

## Section III

### Summary Schedule of Prior Audit Findings

*(Report on Compliance and Internal Control in Accordance with Government Auditing Standards and the Requirements of OMB Circular A-133 and the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 1998).*

The following schedule contains the finding number and title, segregated by Commonwealth department, of each of the findings included in the Report on Compliance and Internal Control in Accordance with Government Auditing Standards and the Requirements of OMB Circular A-133 and the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 1997. Following the finding number and title is the year the finding originated. If the finding repeated, as a result of the fiscal year ended June 30, 1998 audit, a parenthetical reference to the current year finding is provided. Under the heading corrective action taken there will be the following:

F Full (indicating the corrective action plan was fully implemented)

P-R Partial (indicating the corrective action plan was partially implemented and the finding repeated in 1998)

N/R Not Reported (the finding does not meet the criteria for reporting under OMB Circular A-133, Section .510 a)

#### ***Departments and Findings***

#### ***Corrective Action Taken***

#### **Massachusetts Emergency Management Agency**

Finding Number 1: Information Supporting the Comprehensive Annual Financial Report Was Not Properly Completed - FY 1997	P-R # 1
---	---------

#### **Department of Public Health**

Finding Number 2: GAAP Receivable System Needs Improvement - FY 1995	P-R # 6
--	---------

#### **Department of Education**

Finding Number 3: Internal Control Plan Needs To Be Completed – FY 1995	P-R#8
---	-------

#### **Massachusetts Maritime Academy**

Finding Number 4: Non-Appropriated Funds Activity Not Reported and Reconciled Properly – FY 1995	P-R # 9
--	---------

#### **Massachusetts Bay Community College**

Finding Number 5: Non-Appropriated Funds Activity Not Reconciled – FY 1995	P-R # 10
--	----------

#### **Roxbury Community College**

Finding Number 6: Non-Appropriated Fund Activity and Balances Not Reconciled Monthly – FY 1995 P-R # 11

### **Salem State College**

Finding Number 7: Improvements Needed Over Reporting of Non-Appropriated Funds – FY 1995 F

Finding Number 8: Lack of Internal Controls Over Petty Cash – FY 1997 F

### **Statewide Observations**

Finding Number 9: Statewide Information Security Architecture – FY 1996 P-R # 18

Finding Number 10: Electronic Data Interchange (EDI) Controls Need To Be Improved – FY 1996 P-R # 12

### **Office of the State Treasurer**

Finding Number 11: Internal Control Plan Need To Be Completed – FY 1994 P-R # 14

### **Department of Revenue**

Finding Number 12: Aged Receivable Trial Balance Could Be More Effective – FY 1994 F

Finding Number 13: Resolution Of The Resolution Trust Corporation Tax Exempt Status- FY 1994 F

### **Information Technology Division**

Finding Number 14: Removing Terminated Employees' Access To The Mainframe – FY 1997 F

Finding Number 15: Access to Production and Utility Libraries Should Be More Restricted – FY 1997 P-R # 15

Finding Number 16: Communications Room Environment Needs Improvement – FY 1997 P-R # 16

Finding Number 17: Business Continuity Planning- FY 1996 P-R # 17

Finding Number 18: Remote Access Capability to Commonwealth Network Via the Firewall And Dial-Back – FY 1996 F

### **Massachusetts Highway Department**

Finding Number 19: The Audit Operations Section Needs to Comply with Government Auditing Standards – FY 1994 F

Finding Number 20: Need To Update Many Standard Operating Procedures – FY 1996 P-R # 19

Finding Number 21: Improper Disclosure of Federal Disaster Assistance Expenditures on Schedule of Expenditures of Federal Awards – FY 1995 F

Finding Number 22: Internal Control Policies Concerning the Davis Bacon Act Are Not Being Consistently Followed – FY 1997 F

### **Division of Employment and Training**

Finding Number 23: Incomplete and Missing Benefit Applications - FY 1990 P-R # 21

Finding Number 24: Reporting Errors – FY 1995 F

### **Department of Labor and Workforce Development**

Finding Number 25: Incorrect Recording of CFDA Numbers – FY 1997 F

Finding Number 26: Monitoring of Subrecipients Needs Improvement – FY 1987 F

### **Massachusetts Emergency Management Agency**

Finding Number 27: Total Awards to Subrecipients Need To Be Identified – FY 1996 F

Finding Number 28: \$1,893 in Overpayments and \$9,059 in Underpayments Pertaining to the October 1996 Floods – FY 1997 P-R # 27

