

**MASSACHUSETTS COLLEGE
OF ART AND DESIGN**
(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

MASSACHUSETTS COLLEGE OF ART AND DESIGN
(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 CIRCULAR A-133**

To the Board of Trustees of
Massachusetts College of Art and Design
Boston, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Massachusetts College of Art and Design'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 Massachusetts College of Art and Design's major federal programs for the year ended June 30, 2015. Massachusetts College of Art and Design'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 Massachusetts College of Art and Design'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 Massachusetts College of Art and Design'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 Massachusetts College of Art and Design's compliance.

Opinion on Each Major Federal Program

In our opinion, Massachusetts College of Art and Design 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 current year findings and questioned costs as Findings 2015-001 through 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

Massachusetts College of Art and Design's response to the noncompliance findings identified in our audit is described in the accompanying schedule of current year 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.

Report on Internal Control over Compliance

Management of Massachusetts College of Art and Design 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 Massachusetts College of Art and Design'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 Massachusetts College of Art and Design'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 current year findings and questioned costs as Findings 2015-001 through 2015-004 that we consider to be a significant deficiency.

Massachusetts College of Art and Design's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of current year 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.

Report on the Schedule of Expenditures of Federal Awards

We have audited the financial statements of Massachusetts College of Art and Design as of and for the year ended June 30, 2015 and have issued our report thereon dated October 13, 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.

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.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

November 19, 2015

(except for the Schedule of Expenditures of Federal Awards, for which the date is October 13, 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
Massachusetts College of Art and Design
Boston, 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 College of Art and Design (an agency of the Commonwealth of Massachusetts) (the "College") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and we have issued our report thereon dated October 13, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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 entity'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 entity'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 13, 2015

MASSACHUSETTS COLLEGE OF ART AND DESIGN
(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

MASSACHUSETTS COLLEGE OF ART AND DESIGN
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Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Major programs of Massachusetts College of Art and Design (the "College") include:

<u>Cluster or Program Title</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster:	
Federal Supplemental Education Opportunity Grant Program	84.007
Federal Work Study Program	84.033
Federal Perkins Loan Program – Federal Capital Contributions	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans (Note 2)	84.268

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 did not qualify as a low-risk auditee.

MASSACHUSETTS COLLEGE OF ART AND DESIGN
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Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Finding number: 2015-001
Federal agency: U.S. Department of Education
Program: Federal Pell Grants
CFDA #: 84.063
Award year: 2015

Condition

Federal regulations require institutions to report to the Federal Government's Common Origination and Disbursement System (COD) payments to students for Federal Pell Grants within 30 days of disbursement to students.

Out of a sample of 40 students, the College reported the disbursement of Pell Grant funds for 1 student late. The days between the student disbursement and the required reporting date were 33 days.

Criteria

34 CFR 690.83(b) states:

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

The DOE Federal Register (Vol. 77, No.126) states:

An institution is required to submit a disbursement record no later than 30 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported disbursement data.

MASSACHUSETTS COLLEGE OF ART AND DESIGN
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Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Cause/Effect

The College has a policy to report Federal Pell Grant disbursement records to Common Origination Disbursement (COD). However, the policy was not followed in the situation described above.

Recommendation

We recommend that management strengthen their oversight of COD disbursement reporting to ensure for timely reporting of Federal Pell Grant Program origination and disbursement records. The College should establish a policy in which the disbursement reporting process to COD is done using more automated controls rather than manual inputs in order to avoid late submittals.

Questioned Costs

Not applicable

Views of Responsible Officials

The College is in agreement that the Pell disbursement reporting requirement needs to be strengthened.

Corrective Action Plan:

The MassArt Office of Student Financial Assistance utilizes Ellucian Colleague® to transmit data to COD. After sending the data electronically, the OSFA will run the Pell Reconciliation Report to verify that COD has received the information. Whenever the College transmits Pell Grant funds, this reconciliation will be performed at the conclusion of the each cycle. This should ensure that Pell disbursement records are reported within the proper timeframe.

Timeline for Implementation of Corrective Action Plan:

December, 2015

Contact Person

Aurelio Ramirez, Director of Financial Aid

MASSACHUSETTS COLLEGE OF ART AND DESIGN
(an Agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Finding number: 2015-002
Federal agency: U.S. Department of Education
Program: Federal Work Study
CFDA #: 84.033
Award year: 2015

Condition

Federal regulations require proper supervision and authorization of student workers' timesheets. In our testing sample of 25 students participating in the Federal Work Study Program (FWS), we noted 2 instances when the students' timesheets were signed off by the student prior to the last day of the work week. Additionally, in our testing sample of 25 students participating in the Federal Work Study Program, we noted 3 instances when the students' timesheets were signed off by students without a date to accompany their signature.

