

Massachusetts Bay Community College

Findings on Compliance with Rules and Regulations

Finding Number 10: Non-Appropriated Funds Activity Not Reconciled

Massachusetts Bay Community College needs to continue to improve its reconciling of non-appropriated funds in the Massachusetts Management Accounting and Reporting System (MMARS).

In the fiscal year 1997 audit, Massachusetts Bay Community College (MBC) was cited for not recording all of its non-appropriated fund activity and for not reconciling its non-appropriated fund (Fund 901) activity and balances recorded on the MMARS Trial Balance Report, RPT 110H, with

the balances shown on the College's accounting system. MBC should have performed such reconciliations to verify that the information transmitted to MMARS was processed and recorded accurately.

Section 339 of Chapter 138 of the Acts of 1991, the fiscal year 1992 General Appropriation Act, requires Public Institutions of Higher Education to report all non-appropriated fund activity on MMARS. In memos dated July 21, 1993 and September 23, 1993, the Office of the Comptroller instructed the colleges to reconcile the information appearing in MMARS RPT 110 to the information in the colleges' systems. To comply with the law and the Comptroller's instructions, MBC should have routinely reconciled its Fund 901 activity on a monthly basis to MMARS RPT 110H.

The Commonwealth's financial statements must be audited in accordance with the Single Audit Act in order to be eligible for federal grants. Colleges are required to accurately report non-appropriated fund activity through MMARS in order for the Commonwealth's financial statements to be ready for this audit.

The fiscal year 1998 audit disclosed that MBC entered all of its Fund 901 data into MMARS but only checked to see if the entries were reported on the MMARS RPT 341A, Appropriation and Subsidiary Transactions with Balances. MBC did not attempt to do a reconciliation of its non-appropriated fund activity to the balances of its internal accounting system to see what the variances were between the MMARS ending balances and the MBC internal accounting balances. The account balances were not available to do the complete reconciliation. (*Fiscal Year 1995; 1997 Report Finding 5*)

Recommendation:

We recommend that MBC work with Office of the Comptroller to develop and perform reconciliations of the MBC internal accounting balances to the MMARS RPT 110H to make sure the entered activity

into MMARS is accurate.

Department corrective action plan:

The College in collaboration with the Office of the State Comptroller will review ending fiscal year 1998 and beginning fiscal year 1999 balances and adjust entries as necessary in order to reconcile to the College's audited financial statements and subsequently to the MMARS 110H Report (non-appropriated funds activity statement). The College will schedule a meeting with Kathy Still in the beginning of January 1999 so as to effect these changes as soon as possible. Monthly reconciliations will be completed on a regular basis when the beginning 1999 balances are in accordance with the College's audited non-appropriated statements.

Responsible individual: Cynthia Bolton

Implementation date: March 1999

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