Finding Number 29: Certificate Regarding Suspension and Debarment Were Not Obtained from Subrecipients – FY 1997 F

### **Department of Transitional Assistance**

Finding Number 30: Food Stamps Status of Claims Against Household Report Filed With Inaccurate Data – FY 1994 P-R # 28

### **Division of Medical Assistance**

Finding Number 31: Untimely Redetermination of Eligibility – FY 1993 P-R # 32

Finding Number 32: Medicaid Waiver Reports Not Filed – FY 1993 P-R # 30

Finding Number 33: Closer Review of Waiver Payments Needed – FY 1996 F

Finding Number 34: Lack of Waivers to Pay and Chase Medicaid Claims – FY 1992 P-R # 33

### **Department of Public Health**

Finding Number 35: Inadequate Subrecipient Monitoring – FY 1996 F

Finding Number 36: Completion of Procedures for Subrecipient Program Monitoring - FY 1996 F

### **Department of Social Services**

Finding Number 37: Subrecipient Monitoring Needs Improvement – FY 1989 P-R # 41

Finding Number 38: Earmarking Requirement Not Met – FY 1997 F

Finding Number 39: Semi-Annual Certification Not Filed – FY 1997 P-R # 43

### **Massachusetts Rehabilitation Commission**

Finding Number 47: Lack of Adequate Internal Controls over the Advance Checking Account – FY 1997 F

**Department of Revenue/Division of Child Support Enforcement**

Finding Number 48: Cases Not Closed in System – FY 1997	P-R # 50
Finding Number 49: Unallowed Expenditure – FY 1997	F
Finding Number 50: Case Management Needs Improvement – FY 1989	P-R # 48
Finding Number 51: Title Iv-D Interdepartmental Service Agreement Costs Not Claimed – FY 1994	P-R # 51
Finding Number 52: Cost Charged To Federal Grants As Both Direct And Indirect - FY 1997	F
Finding Number 53: Posting Hierarchy – FY 1996	P-R # 47

**Department of Education**

Finding Number 47: Cash Disbursements And Drawdowns Cannot Be Reconciled – FY 1994	F
Finding Number 48: Subrecipient Report Review Needs Improvement – FY 1994	P-R # 54
Finding Number 49: Inadequate Subrecipient Monitoring – FY 1994	P-R # 55
Finding Number 50: Local Education Agencies Compliance With Supplement Not Supplant Requirement Is Not Monitored Annually – FY 1992	P-R # 56
Finding Number 51: Salaries Allocated To Federally-Funded Programs Are Not Supported By Proper Documentation – FY 1995	P-R # 57
Finding Number 52: Vocational Education Grant Requirements For Eliminating Sex Discrimination Not Met – FY 1997	P-R # 58
Finding Number 53: Core Standards And Measures Are Inadequate - FY 1997	P-R # 59
Finding Number 54: State Plan Administrative Matching Requirement Is Not Reviewed – FY 1997	P-R # 60

**ROXBURY COMMUNITY COLLEGE**

Finding Number 55: Ineligible ESL Program – FY 1997	P-R # 74
Finding Number 56: Pell Refunds Not Paid – FY 1997	P-R # 75
Finding Number 57: Funds Awarded To Underage Student – FY 1997	P-R # 76
Finding Number 58: Students' Unclaimed Checks – FY 1996	F
Finding Number 59: Excess Cash – FY 1996	F
Finding Number 60: Incorrect Federal Refund Calculation – FY 1996	F
Finding Number 61: Institutional Payment Summaries Not Reconciled FY 1991	F

**Salem State College**

Finding Number 62: System Needed To Determine Student Unofficial Withdrawal Date – FY 1995	P-R # 72
Finding Number 63: Improvements Needed Over Fiscal Procedures, Recordkeeping And Reporting Functions – FY 1993	F
Finding Number 64: Inadequate Federal Work-Study Recordkeeping – FY 1995	F
Finding Number 65: Inappropriate Program Charges – FY 1995	F
Finding Number 66: Incorrect Calculation Of Direct Loan Refunds For Student Withdrawals – FY 1997	F
Finding Number 67: Cash Management System Needs Improvement – FY 1997	F

### **Framingham State College**

Finding Number 68: Lack Of Formal Procedure For Distribution Of The Annual Security Report – FY 1997	F
--	---

