

FITCHBURG STATE COLLEGE

MANAGEMENT LETTER

YEAR ENDED JUNE 30, 2007

September 28, 2007

The Board of Trustees
Fitchburg State College
Fitchburg, Massachusetts

In planning and performing our audit of the financial statements of Fitchburg State College for the year ended June 30, 2007, we considered the College's internal control over financial reporting. Such considerations were solely as a basis for designing our auditing procedures for the purpose of expressing our opinion on the College's financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

Our comments and suggestions regarding matters coming to our attention during the audit for the year ended June 30, 2007 are summarized on the pages accompanying this letter. This letter does not affect our report dated September 28, 2007 on the financial statements of Fitchburg State College.

This report is intended solely for the information and use of the Board of Trustees, management and others within Fitchburg State College, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We have discussed these comments and suggestions with various College personnel, and we will be pleased to discuss them in further detail at your convenience or to assist you in implementing the recommendations.

Very truly yours,

Ercolini & Company LLP

COMMENTS ON CURRENT YEAR MATTERS

1. Administration of Federal Financial Assistance Programs:

As a result of our engagement to review the College's policies and procedures regarding the administration of its Federal Student Financial Assistance Programs, we noted one student who received federal aid who was not reported on the SSCR report (Enrollment Reporting roster). Federal regulations governing Title IV student aid programs require institutions to monitor and update the enrollment status of students who receive Federal student loans.

Recommendation:

We recommend continued diligence by College personnel to ensure all required reporting of Title IV Financial Assistance program funds is done in accordance with Federal regulations.

College Response:

The Financial Aid Office has a comprehensive system of checks and balances in place which are designed to ensure regulatory compliance in all state and federal aid programs. This finding of noncompliance represents an anomaly in the reporting process. Schools are required to report the enrollment status of students who received Title IV loans to the NSLDS. In this case, the student initially refused to give her social security number to the Admissions Office, therefore the student's file was rejected by the NSLDS. The student subsequently gave the Financial Aid Office her social security number, however the student's status on the NSLDS was not changed due to the initial rejection. The Financial Aid Office has instituted procedures to ensure that the student's social security number is in the College's system before a student's file is sent to NSLDS. The Financial Aid Office strives to maintain strict observance of all state and federal regulations and will continue to monitor and strengthen the systems in place to ensure compliance. To this end, an additional staff person was hired during Fiscal 2007 to assist with monitoring and maintaining regulatory compliance.

2. Internal Control Environment:

The College does not currently have a formal documented method for employees and or other constituents to report suspected wrongdoing or violations of applicable laws and regulations, i.e. a whistleblower policy.

Recommendation:

We recommend that the College implement and document an effective whistleblower policy that would ensure individuals reporting concerns were protected from retaliatory actions and that those concerns are brought to an appropriate resolution.

College Response:

Although the College does not currently have a documented reporting mechanism, the College maintains an open door policy at all levels of management to encourage employees to discuss any issues or concerns. In addition, the College adheres to Chapter 647 of the Acts of 1989, *An Act Relative to Improving Internal Controls Within State Agencies*, that requires all state agencies to designate an Internal Control Officer whose responsibility it is to ensure that the College maintains an adequate Internal Control Plan. As such, the College regularly reviews and updates its Internal Control documentation and will incorporate the above recommendation during the next scheduled update.

AUDITEE'S COMMENTS ON PRIOR YEAR MATTERS

The College has taken the following actions on the matters noted below from the audit report for the year ended June 30, 2006.

1. Administration of Federal Financial Assistance Programs:

As a result of our engagement to review the College's policies and procedures regarding the administration of its Federal Student Financial Assistance Programs, we noted two students, both from the Fall 2005 semester, whose refunds of Federal Direct Loan Program funds were made from three to eight days past the required 30 day time frame.

Status:

The Financial Aid Office has a comprehensive system of checks and balances in place which are designed to ensure regulatory compliance in all state and federal aid programs. These findings of noncompliance occurred during the same period and represented an isolated instance. In one instance, the withdrawal form arrived very late to the Financial Aid Office after the withdrawal was initiated. All department leaders who oversee staff responsible for processing withdrawals have been asked to ensure that the withdrawal forms are processed and forwarded to the Financial Aid Office in a timely manner. The Financial Aid Office strives to maintain a strict observance of all state and federal regulations and will continue to monitor and strengthen the systems in place to ensure compliance. To this end, an additional staff person was hired during Fiscal 2007 to assist with monitoring and maintaining regulatory compliance.

There were no findings of noncompliance in this area during the current year engagement.