Criteria

According to 34 C.F.R. Section 675.19(b):

An institution must also establish and maintain program and fiscal records that: (i) include a certification by the student's supervisor, an official of the institution or off-campus agency that each student has worked and earned that amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day.

Cause/Effect

The College has policies and procedures regarding Federal Work Study students, which require completed timesheets be submitted to the Financial Aid office no later than Friday of the bi-weekly payroll. However, the timesheets are not reviewed to ensure that the student has signed off and dated their signature after the student's last day of work was completed.

Recommendation

The College should require timesheets for FWS employees to be signed and submitted by both the student employee and supervisor at the end of each payroll period to ensure that all time worked is properly authorized, reviewed, and dated.

MASSACHUSETTS COLLEGE OF ART AND DESIGN
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Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Questioned Costs

Not applicable

Views of Responsible Officials

The College is in agreement with the audit recommendation.

Corrective Action Plan:

The MassArt Office of Student Financial Assistance is responsible for reviewing FWS timesheets for proper completion prior to their processing for payment. The OSFA will also strengthen its review that the signature date is on or after the last date of work for that time period. Students and supervisors will be reminded of the importance of proper dates when signing and approving the College FWS timesheet.

Timeline for Implementation of Corrective Action Plan:

December, 2015

Contact Person

Aurelio Ramirez, Director of Financial Aid

MASSACHUSETTS COLLEGE OF ART AND DESIGN
(an Agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Finding number: 2015-003 (PY Finding 2014-001)
Federal agency: U.S. Department of Education
Program: Federal Direct Student Loans
CFDA #: 84.268
Award year: 2015

Condition

The Federal Government requires the College to report student enrollment changes to the National Student Loan Data System (NSLDS) within sixty days. Out of a sample of 40 students with enrollment status changes, 4 students were not reported in a timely manner to the NSLDS. The timeframe taken to report the status change ranged from 78 to 79 days. Additionally, out of a sample of 40 students with enrollment status changes, 8 of the students' status changes were reported inaccurately.

Criteria

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

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

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

According to the National Student Loan Data System (NSLDS) Enrollment Reporting Guide:

The implementation of the 150% subsidized loan limit makes the reporting of a withdrawn "W" or graduated "G" status even more critical. The completion of a program protects the student's interest subsidy. A withdrawal indicates that the program was not completed or that the student is not currently taking coursework in the program. The effective date for a withdrawal ("W" status) is the last date the student attended any classes or otherwise was engaged in an academically related activity at the school or in the program.

MASSACHUSETTS COLLEGE OF ART AND DESIGN
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Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Criteria - Continued

According to the National Student Loan Data System (NSLDS) Enrollment Reporting Guide - Continued:

The effective date for the completion/graduation ("G" status) is the date that the school assigns to the completion/graduation that can be either the same as the effective date of a previously reported "W" or sometime after that date.

Cause/Effect

The College reports student enrollment status changes to the NSLDS through the National Student Clearinghouse (NSC), a third-party contractor, and is responsible for ensuring that student enrollment status changes are reported to the NSLDS in a timely and accurate manner. It is the responsibility of the Registrar to submit the enrollment status changes to NSC and to ensure that controls are in place to timely submit updates once the Registrar's office receives a student withdrawal form. The Registrar's office did not report the student enrollment status changes timely and accurately due to the lack of controls relating to the recording of the student withdrawal date. The untimely reporting of student enrollment status may result in an inaccurate federal loan grace or repayment period.

Recommendation

We recommend that management strengthen their oversight of the NSLDS reporting to ensure that timely and accurate reporting of enrollment information is made to the NSLDS in order for them to be in compliance with the requirements. We also recommend that management establish and enforce specific administrative procedures, according to which those students who unofficially withdrew from the College will be identified and subsequently reported to the NSLDS within prescribed time frames. The College should put into place the revised policies it described with prior year finding (2014-001) and monitor their effectiveness in meeting these requirements.

Questioned Costs

Not applicable

MASSACHUSETTS COLLEGE OF ART AND DESIGN
(an Agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Views of Responsible Officials

The College is in agreement that its student status reporting requires additional strengthening.

Corrective Action Plan:

On a monthly basis, the Registrar will audit all MassArt students who have gone on Leave, Withdrawn or graduated status. The correct enrollment status of these records will then be verified on the National Student Clearinghouse. If there are any discrepancies, they will be corrected immediately.