### **Fitchburg State College**

Finding Number 69: Late Filing Of Fall 1997 Student Status Confirmation Report – FY 1996	F
Finding Number 70: Title IV Overawarded Due To Institution’s Oversight – FY 1996	F
Finding Number 71: Verification Of Student GPA To Meet The College’s And Departments Of Education’s Standards – FY 1996	F
Finding Number 72: Refund Owed Due To Students Unofficial Withdrawal From Institution And Refunds Not Returned Within Required Time Frame – Fy1996	F
Finding Number 73: Lack Of Documentation Supporting Exit Interviews – FY 1996	

### **Office of the Comptroller**

Finding Number 74: Statewide Cost Allocation Plan for Fiscal Year 1998 Not Submitted Timely - FY 1991	N/R
---	-----

### **Information Technology Division**

Finding Number 75: Duplicate Charges Included in Rates – FY 1997	P-R # 66
--	----------

### **Office of the State Treasurer**

Finding Number 76: Information Needed to Calculate Interest Liability – FY 1994	
---	--

### **Department of Environmental Protection**

Finding Number 77: Departmental Cost Plans Need Revision - FY 1993	P-R # 69
Finding Number 78: Need for a Unified Methodology to Establish Rates - FY 1993	P-R # 70
Finding Number 79: A Comparison of Revenues to Expenditures Should Be Made for Fiscal Years 1993 Through 1997 – FY 1993	P-R # 71

## **Executive Office of Environmental Affairs**

Finding Number 80: 1995 Unsupported Data Center Costs of \$13,861 and a Comparison of Cost Billed to Actual Should Be Made- FY 1994 N/R

## **Quinsigamond Community College**

Finding Number 81: Federal Funds Disbursed To Ineligible Students - FY 1995 P-R # 73

## **Bridgewater State College**

Finding Number 82: System To Identify Unofficial Withdrawals Needed – FY 1995 F

# **Status of Departmental Corrective Action Plans of Prior Audit Findings**

**(Report on Compliance and Internal Control in Accordance with Government Auditing Standards and the Requirements of OMB Circular A-133 and the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 1998).**

The following schedule contains the finding number and title, segregated by Commonwealth department, of each of the findings included in the Report on Compliance and Internal Control Over Financial Reporting in Accordance with Governmental Auditing Standards for the Fiscal Year Ended June 30, 1997. Following the finding number and title, the departmental certifications of the status of prior year findings repeated in 1998 are listed.

## **Massachusetts Emergency Management Agency**

### **Finding Number 1: Information Supporting the Comprehensive Annual Financial Report Was Not Properly Completed**

MEMA has corrected the Fixed Assets reported on the 1998 GAAP package to reflect the FY 97 Fixed Asset that exceeded \$15,000. It also entered the fixed asset into the MMARS subsystem to reflect the reported balance in the GAAP package. MEMA also reported administrative fees of \$ 212,648, due from the federal government, by using the modified accrual system on the FY'98 GAAP report. Lease information was not corrected.

## **Department of Public Health**

### **Finding Number 2: GAAP Receivable System Needs Improvement**

The department has worked closely with facility staff to ensure GAAP receivable information is prepared in accordance with the Accounts Receivable Policy and Procedures Manual. Central Office will conduct an extensive review of the receivable data prior to submission to the Office of the Comptroller.

## **Department of Education**

### **Finding Number 3: Internal Control Plan Needs To Be Completed**

Lack of administrative resources continues to delay implementation of this Corrective Action Plan. Additional

administrative funds have been requested for FY 99 to resolve this issue.

## **Massachusetts Maritime Academy**

### **Finding Number 4: Non-Appropriated Funds Activity Not Reconciled Timely**

Below are the procedures used to reconcile Massachusetts Maritime Academy's (the academy) 901 Trust Funds for the period ending June 30, 1998:

1. All beginning balances in fiscal year 1998 reflect the academy's ending audited balances for the period ended June 30, 1997. Several adjustments are still needed in the MMARS system to reflect the beginning audited balances.
2. The activity for the entire fiscal year 1998 (July 1 – June 30) was entered into the MMARS system in September 1998. The federal Loan program activity for fiscal year 1998 has yet to be entered.
3. All activity reported for the fiscal year ended 1998 was entered into the MMARS system based on a review of the academy's general ledger. The general ledger at that time was still in the process of its year end reconciliation. Adjustments to the activity may still be needed which will be reported into the MMARS system in fiscal year 1999.

