

Commonwealth of Massachusetts Departments Audited in Prior Years

Background

During the fiscal years 1993 through 1997 Single Audits, six departments were audited, with compliance and/or internal control findings resulting, that were not audited as part of the fiscal year 1998 Single Audit. These departments were: Quinsigamond Community College, Roxbury Community College, Salem State College, Department of Environmental Protection, Massachusetts Rehabilitation Commission and Department of Labor and Workforce Development. They were not included in the fiscal year 1998 audit because they were not among (1) the state institutions of higher education selected for inclusion in the Single Audit to provide coverage of student financial assistance programs, (2) the departments with chargeback operations audited as they were in 1993 through 1996, (3) the departments with Type A major federal programs that were considered low-risk under Section .520(c)(1) or (4) the administration of the federal program was contracted to a subrecipient that has its own separate audit conducted under OMB Circular A-133.

However, one of the requirements of the Single Audit Act Amendments is to follow-up on the department's implementation of corrective action on prior year audit findings. Since the aforementioned departments were not included in the 1998 audit, a somewhat different approach to following up on these findings was taken. The Office of the State Auditor and the Office of the Comptroller's Department Assistance Bureau, under guidance from the Office of the State Auditor, conducted the follow-up at these departments.

Twenty-one findings resulted at these six departments from the prior Single Audits. Based on the follow-up work, satisfactory corrective action had not been taken on nine findings and are repeated in this report; twelve were satisfactorily addressed by the departments and therefore, are not repeated in this report. For the findings repeated, the prior year finding and recommendation, along with the department's response, is included below. For the findings not repeated, a one sentence description of the finding followed by a one sentence description of the resolution and a parenthetical disclosure of the prior year finding number are included.

Department of Environmental Protection

Findings on Compliance with Rules and Regulations

Finding Number 69: Departmental Cost Plans Need Revision

The methodologies used in preparing the Department of Environmental Protection's indirect cost rate

proposal and the plan for allocating costs directly to federal programs need revision.

The Department of Environmental Protection (Department) prepares an indirect cost rate proposal to charge administrative costs to federally-funded programs. In addition, the Department also has an allocation plan to distribute space costs to federal grants.

The Department's indirect cost rate proposal is comprised of two rates, i.e., a department-wide rate and a federal internal rate. The department-wide rate is used to recover central service, executive office and some departmental payroll and related supporting costs incurred in the overall administration of the Department. The internal rate is used to recover other departmental and related support costs incurred in the overall administration of the Department. Since these rates are charged to federally-funded programs, the rates must be developed in accordance with OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

During a review of the fiscal year 1993 indirect cost rate proposal, we noted several areas that need clarification or revision as follows:

- The methodologies for developing department-wide and federal internal rates were established in 1982. It is uncertain whether these methods accurately reflect the current organizational structure and management of federal grants;
- It could not be readily determined whether all positions within each rate were allowable under OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* and clearly benefited federal programs;
- Certain costs were allocated on a prorated basis of indirect salaries to total salaries. An allocation based on total staff costs would produce a better distribution of indirect costs;
- Each program manager is responsible for identifying the match supplied for a grant. It could not easily be determined whether costs claimed as match were also included in the department-wide or federal internal rate;
- Depreciation of equipment purchased with state funds was not included in the calculation.

As previously mentioned, the Department also has a plan to distribute space costs to federal programs. Space costs are computed annually by dividing rental payments for each building by the number of square feet occupied to establish a cost per square foot. It is currently estimated that each employee occupies 50 square feet. Using the number of individuals working in federal programs in January of a fiscal year, the Department directly charges grants an amount for space costs. Two preferred methods for identifying space costs are either to determine the actual amount of space each program occupies or allocate occupancy cost based on salaries charged to each cost center. In addition, utilities expense, occupancy cost, is not included in the cost per square foot. Utility costs are charged to an administrative account, which is not allocated to federal programs.

Finally, the Department has a facility, which provides environmental testing for its Bureaus including some federal programs. Expenditures for the Lawrence Experimental Station facility are paid out of an

administrative account. The cost of performing tests is neither billed nor allocated to federal programs.