These findings will then be handed off to the Director of Student Financial Assistance. This same audit will then be made on the NSLDS system to ensure enrollment statuses are correct or corrected immediately.

A digital and hard-copy file will be maintained by the Registrar's Office relating to these monthly audits.

Timeline for Implementation of Corrective Action Plan:

This process will begin immediately for the 2015-2016 academic year.

Contact Person

Jonathan Rand, Registrar

MASSACHUSETTS COLLEGE OF ART AND DESIGN
(an Agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Finding number: 2015-004
Federal agency: U.S. Department of Education
Programs: Federal Supplemental Education Opportunity Grant
Federal Work Study
Federal Direct Student Loans
Federal Pell Grants
CFDA #'s: 84.007, 84.033, 84.063, 84.268
Award year: 2015

Condition

The College did not return Title IV program funds into the SFA account or electronic fund transfers initiated to the Department of Education (ED) in a timely manner. Specifically, out of a sample of 18 students with a return of Title IV program funds, 3 of the students' Title IV refunds were calculated properly but were returned after the 45-day limit had expired. The timeframe taken to refund Title IV program funds to students ranged from 68 to 104 days.

Criteria

According to 34 C.F.R. Section 668.173(b) states:

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to Department of Education (ED) or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

Cause/Effect

The College has policies and procedures regarding students that require refunds of Title IV program funds. However, the College does not address the return of Title IV funds within 45 days in its SFA policies and procedures. Consequently, the College did not comply with federal regulations regarding the processing of 3 Title IV refunds in a timely manner.

MASSACHUSETTS COLLEGE OF ART AND DESIGN
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Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Recommendation

We recommend that the College establish and/or strengthen existing policies and procedures to ensure that Title IV refunds are returned to the Department of Education within the time frames in accordance with federal regulations.

Questioned Costs

Not applicable

Views of Responsible Officials

The College is in agreement that Federal Funds must be returned in a timely manner when a student leaves the College during a semester.

Corrective Action Plan:

In order to ensure that Title IV funds are returned in a timely manner, the Director of Student Financial Assistance will determine the amount of financial assistance to be returned, upon notification that a student has left the College. The Director will then process the appropriate changes into the Ellucian Colleague® system. These changes will then be included in the next financial aid transmittal cycle. If necessary, a special cycle will be initiated with the Accounting Office to ensure that federal funds are returned within the proper timeframe.

Timeline for Implementation of Corrective Action Plan:

December, 2015

Contact Person

Aurelio Ramirez, Director of Financial Aid

MASSACHUSETTS COLLEGE OF ART AND DESIGN
(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
Program: Federal Direct Student Loans
CFDA #: 84.268
Award year: 2014

Condition/Criteria

According to 34 CFR 682.610(c)(2), a college shall, unless it expects to submit its next Enrollment Reporting Roster File to the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days if the college discovers a Stafford, SLS or PLUS loan has been made to a student who enrolled at the college and:

- (1) Has ceased to be enrolled on at least a half-time basis.
- (2) Has failed to enroll on at least a half-time basis for the period for which the loan was intended.
- (3) The loan was made to a full-time student who has ceased to be enrolled on a full-time basis.
- (4) Has changed his or her permanent address.

Out of a sample of forty students with changes in enrollment status, seven students, who had either officially withdrawn, were on a leave of absence or had been determined to have unofficially withdrawn, were not reported to the NSLDS within the prescribed time limit.

Status Update

This finding was not corrected for the year ended June 30, 2015. See current year finding 2015-003.

MASSACHUSETTS COLLEGE OF ART & DESIGN
(An Agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>Student Financial Assistance Cluster:</u>		
<i>U.S. Department of Education:</i>		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 125,831
Federal Work-Study Program	84.033	153,749
Federal Perkins Loan Program-Federal Capital Contributions	84.038	99,000
Federal Pell Grant Program	84.063	2,413,787
Federal Direct Student Loans	84.268	<u>12,657,414</u>
Total Student Financial Assistance Cluster		<u>\$ 15,449,781</u>

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

MASSACHUSETTS COLLEGE OF ART AND DESIGN
(an Agency of the Commonwealth of Massachusetts)

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 Massachusetts College of Art and Design (the "College") (an agency of the Commonwealth of Massachusetts) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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 \$12,657,414 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.

Note 3 - **Federal Perkins Loan Program**

During the year ended June 30, 2015, \$99,000 in loans was advanced under the Federal Perkins Loan Program. As of June 30, 2015, loan balances receivable under the Perkins Loan Programs were \$661,692.