

# Roxbury Community College

## *Findings on Compliance with Rules and Regulations*

### **Finding Number 11: Non-Appropriated Fund Activity and Balances Not Reconciled Monthly**

Roxbury Community College (RCC) needs to continue to improve its accounting and reconciliation of non-appropriated funds on the Massachusetts Management Accounting and Reporting System (MMARS), the Commonwealth's central accounting system.

Our prior reports disclosed that, in October 1995, the College processed adjustments that were needed to correct the beginning fiscal year 1996 balance for non-appropriated fund activity (Fund 901) in MMARS. For fiscal year 1996, the College had not made any reconciliations for its 1996 non-appropriated fund activity to its MMARS trial balance 110H reports. The prior reports also indicated that College staff were not aware of the monthly reconciliation requirement and had not been trained to correctly input data into MMARS. For fiscal year 1997, the College's comptroller informed us that Fund 901 activity had not been entered into MMARS but would be entered into MMARS at year-end.

Our follow-up review disclosed that fiscal year 1997 non-appropriated funds were entered in the months of July, August, and September 1997. For fiscal year 1998, non-appropriated funds were not being entered timely and were not being reconciled e.g., the months of April, May and June 1998 were entered into MMARS on August 4 and 5, 1998 and were not reconciled to the MMARS report.

The Comptroller informed us that Fund 901 activity had not been reconciled because they didn't have the electronic capability to print out the MMARS 110H report. 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 (Fund 901) expenditures on MMARS. The Office of the State Comptroller also instructed the colleges to reconcile the information appearing in various MMARS reports to the college's systems.

To comply with the laws and the Office of the State Comptroller's instructions, the College should routinely enter and reconcile its Fund 901 data on a monthly basis. Financial statements for the Commonwealth 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 reflect this information. (*Fiscal year 1995; 1997 Report Finding 6*)

### **Recommendation:**

The College should enter Fund 901 activity monthly, work with the Massachusetts Information Technology Division to acquire the capability to print out the MMARS 110H report and reconcile the resulting MMARS trial balance report figures monthly.

**Department corrective action plan:**

Non-appropriated Funds financial activities for the fiscal year ended *June 30, 1998* have been entered into MMARS. Activities through September of the current fiscal year have been entered into MMARS, and we are currently entering data for the month of October.

Upon completion of the data entry phase, which we anticipate to be within the next four weeks, we will reconcile the balances to MMARS. Going forward, a staff accountant will enter and reconcile the data monthly and in accordance with sound internal control principles, the reconciliations will be reviewed and approved by the appropriate manager.

Responsible individual: Dr. Grace C. Brown, President

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