

# Section II

## Schedule of Findings and Questioned Costs

For the Year Ended June 30,1999

### I. Summary of Auditor's Results

We have audited the financial statements of the Commonwealth of Massachusetts as of and for the year ended June 30, 1999 and have issued our reports thereon dated December 16, 1999. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with the requirements of the *U.S. Office of Management and Budget (OMB) Circular A-133*.

The results of our audit are as follows: **Type of Report Issued on the Financial Statements:** Unqualified opinion **Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements:** Yes **Material Noncompliance Disclosed by the Audit of the Financial Statements:** Yes **Reportable Conditions in Internal Control over Major Programs:** Yes **Type of Report Issued on Compliance for Major Programs:** Unqualified opinion **Audit Findings Required to be Reported under Section .510(a) of OMB Circular A-133:** Yes

<u>Program</u>	<u>CFDA No.</u>	
Agriculture	Food Distribution	10.550
Agriculture	Food Stamps Program	10.551(a)
Agriculture	State Admin. Matching-Food Stamps	10.561(a)
Agriculture	School Breakfast Program	10.553(b)
Agriculture	National School Lunch Program	10.555(b)
Agriculture	Special Milk Program for Children	10.556(b)
Agriculture	Summer Food Service Program	10.559(b)
Agriculture	WIC Program	10.557
Agriculture	Child & Adult Food Care Program	10.558
Housing & Urban Dev.	Section 8: New Construction and Substantial Rehabilitation Program	14.182(c)
Housing & Urban Dev.	Section 8: Lower Income Housing Assistance-Moderate Rehabilitation Program	14.856(c)
Housing & Urban Dev.	Section 8: Rental Voucher Program	14.855(d)
Housing & Urban Dev.	Section 8: Rental Certificate Program	14.857(d)
Housing & Urban Dev.	Community Development Block Grant State's Program	14.228

Justice	State Criminal Alien Assistance Program	16.606
Labor	Unemployment Insurance Program	17.225
Transportation	Highway Planning & Construction	20.205
Education	Title I Program	84.010
Education	Handicapped-State Grants	84.027(e)
Education	Handicapped-Preschool Grants	84.173(e)
Education	Vocational Education	84.048
Education	FSEOG Program	84.007(f)
Education	FFEL Program	84.032(f)
Education	Federal Work-Study Program	84.033(f)
Education	Federal Perkins Loan Program	84.038(f)
Education	Federal Pell Grant Program	84.3063(f)
Education	Federal Direct Loan Program	84.268(f)
Health & Human Services	HEAL Program	93.108(f)
Health & Human Services	HPSL Program	93.342(f)
Health & Human Services	Nursing Student Loan Program	93.364(f)
Health & Human Services	EFNS Program	93.820(f)
Health & Human Services	TANF Block Grant	93.558
Health & Human Services	Child Support Enforcement	93.563
Health & Human Services	Low Income Home Energy Assistance Program	93.569
Health & Human Services	Child Care & Development Block Grant	93.575(g)
Health & Human Services	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596(g)
Health & Human Services	Immunization Program	93.268
Health & Human Services	Foster Care Program	93.658
Health & Human Services	Social Services Block Grant	93.667
Health & Human Services	Medical Assistance Program	93.778(h)
Health & Human Services	State Medicaid Fraud Control Units	93.775(h)
Health & Human Services	State Survey and Certification of Health Care Providers and Suppliers	93.777(h)
Health & Human Services	HIV Care Formula Grants	93.917
Health & Human Services	HIV Prevention Program	93.940

Health &amp; Human Services

SAPT Block Grant

93.959

(a) Cluster of Programs

(e) Cluster of Programs

(b) Cluster of Programs

(f) Cluster of Programs

(c) Cluster of Programs

(g) Cluster of Programs

(d) Cluster of Programs

(h) Cluster of Programs

**Dollar Threshold Used to Distinguish Type A and Type B Programs: \$19,782,509** Qualification of Auditee as a Low-Risk Auditee:  
No Introduction