The impact on federal programs resulting from any adjustments to the rates could not readily be determined. The Department submitted a cost allocation plan methodology to the Environmental Protection Agency (EPA) in March 1996. The plan is currently under mediation. (*Department of Defense - State Program for Reimbursement of Technical Services 12.113; Environmental Protection Agency - Construction Grants for Wastewater Treatment Works 66.418, Water Pollution Control - State/ Interstate Program Support 66.419, Water Pollution Control - State and Local Manpower Development 66.420, State Public Water System Supervision 66.432, State Underground Water Source Protection 66.433, Nonpoint Source Reservation, 66.459, Wet lands Protection - State Development Grants 66.461, National Pollutant Discharge Elimination System, 66.463, Water Pollution Control - R&D Demonstration Grants 66.505, Hazardous Waste Management State Program Support 66.801, Hazardous Substance Response Trust Fund 66.802, State Underground Storage Tanks Program 66.804, Pollution Prevention Assistance for States 66.900; Nuclear Regulatory Commission - Nuclear Energy Safety Information 77.003; Federal Emergency Management Agency, Disaster Assistance 83.516; Fiscal Year 1993; 1997 Single Audit Finding 77*)

Recommendation:

The Department should continue providing information to the Environmental Protection Agency in an effort to seek approval of a plan for charging federal programs. The structure of the indirect cost allocation plan should be revised to ensure:

- Positions classified as department-wide and federal internal are allowable under OMB Circular A-87 and those individuals are responsible for the overall management of the organization;
- The most equitable basis is used to allocate significant support costs;
- Match is clearly identified during the proposal process to eliminate any possibility of duplicate charges;
- Depreciation of equipment purchased with state funds is included;
- The method of allocating space costs is based on the actual square footage occupied by each program or salaries. Space costs should include utilities expense; and
- An allocation or billing methodology is established for services provided by the Lawrence Experimental Station and distributed to all users.

Department corrective action plan:

The Department's indirect cost allocation plan was submitted to EPA/Washington for review in March 1996. Currently, the methodology is under mediation between EPA, the Department of Environmental Protection and the Office of the State Comptroller.

Department contact responsible for corrective action: Bawa B. Wavezwa, Director, Financial Management Office

Finding Number 70: Need for a Unified Methodology to Establish Rates

The methodologies used in preparing the Department of Environmental Protection's fees, permits and indirect cost rate for cost recovery programs need revision and integration. The Department of Environmental Protection (Department) is responsible for environmental regulation. In this capacity, the Department issues approximately 180 different types of fees and permits and bills the actual costs of overseeing the clean up of spills or a polluted site.

The Department's customers include various federal, state and local governmental agencies. Since some of these services were billed to the federal government or could have been billed to a federally-funded program, the charges for services provided to those agencies must be in accordance with OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

The rates charged for fees and permits in 1998 were based on a methodology established in 1990. During a review of this methodology in 1993 the following was noted:

- Estimated 1990 cost data was used as a basis for establishing the price of permits and fees.
- The fringe benefit rate used in the per day calculation for program staff was 23%. This rate was used rather than the federally-approved rate of 25% in order to avoid any duplicate charges for workers' compensation and unemployment insurance, which were reflected elsewhere. The approved rate for fiscal year 1996 increased to 37.68% and Universal Health Insurance is a fringe benefit cost, which has been added since 1990.
- An amount of \$45 was incorporated in the cost per day calculation for overhead. This amount included rent, utilities, office supplies, printing, travel to and from the site, maintenance, training, telephone, rental of equipment and cars and equipment purchases. There was little information on how this amount was developed.
- The cost of equipment purchases was included in overhead rather than an amount for depreciation.
- Costs from the Statewide Cost Allocation Plan (SWCAP) were not included in the rates. The Department did not charge these costs as Chapter 21A of Massachusetts General Law, Section 18 (m) requires that a minimum amount of state funds be used to fund the ordinary maintenance of the Department. SWCAP costs were considered part of ordinary maintenance.
- It could not be determined whether allocations for departmental costs such as the Commissioner's Office, the Bureau of Administrative Services, regional administration and general counsel were consistent with the federally-approved indirect cost rate proposal.
- Time lines for completion of various phases of the application and monitoring process were based on estimates. The Department has a time tracking system which can provide actual historical information.