## **Massachusetts Bay Community College**

### **Finding Number 5: Non-Appropriated Funds Activity Not Reconciled**

During FY98 a new fiscal information system was implemented thus resulting in a more cohesive process for reporting non-appropriated activity. Upon the advice of the Comptroller's Office we are going to review and consolidate accounts during FY99 and do the necessary journal entries to adjust the ending/beginning balances. Confirmation of reported (data entries) information was not as forthcoming as the college expected and hence the reconciliation process deferred during FY98.

## **Roxbury Community College**

### **Finding Number 6: Non-Appropriated Fund Activity Not Being Reconciled for Fiscal Year 1997**

Non-appropriated Funds financial activities for the fiscal year ended June 30, 1998 have been entered into MMARS. Activity for Fiscal Year 1999 through August are currently being entered and will be reconciled upon completion.

## **Statewide Observations**

### **Finding Number 9: Statewide Information Security Architecture**

ITD continues to address information security requirements on several fronts, regularly assessing costs and risks, and making constant adjustments and improvements. Towards this end, ITD has accomplished the following since the audit:

- The CIO has charged ITD's Operations Committee, composed of directors of ITD's principal operations bureaus, with an ongoing responsibility for assessing and improving ITD security;
- Acting through the Operations Committee, ITD retained expert consultants to conduct a security policy and procedure study. In addition to the study, the vendor conducted numerous briefings with senior ITD personnel to discuss security issues and to provide answers to security questions.
- ITD retained GTE Internetworking to provide advice on enterprise authentication and information security requirements. As part of this engagement, GTEI met with numerous other state agencies in order to understand their information security needs and the role ITD can play in providing central services and policy coordination.

- The CIO created a multi-agency Online Governmental Task Force that assessed the information security requirements associated with the delivery of government services via the Internet.

The foregoing efforts have played a critical role in establishing a solid foundation for moving ahead with a statewide information security architecture. As a result, ITD is currently undertaking a major strategic planning effort focused on information security. This initiative involves representatives from all of ITD's operations bureaus, as well as people from ITD's strategic planning bureau, Internet services bureau, network applications bureau, and office of general counsel. This information security task force will work with the statewide Information Technology Coordinating Council to involve a diverse group of IT-reliant agencies.

#### **Finding Number 10: Electronic Data Interchange (EDI) Controls Need To Be Improved**

We haven't made the cut over to Gentran (the more secure server) as we've been held up in the purchasing the software/ EDI specs and then testing with our trading partners.

The testing is now in process, expected to take 4-6 weeks. Once completed, we're ready to cut over to the new system. The cut over is planed to happen concurrently with the MMARS year 2000 install.

Physical security, OSD now has a secure room that the EDI PC's have been moved to. Only MIS staff can access the room.

#### **Office of the State Treasurer**

#### **Finding Number 11: Internal Control Plan Needs to Be Completed**

The Office of the State Treasurer has developed a written internal control plan. The plan has been sent to the Office of the State Controller where it currently is being reviewed.

#### **Information Technology Division**

#### **Finding Number 15: Access to Production and Utility Libraries Should Be More Restricted**

Library access has been reviewed and only very limited access to production and utility libraries by EAB senior development staff exists. Security & access policies have been reiterated to all EAB management staff. In addition, the EAB security administrator submits all EAB security requests that include more than reading production files to the EAB Bureau Directors for approval. In FY99, a more formal semiannual review, as outlined in the FY97 corrective action plan, will be implemented.

#### **Finding Number 16: Communications Room Environment Needs Improvement**

The automated fire suppression system upgrades are completed.

#### **Finding Number 17: Business Continuity Planning**

The BIA questionnaire was finalized and mailed to 34 departments. As of 8/1/98 twenty-seven (27) have responded with systems to be recovered. The tabulation of the results is underway and will be finalized by August 31, 1998. The results will help ITD determine the appropriate mainframe size for business continuity.

#### **Massachusetts Highway Department**

## **Finding Number 20: Need To Update Many Standard Operating Procedures**

The Department's Organizational Structure provides for internal controls and documentation over financial activity. All financial transactions processed by MMARS and PMIS are in accordance with system procedures. MMARS and PMIS transactions supported by consistent standard MHD internal documentation are appropriate for transactions approved by authorized Department personnel.

During FY98 the SOP's referred to in the FY97 report have been under review by the sections. A revised SOP has been issued relating to compliance with the Davis-Bacon Act,

## **Division of Employment and Training**

### **Finding Number 23: Incomplete and Missing Benefit Applications**

Record storage has been privatized and new controls put in place to control the inventory of records.

