, Massachusetts**

October 10, 2019

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	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	\$ 295,448	\$ -
Federal Work-Study Program	84.033	N/A	N/A	370,068	-
Federal Pell Grant Program	84.063	N/A	N/A	7,938,937	-
Federal Perkins Loan Program (beginning of year)	84.038	N/A	N/A	586,572	-
Federal Perkins Loan Program (current year expenditures)	84.038	N/A	N/A	-	-
William D. Ford Federal Direct Loan Program (Note 4)	84.268	N/A	N/A	<u>32,811,289</u>	<u>-</u>
Total Student Financial Assistance Cluster				<u>42,002,314</u>	<u>-</u>
TRIO CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Student Support Services	84.042	N/A	N/A	<u>284,044</u>	<u>-</u>
RESEARCH AND DEVELOPMENT CLUSTER					
National Science Foundation:					
Pass-through Awards:					
Education and Human Resources	47.076	California Polytechnic State University	1525058	54,875	-
U.S. Department of Health and Human Services					
Pass-through Awards:					
Mental Health Research	93.242	Auburn University	17-PSY-201309-WSU	<u>11,954</u>	<u>-</u>
Total Research and Development Cluster				<u>66,829</u>	<u>-</u>
NON-CLUSTER					
U.S. Department of Health and Human Services					
Direct Awards:					
Mental and Behavioral Health Education and Training	93.732	N/A	N/A	<u>456,632</u>	<u>-</u>
				<u>\$ 42,809,819</u>	<u>\$ -</u>

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

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Westfield State University (the “University”) under programs of the Federal Government for the year ended June 30, 2019. 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 University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University.

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 University 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**

Perkins Loan Program

The Federal Perkins Loan Program (“Perkins”) is administered directly by the University and balances and transactions relating to this program are included in the University’s basic financial statements. During the year ended June 30, 2019, there were no loans advanced under the Perkins program. During the year ended June 30, 2019, \$10,721 of administrative costs were incurred. As of June 30, 2019, loan balances receivable, net under Perkins was \$452,707.

There was no federal capital contribution or match by the University during the current year.

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Notes to the Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

Note 4 - **Federal Student Loan Programs - Continued**

Direct Student Loan Program

The University disbursed \$32,811,289 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 University under the program as of June 30, 2019. The University is only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements.

DRAFT

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2019

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 Perkins Loan Program (Note 4)	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans (Note 4)	84.268
Non-Cluster	
Mental and Behavioral Health Education and Training	93.732

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

\$750,000

Auditee qualified as a low-risk auditee?

 x yes no

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2019

Section II – Financial Statement Findings:

None

DRAFT

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2019

Section III – Federal Award Findings and Questioned Costs:

Finding number: 2019-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.063 and 84.268
Award year: 2019

Criteria

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

Unless Westfield State University 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 June 2019:

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

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2019

method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Condition

The Federal Government requires the College to report student enrollment changes to the National Student Loan Data System (“NSLDS”) within 60 days. During our testing, we noted one student, out of a sample of forty, that had an incorrect effective date reported to NSLDS, a second student, out of a sample of forty, not reported to NSLDS within 60 days, and noted a third student, out of the same sample of forty, whose status change was not reported to NSLDS.

Cause

The University did not have adequate procedures in place to ensure that students with status changes had their effective date correctly reported to NSLDS, the University did not have adequate procedures in place to ensure students were reported timely to NSLDS, and the University did not have adequate procedures in place to ensure that status changes were properly reported to NSLDS within the required timeframe.

Effect

The University did not report the correct effective date for one student's status change and did not report the status change of another student at all 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, three students, or 7.5% of our sample, had issues with status change reporting to NSLDS, including one student with an incorrect effective date reported for the status change and another student whose status change was not reported to NSLDS.

Identification as a Repeat Finding, if applicable

Not applicable

Recommendation

The University should provide training to employees responsible for processing information for the NSLDS and ensure that they have adequate knowledge in the related rules and regulations. This training should include an explanation of the effective date of a student's withdrawal, the importance of reporting the correct effective date and the consequences of incorrect reporting.

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2019

This oversight should also ensure that the effective date reported to NSLDS is consistent with the date the student separated from the University.