In addition, the Bureau of Waste Site Management is responsible for the Oversight Cost Recovery Program. This program bills Primarily Responsible Parties for the actual cost of overseeing the clean up of spills and polluted sites. Actual costs plus an indirect rate is charged for those services. The indirect

rate is computed annually based on prior year actual costs. Although developed, the rate billed cannot be changed without revision of departmental regulations. The rate currently stated in departmental regulations is \$18.40 per hour, which was established in 1989. The rate computed by the Department for 1992 was \$19.87 per hour.

During our review of the methodology for calculating the rate we noted the following:

- It could not be determined whether allocations for departmental costs such as the Commissioner's Office, the Bureau of Administrative Services, regional administration and general counsel were consistent with the federally-approved indirect cost rate.
- Costs from the Statewide Cost Allocation Plan (SWCAP) were not included in the rate.
- Indirect costs associated with indirect personnel were not included.
- Direct time, which a supervisor determines cannot be recovered, is excluded in the denominator for calculating the indirect rate. Excluding this amount would overstate the indirect rate. No time was written off in 1992.

Attachment A, Part G. of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* requires that the cost of services provided by other agencies may only include allowable direct costs of services plus a prorated share of indirect costs.

The impact on federal programs resulting from any adjustments to the rates could not readily be determined. The Department submitted a cost allocation plan methodology to the Environmental Protection Agency (EPA) in March 1996. The plan is currently under mediation. Approval of the plan is the first step towards revising rate-setting methodologies. (*All Federal Programs; Fiscal Year 1993; 1997 Single Audit Finding 78*)

Recommendation:

The Department should continue providing information to the Environmental Protection Agency in an effort to seek approval of a plan for charging federal programs. Upon approval of the plan the Department should continue its efforts to revise the methodologies for establishing the cost of fees and permits and the indirect rate charged to the Oversight Cost Recovery Program on a continuing basis. During this process, the Department should compute the full cost of providing these services for 1993 through the most recently audited fiscal year and ensure the methodologies for allocating the SWCAP and departmental indirect costs are consistent with the approach used in preparing the state and federally approved internal indirect cost rates. Consideration should also be given to adjusting the indirect rate for the Oversight Cost Recovery Program.

Department corrective action plan:

The Department's indirect cost allocation plan was submitted to EPA/Washington for review in March 1996. Currently, the methodology is under mediation between EPA, the Department of Environmental

Protection and the Office of the State Comptroller.

Department contact responsible for corrective action: Bawa B. Wavezwa, Director, Financial Management Office

Finding Number 71: A Comparison of Revenues to Expenditures Should Be Made for Fiscal Years 1993 through 1998

The Department of Environmental Protection has not established a system to compare the cost of fees and permits with revenue received in accordance with OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* for fiscal years 1993 through 1998.

The Department of Environmental Protection (Department) issues approximately 180 different types of fees and permits. Rates billed in 1997 for those services were based on 1990 estimated cost data and estimated time lines. The Department's 16,000 customers include various federal, state and local governmental agencies.

Attachment C, Section G 4 of OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments indicates that a comparison of the revenue generated by each billed service to the actual allowable cost, as defined by the Circular, will be made at least annually. Once computed, it is necessary to adjust the rates billed for the difference between revenue and allowable costs. When rates are not adjusted any credits due to federal agencies or federal programs must be remitted to them.

The Department has not established procedures to reconcile each service billed to actual allowable costs for fiscal years 1993 through 1998. Detailed information as to the amount of revenue collected by fee or permit type has been informally maintained. During 1997, the Department implemented the Commonwealth's Billing and Accounts Receivable System (BARS) for most of its programs. Prior to implementing this system, a comparison of revenue as recorded in MMARS to actual expenditures could not be made. The Department has also submitted a cost allocation plan to the Environmental Protection Agency for approval. Once approved, there will be a methodology to determine allowable costs for current and prior years. As a result, it could not be determined whether there were any over/under recoveries charged to the federal government or federally-funded programs for services billed. (*All Federal Programs; Fiscal Year 1993; 1997 Single Audit Finding 79*)

Recommendation:

The Department of Environmental Protection should establish procedures to compare the cost of services in accordance with OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments with the revenue collected and make adjustments annually. A reconciliation should be performed for fiscal years 1993 through 1998.