Interviewers are trained prior to assignment to a UITCC. After the formal training, interviewers are given additional on-the-job training while working under the close supervision of their unit supervisor. One hundred percent of new claims agents' work is reviewed by the supervisor until there is assurance that the individual has achieved the necessary competency. At a minimum, 80% of new claims are monitored by supervisors. One hundred % of UCX and FE claims are monitored with the exception of very high workload peak periods when supervisors revert to a sampling method. Interviewers skills level are reviewed pursuant to assigning them to the "skills group" in preparation for the new "Virtual Call Center" environment. Competency tests are being developed to formally delineate staff into four skill levels.

LCCC transactions reports were developed and implemented prior to April 1998, corrective action plan. Two reports are produced, one of no conflict claims and another of MA claims duplicated in other states. The duplicate claims are investigated by our investigators and appropriate action taken. We have strengthened this process by ordering standard quarterly runs of duplicate claims report. The UI Integrity Unit is responsible for the review of this report and action where appropriate.

## **Massachusetts Emergency Management Agency**

### **Finding Number 28: \$1,893 In Overpayments And \$9,059 In Underpayments Pertaining To The October 1996 Floods**

In an effort to address this audit finding, MEMA requested from the auditor specific information concerning the \$ 1,893 in questioned costs and \$ 9,059 in underpayments to subgrantee's. The information was then shared with FEMA Region I. It is FEMA's position that the potential underpayment fell outside the sixty day appeal period (CFR44, Section 206.440) and thus required no further action. After a review of the material prepared by the auditor concerning the \$ 1,893 in questioned costs both FEMA and MEMA feel no further adjustments are necessary. MEMA will request a written statement to that effect from FEMA if required.

## **Department of Transitional Assistance**

### **Finding Number 30: Food Stamps Status of Claims against Household Report Filed with Inaccurate Data**

The Department has implemented the BEACON Accounts Receivable System and will continue quarterly reconciliation until the first full quarter of BEACON activity (December 31,1998). At that time BEACON will produce the 209 report and all back-up documentation.

## Division of Medical Assistance

### Finding Number 31: Untimely Redetermination of Eligibility

#### 1. Community Elder and Long Term Care Cases

In August, 1997, the Division established an automated monthly process to select and mail review forms to community elder cases with last review dates equal to or greater than one year. This process included the automatic identification and closing of cases when the review form was not returned within prescribed timeframes. Information received in the review process is updated on PACES at the MassHealth Enrollment Centers (MEC).

This process was folded into the four month MAOA review process in such a way as to increase annual review compliance of these cases from 39% in August '97 to 85% compliance in April '98. While this process was temporarily suspended in April '98 to direct resources to the start-up of statewide conversion activity (see below), the process will resume in June '98 and will be programmed to reach full redetermination compliance of this portion of the caseload by August '98.

Redetermination of the long term care portion of the caseload is being approached in a decentralized approach due to importance and complexity of coordinating redetermination efforts with long term care facilities and authorized representatives of this member base. Such coordination is critical in making sure that service delivery is not negatively impacted to ensure accurate and timely submission of review forms and verifications in the redetermination process. The Division will need to continue its corrective approach with this portion of the caseload until full annual redetermination compliance is achieved. Estimated full compliance by December '98.

#### 2. Health Care Reform Cases Which Were Established on PACES

The Division began the massive effort to convert these cases to MA-21 in April '98. Conversion of these approximately 133,000 cases is being done via a redetermination process using a newly developed review form designed for the MA-21 system. The process includes centralized and automated selection of cases, mailing of the review form and closing of non-respondents. Selection of cases was done in such a way as to capture overdue redeterminations of health Care Reform cases from the cash assistance MAOA and Transition Medical Assistance cases first. In the first two months of the process the Division was able to capture all overdue redeterminations for these types of cases, which are by definition cases which contain eligibility factor changes.

The continuing conversion process will produce redetermination of these populations as they become due. The rest of the conversion effort will select health Care Reform cases from PACES according to the oldest review date. All cases selected for conversion will be reviewed and established on MA-21 with updated eligibility information and determination. The conversion process for this portion of the caseload is due to be complete in April '99.

#### 3. Health Care Reform Cases Established on MA-21

In July '97, the Division began establishing new health Care Reform Cases on the MA-21 system. In July '98 those cases begin to come due for redetermination. The Division plans an automated review process, which will profile cases according to case characteristics at prescribed intervals not to exceed 12 months.