The findings and recommendations detailed in Sections IV and V of this volume, and summarized in the schedule below, have been reviewed with representatives of the departments from which the observations arose and with representatives from the Office of the Comptroller. In order to assist the reader in understanding both the departmental compliance with laws and regulations and the adequacy of the internal control structure, the findings have been grouped by department and categorized as to whether they concern the department's federal program compliance or the internal control structure used in administering federal award programs. *(Part III of this Schedule)* In addition, the findings concerning compliance with Massachusetts General Laws and on the internal control structure based on the study and evaluation of the accounting system as part of the examination of the General Purpose Financial Statements contained in the Comprehensive Annual Financial Report (CAFR), are summarized below in Part II and detailed in Section IV. At the end of each finding involving federal programs, detailed in Section V, is a parenthetical disclosure indicating the federal agency or agencies providing the funding for the program(s) to which the finding is applicable and the applicable Catalog of Federal Domestic Assistance number(s). Corrective action plans and/or departmental responses to the findings and recommendations have been provided by the department's representatives and reflect plans and responses as of December 16, 1999. In the event a finding is repeated from the prior Single Audit report or a report prepared in prior years by other auditors performing audits of federal programs, the parenthetical disclosure at the end of the finding also indicates the year the finding first was reported, the finding number in the most recently issued prior report and, if applicable, the federal audit agency issuing the report so that the reader may cross-reference the current finding to the prior reports. Under a cooperative agreement for the Commonwealth's Single Audit, the Office of the State Auditor, in order to provide the necessary audit coverage for the student financial assistance programs not audited by independent accounting firms and to assist in the audit of major programs, conducted the audit procedures at three Commonwealth institutions of higher education and two departments. While the findings resulting from these audits are incorporated in this report, the Office of the State Auditor will also issue its own separate reports with the results of these audits. Questioned Costs Fiscal Year 1999 Statewide Single Audit

The study and evaluation of the various departments' compliance with laws and regulations resulted in the identification of questioned costs totaling \$849,673. For those instances where costs were questioned, the specific costs have been identified in findings reported on the following pages. II. Findings Related to the Financial Statements

### Reportable Condition/Noncompliance

	Questioned Costs	Program and CFDA #
<b>Department internal control plan needs to be developed or updated. (Finding No. 1 - Mass. Highway Department, No. 2 - Executive Office of Environmental Affairs, No. 4 - Department of Food and Agriculture, and No. 12 - Office of the State Treasurer)</b>	-	-
<b>Contract not Signed by Authorized Signatory. (Finding No. 3- Division of Medical Assistance)</b>	-	-
<b>GAAP Receivable System Needs Improvement. (Finding No. 5 - Department of Public Health)</b>	-	-

Later or no recording of fixed assets. ( <i>Finding No. 6 - Department of Police, No. 7- Massasoit Community College and No. 8 - Metropolitan District Commission</i> )	-	-
Non-appropriated fund activity not reported or reconciled. ( <i>Finding No. 9 -Roxbury Community College</i> )	-	-
Cash management needs improvement. ( <i>Finding No.10 - Quinsigamond Community College</i> )	-	-
Tracking and recording of fixed needs improvement. ( <i>Finding No. 11 - Department of Revenue</i> )	-	-

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1999**

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**III. Findings and Questioned Costs for Federal Awards**

<b>Reportable Condition/Noncompliance</b>	<b>Questioned Costs</b>	<b>Program and CFDA #</b>
Need to update many standard operating procedures. ( <i>Finding No. 13 - Mass. Highway Department</i> )	-	Highway Planning and Construction 20.205
Prevailing wages not paid. ( <i>Finding No. 14 - Mass. Highway Department</i> )	-	Highway Planning and Construction 20.205
Excess fringe benefits charged. ( <i>Finding No. 15 - Mass. Highway Department and No. 68 - Office of the Comptroller</i> )	\$728,315	Highway Planning and Construction 20.205; State Energy Program 81.041
Subrecipient contracts do not contain adequate single audit information. ( <i>Finding No. 16 - Mass. Highway Department</i> )	-	Highway Planning and Construction 20.205
Subrecipient report review needs improvement. ( <i>Finding No. 17 - Department of Housing &amp; Community Development; No. 38 - Department of Education</i> )	-	CDBG/State's Program 14.228; Section 8 Rental Voucher Program 14.855; Section 8 Rental Certificate Program 14.857; Section 8 New Construction & Substantial Rehab. Program 14.182; Section 8 Moderate Rehab. Program 14.856; Food Distribution Program 10.550; School Breakfast Program 10.553; National School Lunch Program 10.555; Child & Adult Food Care Program 10.558