Department corrective action plan:

Currently, the cost of providing services is being computed based on legislative language and compared to revenues collected. The implementation of BARS is nearly complete.

The Department's indirect cost allocation plan was submitted to EPA/Washington for review in March 1996. Currently, the methodology is under mediation between EPA, the Department of Environmental Protection and the Office of the State Comptroller.

Department contact responsible for corrective action: Bawa B. Wavezwa, Director, Financial Management Office

Salem State College

Finding Number 72: Need to Implement Approved Policies to Determine Students' Unofficial Withdrawal Date

In the Fall of 1998, Salem State College (SSA) adopted a policy designed to resolve this finding which was initially reported in the 1995 Single Audit. The policy, however still needs to be implemented. Our prior audit disclosed that SSA did not monitor student attendance; therefore, the College was unable to identify students who stopped attending the College but failed to notify the Registrar's Office (unofficial withdrawal), contrary to federal regulation, 34 CFR 668.22. Because SSA could not identify the withdrawal date for students who unofficially withdrew, the College could not determine whether refunds were due the students or the student financial aid (SFA) program.

In implementing the corrective action plan, SSA prepared a policy change effective in fiscal year 1998. This new policy requires faculty members to record student attendance and will permit the school to identify unofficially withdrawn students. In August 1998, the Vice President of Academic Affairs recommended to the President of SSA that these policies be approved for the fall of 1998. The President approved the memo in October 1998. Because this policy was so recently approved, however, we were unable to evaluate its effectiveness. (*Department of Education - Federal Pell Grant Program 84.063, Federal Work-Study Program 84.033; Federal Supplemental Education Opportunity Grants 84.007; Federal Perkins Loan Program 84.038; Federal Family Education Loans 84.032 and Federal Direct Student Loan Program 84.268; Fiscal Year 1995; 1997 Single Audit Finding 62*)

Recommendation:

Salem State College should closely monitor the new policy to ensure that the school identifies withdrawing students and process refunds as required by program regulations.

Department corrective action plan:

Students' attendance has been recorded in each class for which they are currently registered. This information has been forwarded, along with a last date of attendance, to the Registrar's Office.

The Office of the Registrar is currently preparing materials to be forwarded to appropriate offices to process refunds for students who have been identified as no longer in attendance during this semester.

Responsible individual: Donald B. Cote, Assistant to Vice President, Administration and Finance

Implementation date: December 1998

Quinsigamond Community College

Finding Number 73: Federal Funds Disbursed to Ineligible Students

Quinsigamond Community College (College) still needs to repay Federal Pell Grant and Federal Supplemental Educational Opportunity Grant (FSEOG) programs for ineligible awards made in fiscal year 1997. In an audit covering the period July 1, 1994 to June 30, 1995 (fiscal year 1995) and two subsequent follow-up reviews, covering fiscal year 1996 and fiscal year 1997, it was determined that the College disbursed funds to students who were no longer enrolled in eligible programs. United States Department of Education (DOE) regulations, 34 CFR 668.7 require such enrollment. In the prior reports, it was recommended that the College repay the federal accounts and improve its monitoring system in such a way that eligible program enrollment is assured before federal financial assistance is disbursed.

In the second follow-up review, it was determined that the College had improved its monitoring process but had not reimbursed the federal programs the ineligible awards of \$5,778.

Our current review for July 1, 1997 to June 30, 1998 did not detect new instances of federal awards to ineligible students. It was also noted that the College, in accordance with a December 10, 1997 final audit determination letter from DOE for fiscal years 1995 and 1996, repaid \$2,541 to the Pell program on January 7, 1998. However, the College did not repay 1997 Pell and FSEOG awards of \$3,237 because it had not received the final audit determination letter from DOE for the 1996-1997 fiscal year. (*Department of Education – Federal Pell Grant Program 84.063 and Federal Supplemental Educational Opportunity Grants Program 84.007; Fiscal year 1995; 1997 Single Audit Finding 81*)

Recommendation:

The College should contact DOE and request a final audit determination letter with the necessary

instructions for the repayment to the Pell and FSEOG programs.