As this profiling system will not be in place on July '99, the Division plans to begin redeterminations of this population on time so that redetermination non-compliance does not become an issue. This process will utilize DMA matches with an increasing number of sources, including SSA, DOR, Bureau of Vital Statistics, health insurance companies, etc. to target cases with potential eligibility changes. In order to maintain an annual review rate for all MA-21 cases, the Division would

need to review an average of over 15,000 of these cases per month. Given the additional burden of conversion of the 133,000 PACES cases to MA-21, establishing 100% annual review compliance for both these caseload segments is the ambitious and established goal in fiscal year '99.

### **Finding Number 32: Medicaid Waiver Reports Not Filed**

- A. Frail Elders: Reports cited were submitted 4/23/98 and approved by HCFA 5/11/98.
- B. DMR: Preparation of these reports still delayed because of systems problems. Anticipate problems will be fixed within two weeks.
- C. The Division is projecting it will be current by 7/31/98 with both waivers.

### **Finding Number 34: Lack of Waivers to Pay and Chase Medicaid Claims**

The corrective action plan is awaiting system resources.

## **Department Of Social Services**

### **Finding Number 37: Subrecipient Monitoring Needs Improvement**

The DSS and OSD memorandum of understanding remains in effect for Fiscal Year 1998. As noted in the Department Corrective Action Plan for this finding, a portion of most DSS accounts is funded out of a Social Services Minor Fund with the remainder being funded out of the Commonwealth General Fund. The actual minor funds splits are dependent on enacted budget language for DSS. There is currently a Fiscal Year 1998 supplemental budget appropriation pending for DSS, the final, enacted, language of which may have a direct impact on the proposed Fiscal Year 1998 Social Services Block Grant (SSBG) allocation plan. Until enactment of the supplemental budget, the final minor funds splits cannot be established and factored into the SSBG allocation plan for submission to and use by OSD.

DSS will continue to seek procedures, which will enable the provision of timely, accurate notification of the level of federal funding to its subrecipients

### **Finding Number 39: Semi-Annual Certification Not Filed**

Certifications were mailed out with a list of covered employees on February 26, 1998. The certifications and list were part of a package which included a memorandum explaining the certification process and advising that the certification itself was not part of the evaluation, but tied to the evaluation process for timing purposes. The union was also advised about the certification process and that, although the certification process was tied to the evaluation cycle, it did not affect the evaluation process. The list included sixty-one (61) employees of whom a total of thirteen (13) returned completed certifications. The relatively low response might be explained by a lack of understanding of the certification, the fact that mid-year evaluations are advisory only and may therefore receive less attention than the end-of-year evaluation which is tied to salary, and union resistance to using the union negotiated evaluation system for this non-union purpose. For the mandatory end-of-year evaluation, a current list of covered employees will be developed, a new certification form will be provided with clarifying instructions to supervisors, and the union will be further notified of the nature of the process.

## **Department Of Revenue/Division of Child Support Enforcement**

### **Finding Number 48: Cases Not Closed In System**

COMETS was implemented in December of 1997. Case closing functionality development is continuing. The Department maintains the expectation that COMETS will provide for improved case processing.

The Quality Assurance Unit continues its activities under the direction of a new manager and has been moved within the organization from the Problem Resolution Office to the Office of the Associate Deputy Commissioner for Administrative Law, Policy and Training. The Unit has started the self-assessment process, which will include evaluation of case processing timelines. Data has been gathered from 4 regional offices to date. The results of the self-assessment will be shared with CSE management and appropriate operational units.

#### **Finding Number 50: Case Management Needs Improvement**

CSE continues to maintain that this incident does not represent a serious case file deficiency. The case was opened on the IV-A/IV-D interface erroneously by the Department of Transitional Assistance (DTA) and should not have been set-up as a CSE case.

COMETS was implemented in December of 1997. Case closing functionality development is continuing. The Department maintains the expectation that COMETS will provide for improved case processing.

The Quality Assurance Unit continues its activities under the direction of a new manager and has been moved within the organization from the Problem Resolution Office to the Office of the Associate Deputy Commissioner for Administrative Law, Policy and Training. The Unit has started the self-assessment process, which will include evaluation of case processing timelines. Data has been gathered from 4 regional offices to date. The results of the self-assessment will be shared with CSE management and appropriate operational units.