Lack of timely written management decisions on subrecipient findings. <i>(Finding No. 18 - Department of Housing &amp; Community Development)</i>	-	Low Income Home Energy Assistance Program 93.568
Submission of incorrect reimbursement cost data. <i>(Finding No. 19 - Department of Corrections)</i>	-	State Criminal Alien Assistance Program 16.606
Reporting errors. <i>(Finding No. 20 - Department of Transitional Assistance; No. 28 - Department of Public Health; No. 42 - Department of Education)</i>	-	Food Stamps Program 10.551; HIV Care Formula Grants 93.917; Vocational Education 84.048
Lack of acceptance signature on individual support plan. <i>(Finding No. 21 - Division of Medical Assistance)</i>	-	Medical Assistance Program 93.778
Lack of proper income documentation. <i>(Finding No. 22 - Division of Medical Assistance)</i>	-	Medical Assistance Program 93.778
Late federal reports. <i>(Findings Nos. 23 and 24 - Division of Medical Assistance)</i>	-	Medical Assistance Program 93.778
Documentation of timely redeterminations of eligibility needs improvement. <i>(Findings No. 25 - Division of Medical Assistance)</i>	-	Medical Assistance Program 93.778
Lack of waivers to pay and chase Medicaid claims. <i>(Finding No. 26 - Division of Medical Assistance)</i>	-	Medical Assistance Program 93.778
Subrecipient monitoring needs improvement. <i>(Finding No. 27 - Department of Public Health; No. 30 - Department of Social Services; No. 32 - Office of Child Care Services; No. 45 - Department of Education)</i>	-	SAPT Block Grant 93.959; Social Services Block Grant 93.667; Child Care and Development Block Grant 93.575; Mandatory & Matching Funds of the Child Care & Development Fund 93.596; Food Distribution Program 10.550; National School Lunch Program 10.555; School Breakfast Program 10.553; Child and Adult Food Care Program 10.558
Monitoring of documentation needs improvement. <i>(Finding No. 29 - Department of Public Health)</i>	-	SAPT Block Grant 93.959
Reports and bank statements not reconciled. <i>(Finding No. 31 - Office of Child Care Services)</i>	-	Child Care Mandatory & Matching Funds of the Child Care and Development Fund 93.596
COMETS system posting hierarchy error. <i>(Finding No. 33 - DOR/Division of Child Support Enforcement)</i>	-	Child Support Enforcement 93.653
Ineffective case tracking and management system. <i>(Finding No. 34 - DOR/Division of Child Support Enforcement)</i>	-	Child Support Enforcement 93.563