Department corrective action plan:

QCC has contacted the Department of Education for a final determination letter.

Responsible individual: Darlene Costa, Assistant Dean, Fiscal Affairs

Roxbury Community College

Finding Number 74: Status of the U.S. Department Of Education (DOE) Office of Inspector General (OIG) Issues

Our prior report disclosed that the OIG conducted an audit of the English as a Second Language (ESL) program at Roxbury Community College (College) covering the period from July 1, 1993 to June 30, 1995. The OIG issued its final report in October 1996 containing three findings. The College disagreed with the OIG findings and was awaiting the Federal Determination Letter from federal officials. Our follow-up review revealed that the DOE issued their Final Determination Letter on September 18, 1998 and the College is in the process of appealing their findings.

As part of our audit of the College's Student Financial Aid programs, and in accordance with *Government Auditing Standards*, we are required to follow-up on the status of the issues reported by the OIG.

- a. *Ineligible ESL Programs*: The OIG determined that the College improperly disbursed \$2.2 million in assistance to students attending an ineligible ESL program during the period of July 1, 1993 to June 30, 1995. The OIG contended that the students enrolled for the sole purpose of taking ESL and that the classes students attended did not constitute a program. OIG recommended that the College repay the \$2.2 million expended to ineligible students and strengthen controls over admissions and disbursement of Title IV funds.

The College disagreed with the OIG's finding, contending that the students were liberal arts majors and asserts the ESL is not a program but a sequence of courses and maintained that "it is impossible to determine whether the ESL students took ESL courses to gain increased language proficiency or to further their education..."

In our prior audit of student eligibility, a random sample of 15 students disclosed that eight were enrolled in ESL courses, seven of whom were enrolled in Liberal Arts, whereas the eighth listed only English as a major. Seven of the eight students were taking only ESL classes. Three of the eight students listed only ESL as a major on their application. These students had taken from five to 21 ESL courses over a period of two to nine semesters. At the conclusion of our audit, the College was awaiting the final

Determination Letter from the Secretary of DOE. Therefore, the eligibility of ESL students for financial aid could not be determined until the College and DOE resolved the issue. We recommended that the College continue to work with DOE to resolve this issue. Our follow-up review revealed that the DOE issued its Final Determination Letter on September 18, 1998 stating:

"...while we believe that RCC's system of categorizing students on transcripts coupled with its institutional enrollment pattern statistics are significant deterrents in assessing whether or not a student was enrolled in RCC's ESL program; we are not holding RCC liable for Federal Pell Grant Program funds disbursed to such students where the examined admissions application demonstrated that the student had indicated a desire to enroll in one of the RCC's liberal arts associate degree programs...

...OIG discovered that the admissions application of 103 students, out of a sample of 414 students, indicated that the students checked the box to ESL and did not check any other box on the application form. RCC disbursed \$222,011 in Federal Pell Grant Program Funds to these students. The OIG projected that RCC disbursed \$570,043 in Federal Pell Grant Funds to students who were not enrolled in an eligible program at RCC and who were, therefore, not eligible to receive those funds. RCC must repay those Pell funds to DOE..."

On October 16, 1998 the College responded to the status of their Corrective Action Plan to the 1997 Single Audit findings as follow:

...On September 21, 1998, the College was notified that its potential liability resulting from the ESL Audit had been reduced from \$2.2 million to \$570,000. Only one of the allegations contained in the audit report was upheld. The College, in accordance with applicable appeal procedures, is now preparing its appeal. Therefore, the process of resolving this matter continues.

The College will continue to work with U.S. Department of Education towards a final resolution.