#### **Finding Number 51: Title IV-D Interdepartmental Service Agreement Costs Not Claimed**

The Department met with the Office of the Trial Court and has negotiated a time and effort reporting system that requires Trial Court personnel to report both the number of hours and types of IV-D activities performed for the given reporting period. The system also calls for monthly rather than quarterly reporting; staggering the sample reporting week (employees have varied reporting weeks from month to month); and comparing monthly payroll warrants to "Time and Effort Studies" to prevent double counting of court personnel salaries. The planned month of implementation is October, 1998. Upon implementation of the new reporting system, the Department will prepare documentation for review by the federal government to support a retroactive claim of reimbursement for the period during which such claims had been suspended.

#### **Finding Number 53: Posting Hierarchy**

On August 12, 1997 the Department issued procedures to all staff which effectively suspended the creation of overdisbursements on Model II as well as recoupment on existing custodial parent overdisbursements except for those cases in which there was an existing agreement to allow DOR to recoup the overpayment by withholding 25% of current support. CSE's new computer system, COMETS, is designed to handle overdisbursements according to federal regulations. However, overdisbursement functionality has not yet been implemented. Therefore, CSE continues to utilize the manual, off-line process.

The federal government has recently tested COMETS for compliance with federal requirements. This included a review of payment distribution. On July 31, 1998, the Administration for Children and Families issued a letter to CSE which awards conditional Level II certification of COMETS. The accompanying report included two payment distribution issues relative to the processing of State Tax Intercept payments received from another State, and collections received from another State, which imposes fees or recovers costs. A copy of this Certification Review Report has been provided to the Deloitte and Touche audit team.

#### **Department of Education**

### **Finding Number 48: Subrecipient Report Review Needs Improvement**

The procedures used for maintaining audits received from local governments is now being applied to audits received from Not-for-Profit organizations. The audit reports are immediately checked to verify that the reports had included all the necessary sections as noted in Chapter 10 – Auditor Reporting Requirements and Other Communication Considerations in a Single Audit, of the AICPA Guide. Communications with OSD has been ongoing.

### **Finding Number 49: Inadequate Subrecipient Monitoring**

47 of the 50 planned Coordinated Program Reviews (CPR) were conducted in FY 98. Three reviews were postponed until FY 99 by the Commissioner of Education as a result of requests from school district Superintendents. These postponements were due primarily to transition in leadership staff at the local level in the program areas being reviewed. A copy of the FY 98 CPR schedule is attached. Program Review Reports and related LEA corrective action plans are on file in Program Quality Assurance Services.

The selection process has been completed for 60 Coordinated Program Reviews to be conducted in FY 99. Letters of announcement to these districts have been issued by the Commissioner as of June 12, 1998. A copy of the FY 99 monitoring plan is attached.

### **Finding Number 50: Local Education Agencies Compliance With Supplement Not Supplant Requirement Is Not Monitored Annually**

For vocational education, a system for monitoring supplement, not supplant was developed during fiscal year 1998. Letters were sent to 23 districts asking for explanation of the decrease in their expenditures for vocational technical education between FY 95 and FY 96. Responses have been received from twelve districts.

### **Finding Number 51: Salaries Allocated to Federally-Funded Programs Are Not Supported By Proper Documentation**

The payroll cost reporting process was successfully implemented in FY 98, and provided documentation for most of the payroll costs charged to federal grant programs. This process also identified several instances where employee time should have been more appropriately charged to state funding sources. Additional state funding has been requested for FY 99 to allow an orderly transfer of these staff, which should fully resolve the audit finding.

### **Finding Number 52: Vocational Education Grant Requirements for Eliminating Sex Discrimination Not Met**

The full-time Gender Equity Coordinator left the Department in December 1996. Until a new coordinator could be hired, Maryellen McDonagh performed the duties with assistance from Marjorie Roberts and other cluster support staff. At least 40.5 days of Maryellen's time can be documented from her appointment books and documents or correspondence prepared during the fiscal year. Approximately 30 days of administrative assistance and secretarial support was required for the specific activities listed on the attached time summary.

### **Finding Number 53: Core Standards and Measures are Inadequate**

The first set of MCAS assessment scores will be available in November 1998. Scores for vocational technical students will be analyzed to determine adequate academic attainment.

During on-site monitoring of Perkins Act funded programs, local assessment systems are examined to assure that both vocational technical and academic gain and attainment are measured. Corrective action plans and progress reports are required for school districts that do not have systems in place for all programs that were monitored.

Additional analysis of current data to assure that special population students are achieving will be developed during fiscal year 1999. Turnover of staff in both Perkins-funded data collection and performance standards and measures positions has hindered development of this data analysis component.

