

Massachusetts Maritime Academy

Findings on Compliance with Rules and Regulations

Finding Number 9: Non-Appropriated Funds Activity Not Reported and Reconciled Properly

Massachusetts Maritime Academy (MMA) has improved its non-appropriated funds reporting but still needs to improve its reconciliation procedures. Section 339 of Chapter 138 of the Acts of 1991, the fiscal year 1992 General Appropriations 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 each college to reconcile the information appearing in various MMARS reports to their systems. To comply with the law and the Comptroller's instructions, MMA should have routinely inputted Fund 901 activity into MMARS and reconciled on a monthly basis to the MMARS 110H Report.

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 prior audit reported that one of MMA non-appropriated accounts was not reported on MMARS along with the June 1997 non-appropriated receipts and disbursements.

The current review determined that MMA's noncompliance with Fund 901 requirements continued with improvements. MMA during fiscal year 1998 worked with personnel from the Office of the Comptroller to consolidate some of their non-appropriated funds' account numbers and established new ones to fit their current needs. They also tried to adjust the beginning balances in the new accounts to agree with the audited fund balances in MMA's internal accounting system before they entered their fiscal year 1998 information into MMARS. This proved unsuccessful and MMA was advised by Office of the Comptroller personnel to wait until fiscal year 1999 to adjust the balances and was encouraged to concentrate on recording the remaining fiscal year 1998 information into MMARS.

MMA reconciled its internal accounts and also added the Boat Donation Fund in Fund 901 on MMARS, but did not reconcile the accounts with MMARS. In early September 1998, MMA analyzed total receipts by revenue source, expenditures by expenditure code, and attempted to record the information into MMARS. However, due to personnel retirement, some of the detailed expenditures and receipts were not entered. MMA's late data entry of non-appropriated funds caused them to fall short of having all their non-appropriated activity into MMARS for fiscal year 1998. MMA has determined the fiscal year 1998 information and balance adjustments that need to be entered during fiscal year 1999 to bring the MMARS balances into agreement with MMA internal account balances. (*Fiscal Year 1995; 1997*

*Report Finding 4)***Recommendation:**

We recommend that MMA:

- Work with the Office of the Comptroller to correct its balances of non-appropriated funds in fiscal year 1999 so that the ending balances of the MMARS accounts will agree with MMA's internal system;
- Enter the remaining fiscal year 1998 activity into fiscal year 1999 business; and
- Enter into MMARS the fiscal year 1999 activity on a regular basis as well as reconciling the internal MMA records with the MMARS RPT 110H to make sure that all the non-appropriated fund activity is recorded properly.

Department corrective action plan:

A reconciliation of the fiscal year ending June 30, 1998 non-appropriated funds is in its final stage of completion. A complete reconciliation schedule will be provided to the State Comptroller's Office in our audited financial statements. The anticipated completion of the Academy's fiscal year 1998 audit will be in February 1999. Once the final reconciliation is complete, adjustments will be made in the appropriate appropriation to bring it into balance with the MMARS RPT 110H.

All adjustments will be entered into the MMARS system for fiscal year 1998 no later than February 1999. The Academy is in the process of entering the first quarter of fiscal year 1999 trust fund activity into the MMARS system, once complete, reconciliations will be maintained. Beginning in January 1999 the Academy will be reconciling and entering trust fund activity on a monthly basis.

In September 1998, the Academy entered all of its trust fund activity for fiscal year 1998, however due to personnel retirement, some of the detailed expenditures and receipts were not entered. In October, with the State Comptroller's Office approval, all remaining activity was entered. As noted above any remaining adjustments necessary to balance the ending trust fund balances at June 30, 1998 will be entered into the MMARS system no later than February 1999.

Responsible individual: Jeffrey L. Robinson, Controller

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