With regard to our prior audit test results that 8 or 15 students' admissions records indicated enrollment in a degree program in addition to the ESL classes. The 8 students should be considered eligible based on DOE's determination that it would not hold the College liable for Pell Grant funds disbursed to such students. However, the three students, who did not list major on their applications still need to be resolved in light of DOE's sustaining that \$570,043 should be repaid for students in its sample who had not indicated any other program enrollment. (*Department of Education – Federal Pell Grant Program 84.063; Department of Education Report Education – Federal Pell Grant Program 84.063; Department of Education Report 7/93-6/95 Finding 1; Fiscal Year 1997 Single Audit Finding 55*)

Recommendation:

The College should continue to work with the DOE to resolve this issue.

Department corrective action plan:

The College is currently working with the U.S. Department of Education to bring these matters to final resolution.

Responsible individual: Dr. Grace C. Brown, President

Finding Number 75: Pell Refunds Not Paid

The United States Department of Education (DOE) Office of the Inspector General (OIG) found that Roxbury Community College (College) had not made, at the time of the OIG audit, Pell refunds totaling \$4,513 to 10 students out of 2,107 tested because RCC did not timely enter student status changes into the computer. OIG recommended that the Secretary of DOE require the College to institute internal controls and identify and pay refunds due for students who withdrew or did not attend during 1992-1993 and 1995-1996. The College replied that it had adopted internal controls and though it disagreed with the finding, refunded the funds. Thereafter, the OIG instructed the College to have an independent assessment of its control procedures and that RCC must conduct the match of awards to semesters attended.

In our prior tests of student eligibility, no instances of noncompliance regarding refunds were noted. However, the College did not conduct the required match for the two years specified and did not "cause an independent review specific to its refund internal control procedures." We recommended that the College comply with OIG instructions and continue to work with DOE to resolve this issue.

Our follow-up review disclosed that DOE in their September 18, 1998 Final Determination Letter stated as follows:

In view of the evidence presented in support of its finding, we sustain the OIG's recommendations. The institution must establish adequate internal control procedures to ensure that refunds are timely made 34 CFR 668.22. In addition, the institution must identify and pay refunds due for students who withdrew or failed to attend for the 1992-1993 through 1995-1996 school years. The 1994/1995 award year match should be limited to those students who are not included in the universe of 2,107. This activity should be completed by an independent CPA and the results presented in RCC's next (subsequent to receipt of this letter) regularly scheduled audit report. No reimbursement is required at this time for this finding. (*Department of Education – Federal Pell Grant Program 84.063; Department of Education Report Period 7/93 to 6/95 Finding 2; Fiscal Year 1997 Single Audit Finding 56*)

Recommendation:

The College should comply with the DOE instructions.

Department corrective action plan:

The College is currently working with the U.S. Department of Education to bring these matters to final resolution.

Responsible individual: Dr. Grace C. Brown, President

Finding Number 76: Funds Awarded to Underage Students

The U.S. Department of Education (DOE) Office of the Inspector General (OIG) determined the Roxbury Community College (College) improperly awarded \$1,075 in Pell funds to a 15 year old student for the fall 1993 semester. The student's General Education Development certificate was not valid until the student turned 16 years old. The OIG concluded that the College's procedures for flagging ineligible students were not adequate. The College responded to the OIG at the exit conference that the award, which was made after the student turned 16 years old, was proper even though the student was not eligible during the semester for which the aid was awarded. The College's response to the draft OIG report indicated that its new computer system and policy was in full compliance with program requirements. However, the OIG reasserted that the College must repay \$1,075 and have an independent assessment of its student eligibility control procedures.

Our prior review determined that the \$1,075 was not repaid and although we found no significant deficiencies with the College's eligibility control procedures except as noted in this report, the College did not have an independent assessment of its eligibility procedures performed. At conclusion of our audit, we recommended that the College comply with OIG instructions and continue to work with DOE to resolve this issue.

Our follow-up review disclosed that the DOE in their September 18, 1998 Final Determination Letter stated as follows:

...the institution must reimburse \$1,075 to the Department of Education. Further, RCC must have an independent assessment of its control procedures regarding student eligibility performed. The results of the assessment should be presented in the context of RCC's next regularly scheduled (subsequent to receipt of this letter) audit of its Title IV, HEA program activity. (*Department of Education – Federal Pell Grant Program 84.063; Department of Education Report Period 7/93 to 6/95 Finding 3, Fiscal Year 1997 Single Audit Finding 57*)

Recommendation:

The College should comply with the DOE instructions.