#### **Finding Number 54: State Plan Administrative Matching Requirement Is Not Reviewed**

The Department is strengthening its coordinated review process with additional resources and a financial monitoring process will be added to review the financial data submitted by the LEA.

#### **Roxbury Community College**

#### **Finding Number 55: Ineligible ESL Program**

Since the date of the 1996-97 audit report, the status of ESL Audit as outlined in Finding 55 has been substantially modified in favor of the College.

On September 21, 1998 the College was notified that its potential liability resulting from ESL Audit had been reduced from \$ 2.2 million to \$ 571,000. The allegations contained in the audit report were upheld. The college in accordance with applicable appeal procedures is now preparing its appeal. Therefore, the process of this matter continues.

The college will continue to work with the US Department of Education towards a final resolution.

#### **Finding Number 56: PELL Refunds Not Paid**

Since the date of the 1996-97 audit report, the status of ESL Audit as outlined in Finding 55 has been substantially modified in favor of the College.

On September 21, 1998 the College was notified that its potential liability resulting from ESL Audit had been reduced from \$ 2.2 million to \$ 571,000. The allegations contained in the audit report were upheld. The college in accordance with applicable appeal procedures is now preparing its appeal. Therefore, the process of this matter continues.

The college will continue to work with the US Department of Education towards a final resolution.

#### **Finding Number 57: Funds Awarded to Underage Student**

Since the date of the 1996-97 audit report, the status of ESL Audit as outlined in Finding 55 has been substantially modified in favor of the College.

On September 21, 1998 the College was notified that its potential liability resulting from ESL Audit had been reduced from \$ 2.2 million to \$ 571,000. The allegations contained in the audit report were upheld. The college in accordance with applicable appeal procedures is now preparing its appeal. Therefore, the process of this matter continues. The college will continue to work with the US Department of Education towards a final resolution.

#### **Salem State College**

#### **Finding Number 62: System Needed to Determine Student Unofficial Withdrawal Date**

We are working with our auditors, Ercolini & Company, in response to the Department of Education follow-up of Deloitte

and Touche, Certified Public Accountant, audit of Salem State College's Administration of Title IV student financial assistance programs, propose the following policy:

In response to the 1995-96 audit finding and recommendation that Salem State College needs to develop a system whereby the College is able to determine a last date of attendance for students who unofficially withdraw.

The College submits the following:

- During the ninth week of each semester class rosters will be delivered to each faculty member, for each of the classes being taught by that faculty member.
- The forms will be in an op-scan format, with the students' name, whether the student is currently attending, whether the student is no longer attending.
- For the students listed as no longer attending, the faculty member will be asked to record the last date of student attendance during the semester, in the space provided.
- The college registrar will use the data collected from the attendance report to establish a last date of attendance for students who have unofficially withdrawn from the college.
- The date as recorded by the College Registrar will be used by the Financial Aid office to determine refunds to students and the Federal Financial Aid programs.

It is our belief that the new policy as proposed will place Salem State College in compliance with Federal Regulations 34 CFR 668.22.

## **Information Technology Division**

### **Finding Number 75: Duplicate Charges Included In Rates**

ITD agrees with the single auditor. The amount was mostly adjusted in the FY96 reconciliation. \$25,121 will be adjusted in the FY98 reconciliation.

## **Department of Environmental Protection**

### **Finding Number 77: Departmental Cost Plans Need Revision**

As indicated in the previous year, the Department's cost allocation plan was submitted to EPA in Washington. Currently, the methodology is under mediation between EPA, the Department of Environmental Protection, and the Office of the State Comptroller.

### **Finding Number 78: Need for a Unified Methodology to Establish Rates**

As indicated in the previous year, the Department's cost allocation plan was submitted to EPA in Washington. Currently, the methodology is under mediation between EPA, the Department of Environmental Protection, and the Office of the State Comptroller.

### **Finding Number 79: A Comparison of Revenues to Expenditures Should Be Made For Fiscal Years 1993 through 1997**

Our response is the same as indicted in last year's action plan. The implementation of the BARS system is nearly complete.

## **Quinsigamond Community College**

## **Finding Number 81. Federal Funds Disbursed To Ineligible Student**

The college is still working with Federal DOE to reach an agreed amount to send back to DOE.

[Next](#)

---

[Privacy Policy](#)

Any questions? Send e-mail to: [comptroller.info@state.ma.us](mailto:comptroller.info@state.ma.us).

Copyright 1999-2001, Massachusetts Office of the Comptroller, all rights reserved.