<b>Cases not closed in system. (Finding No. 35 - DOR/ Division of Child Support Enforcement)</b>	-	<b>Child Support Enforcement 93.653</b>
<b>Amounts collected from non-custodial parents are not allocated and distributed in a timely manner. (Finding No. 36 - DOR/Division of Child Support Enforcement)</b>	-	<b>Child Support Enforcement 93.563</b>
<b>Amounts due from noncustodial parents not supported by transaction history detail. (Finding No. 37 - DOR/ Division of Child Support Enforcement)</b>	-	<b>Child Support Enforcement 93.563</b>
<b>Supplement not supplant requirement is not monitored annually. (Finding No. 39 - Department of Education)</b>	-	<b>Title I Program 84.010; Vocational Education 84.048</b>
<b>Adjustments needed to salary charges to federal programs. (Finding No. 40 - Department of Education)</b>	<b>\$84,000</b>	<b>Special Education 84.027</b>
<b>Core standards and measurers are inadequate. (Finding No. 41 - Department of Education)</b>	-	<b>Vocational Education 84.048</b>
<b>Inadequate site monitoring. (Finding No. 43 - Department of Education)</b>	-	<b>Child and Adult Care Food Program 10.558; Special Milk Program for Children 10.556</b>
<b>Failure to recapture funds or obtain a waiver for maintenance of effort failure. (Finding No. 44 - Department of Education)</b>	-	<b>Title I Program 84.010</b>
<b>Status of U.S. Department of Education Office of Inspector General issues. (Finding No. 46 - Roxbury Community College)</b>	-	<b>Federal Pell Grant Program 84.063</b>
<b>Lack of internal control over federal cash reporting/ excess cash or unreconciled cash. (Finding No. 47 - Roxbury Community College; Nos. 50 and 55 - Quinsigamond Community College; Nos. 60 and 63 - Salem State College)</b>	-	<b>Federal Pell Grant Program 84.063; Federal Supplemental Education Opportunity Grants 84.007; Federal Work-Study Program 84.033; Federal Perkins Loan Program 84.038</b>
<b>Lack of procedures to identify walk-away students. (Finding No. 48 - Roxbury Community College)</b>	-	<b>Federal Pell Grant Program 84.063; Federal Supplemental Education Opportunity Grants 84.007; Federal Work-Study Program 84.033</b>
<b>Notification of student status changes not performed timely. (Finding No. 49 - Quinsigamond Community College; No. 62 - Salem State College)</b>	-	<b>Federal Family Education Loan Program 84.032; Federal Direct Loan Program 84.268. Nursing Student Loan Program 93.364</b>
<b>Incorrect Federal Pell Grant Program Data Form. (Finding No. 51 - Quinsigamond Community College)</b>	-	<b>Federal Pell Grant Program 84.063</b>
<b>Delinquent Perkins Loans not administered properly. (Finding Nos. 52, 53, and 54 - Quinsigamond Community College)</b>	-	<b>Federal Perkins Loan Program 84.038</b>

Collection efforts need improvement. ( <i>Finding No. 56 - Quinsigamond Community College</i> )	-	Federal Perkins Loan Program 84.038; Nursing Student Loan Program 93.364
Lack of documentation supporting exit interviews. ( <i>Finding No. 57 - Framingham State College; No. 58 - Salem State College</i> )	-	Federal Family Education Loan Program 84.032; Federal Direct Loan Program 94.268
Annual information on enrollment not made available to students. ( <i>Finding No. 59 - Salem State College</i> )	-	All student financial assistance programs
FISAP and NSL annual report do not agree with College's records. ( <i>Finding No. 61 - Salem State College</i> )	-	Federal Pell Grant Program 84.063; Federal Supplemental Education Opportunity Grants 84.007; Federal Work-Study Program 84.033; Federal Perkins Loan Program 84.038; Nursing Student Loan Program 94.364.
Federal funds disbursed to ineligible student. ( <i>Finding No. 64 - Bunker Hill Community College</i> )	-	Federal Pell Grant Program 84.063; Federal Supplemental Education Opportunity Grants 84.007
Internal controls and documentation over student refunds needs improvement. ( <i>Finding No. 65 - Bunker Hill Community College</i> )	-	All student financial assistance programs
Lost interest earnings. ( <i>Finding No. 66 - Bunker Hill Community College</i> )	-	Federal Perkins Loan Program 84.038
Institutional payments summaries not reconciled. ( <i>Finding No. 67 - Bunker Hill Community College</i> )	-	Federal Pell Grant Program 84.063
Excess indirect cost charged. ( <i>Finding No. 69 - Office of the Comptroller</i> )	\$37,358	Special Education 84.027; Child Welfare Services 93.645
Additional costs included in the 1997 rates. ( <i>Finding No. 70 - Information Technology Division</i> )	-	Various
Documentation supporting rate development needs improvement. ( <i>Finding No. 71 - Information Technology Division</i> )	-	Various
Internal controls over rate preparation need improvement. ( <i>Finding No. 72 - Information Technology Division</i> )	-	Various

**Total Questioned Costs:**

**\$849,673**

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

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