Department corrective action plan:

The College is currently working with the U.S. Department of Education to bring these matters to final resolution.

Responsible individual: Dr. Grace C. Brown, President

Findings Not Repeated From Prior Years

1. All Job Training Partnership Act (JTPA) funds received by the Department of Labor and Workforce Development (Department) were controlled in one appropriation account number. Separate accounts have been established for each of the JTPA funds in the fiscal year 1999 budget. (*Fiscal Year 1997 Single Audit Finding 25*)
2. The Department of Labor and Workforce Development (Department) needed to improve its monitoring of subrecipients, including site visits and audit report review. The Department contracted with the Corporation for Business, Work and Labor (CBWL) for administration of the JTPA program. The Department conducts monthly meetings with CBWL to review the program and CBWL's monitoring of the Service Delivery Areas. CBWL also has its own A-133 audit. (*Fiscal Year 1997 Single Audit Finding 26*)
3. The Disability Determination Services Division within the Massachusetts Rehabilitation Commission did not reconcile its advance checking account in fiscal year 1997, nor maintain the proper segregation of duties over control of the account. Evidence was shown that the account is now being reconciled and that the reconciliation is being signed off on by someone other than the person performing the reconciliation. (*Fiscal Year 1997 Single Audit Finding 47*)
4. Roxbury Community College needed to return unclaimed funds to the appropriate programs. The College returned the unclaimed funds to the appropriate programs in accordance with U.S. Department of Education instructions. (*Fiscal Year 1997 Single Audit Finding 58*)
5. Roxbury Community College earned interest on unclaimed funds and excess cash it had drawdown early during fiscal year 1996. The College returned the interest earned in accordance with U.S. Department of Education instructions. (*Fiscal Year 1997 Single Audit Finding 59*)
6. Roxbury Community College needed to recalculate refunds to five students. The College made the necessary adjustments to the refunds which resulted in a \$484 payment to the U.S. Department of Education. (*Fiscal Year 1997 Single Audit Finding 60*)
7. Roxbury Community College needed to reconcile its Institutional Payment Summaries (IPS) and process Federal Pell Grant adjustments on a timely basis. The College reconciled its IPS for the 1996-1997 award year and submitted a listing to the U.S. Department of Education for the revised increase in Pell Grants of \$31,551. The Financial Aid Office also is monitoring the Federal Pell Grant levels through this reconciliation process. (*Fiscal Year 1997 Single Audit Finding 61*)
8. Salem State College submitted inaccurate federal financial reports because certain disclosures made on its Monthly Electronic Expenditure Reporting System reports and its Fiscal Operations

Report and Application to Participate Report differed from its internal records. Current year testing showed that the quarterly reports from its financial aid servicer are being reviewed and valid refunds being made and processed based on the review. (*Fiscal Year 1997 Single Audit Finding 63*)

9. Salem State College's Federal Work-Study recordkeeping operations, primarily time sheet preparation and delivery, did not adhere to the College's written guidelines. The President issued a memo stressing the procedures that were not being followed. Forms were developed by the payroll department to ensure that time sheets were properly filled out and delivered and a transmittal sheet developed to be completed for returned time sheets. These new procedures are being monitored by the College. (*Fiscal Year 1997 Single Audit Finding 64*)
10. Salem State College did not attempt to adjust health insurance premiums improperly charged during fiscal year 1995. The incorrect premiums adjustment was processed. (*Fiscal Year 1997 Single Audit Finding 65*)
11. Salem State College incorrectly calculated Federal Direct Loan Program refunds. An error was found in the software used to compute the refunds. The software is no longer used and the incorrect refunds have been recalculated and processed. (*Fiscal Year 1997 Single Audit Finding 66*)
12. Salem State College needed to improve its cash management system because it was using College cash to fund programs because it was late in drawing federal cash. The College has developed control sheets to monitor drawdowns and better forecast cash needs. (*Fiscal Year 1997 Single Audit Finding 67*)

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