View of Responsible Officials

The University agrees with the finding.

DRAFT

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2019

Finding number: 2019-002
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.063, and 84.268
Award year: 2019

Criteria

According to 34 CFR 668.164(1):

- (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 2 student(s), out of a sample of 10, that had unclaimed funds exceeding the federal day limit by 64-115 days.

Cause

The University has policies and procedures in place to monitor the outstanding check aging to ensure that the 240-day timeframe is met, however, in these cases the procedures were not completed properly.

WESTFIELD STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2019

Effect

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

Questioned Costs

There were two outstanding check(s) totaled \$3.70, which pertained specifically to federal-sourced funds.

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the 10 students selected for testing, 2 students, or 20% 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

Not applicable

Recommendation

The University 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 University agrees with the finding.

ADMINISTRATION AND FINANCE

Management's Summary Schedule of Prior Audit Finding

Year Ended June 30, 2019

There were no audit findings noted in the prior year.

DRAFT

ADMINISTRATION AND FINANCE

Management's Corrective Action Plan

Year Ended June 30, 2019

Finding number: 2019-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: 84.063 and 84.268
Award year: 2019

Corrective Action Plan:

The Registrar's Office will begin to work closer with the College of Graduate and Continuing Education to ensure that any graduates are correctly coded in Banner and subsequently reported out to the Clearinghouse. Beginning with Fall 2019 graduates, the Financial Aid Office will select a sample of graduates from each semester to check NSLDS to ensure students have been reported accurately. This check will occur no more than 60 days after graduates have been reported to the Clearinghouse.

The withdrawal process at the University is being streamlined to have only the Dean of Students and the Assistant Director for Retention work with students who are withdrawing from Westfield State. The Registrar's Office has been working with Housing to better capture students who walk away and do not complete the formal withdrawal process. Withdrawals are submitted and processed with the actual date of withdrawal, and the University is no longer backdating withdrawals. A yearly training will be provided to staff and offices involved in the withdrawal process to ensure that any change in procedure is communicated and that all offices have a documented copy of the withdrawal process.

The Registrar's Office will review withdrawal reports on a weekly basis for data entry errors and the accuracy of the effective date of the withdrawal submitted to the Clearinghouse. Beginning with Fall 2019 withdrawals, the Financial Aid Office will review the NSLDS record for each withdrawal for whom aid was given at the end of each semester to ensure students dates have been reported accurately. This check will occur no more than 60 days from the end of the semester.

ADMINISTRATION AND FINANCE

Management's Corrective Action Plan

Year Ended June 30, 2019

Timeline for Implementation of Corrective Action Plan:

The Registrar's Office and Financial Aid Office will begin to work collaboratively on checking the status of graduates in NSLDS beginning with Fall 2019 graduates.

The University began to revise the withdrawal process in Spring 2019 and will continue to work through the revisions and hold trainings throughout the 2019-2020 academic year.

Additional procedures have already been enacted to ensure accuracy in reporting to the Clearinghouse (and subsequently NSLDS).

Contact Person

Michael Mazeika, Director of Financial Aid

Monique Lopez, Registrar

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ADMINISTRATION AND FINANCE

Management's Corrective Action Plan - Continued

Year Ended June 30, 2019

Finding number: 2019-002
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: 84.007, 84.063, and 84.268
Award year: 2019

Corrective Action Plan:

The University will continue to review the outstanding check list monthly to identify student refund checks outstanding by date. The University has established procedures concerning refunds that were a result of Title IV funds and those procedures will be shared again with both the Student Accounts Offices (both Day and CGCE). Staff will be re-trained to correctly identify refunds caused by Title IV aid and the University will review and update its current procedures as appropriate. The funds identified in this audit in the amount of \$3.70 were subsequently returned to the Department of Education in August 2019.

Timeline for Implementation of Corrective Action Plan:

The University continues to monitor the outstanding check list monthly. The Unclaimed Student Refund Check Procedures – Title IV Funds guidelines and procedures was shared with the respective Student Accounts Offices on November 12, 2019. A meeting will take place with staff involved in this process on November 26, 2019.

Contact Person

Michael Mazeika, Director of Financial Aid
Lisa Freeman, Associate Vice President of Finance