



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued January 19, 2021

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## University of Massachusetts Boston

For the period July 1, 2017 through March 31, 2019





Commonwealth of Massachusetts  
Office of the State Auditor  
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*Making government work better*

January 19, 2021

Dr. Marcelo Suárez-Orozco, Chancellor  
University of Massachusetts Boston  
Office of the Chancellor  
100 Morrissey Boulevard  
Boston, MA 02125-3393

Dear Dr. Suárez-Orozco:

I am pleased to provide this performance audit of the University of Massachusetts Boston. This report details the audit objectives, scope, methodology, finding, and recommendations for the audit period, July 1, 2017 through March 31, 2019. My audit staff discussed the contents of this report with management of the university, whose comments are reflected in this report.

I would also like to express my appreciation to the University of Massachusetts Boston for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular watermark.

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Mr. Martin T. Meehan, President, University of Massachusetts  
Mr. Robert J. Manning, Chair, Board of Trustees  
Mr. Kyle David, Director of Internal Audit, University of Massachusetts  
Mr. Carlos E. Santiago, Commissioner, Massachusetts Department of Higher Education

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## LIST OF ABBREVIATIONS

HR	Human Resources Department
ID	identification number
SES	Student Employment Services Department
UMass	University of Massachusetts

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## EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the University of Massachusetts (UMass) Boston for the period July 1, 2017 through March 31, 2019. In this performance audit, we examined certain UMass Boston budgeting and hiring processes to determine whether UMass Boston took measures to address certain management items in these areas that were identified by an external auditor.

Below is a summary of our finding and recommendations, with links to each page listed.

<b>Finding 1</b> <b>Page <a href="#">9</a></b>	UMass Boston did not ensure that some individuals were hired and compensated in a timely manner for work performed.
<b>Recommendations</b> <b>Page <a href="#">10</a></b>	<ol style="list-style-type: none"><li>1. UMass Boston should cease the practice of delayed hiring.</li><li>2. UMass Boston should ensure that all employees who are responsible for hiring are trained to fully understand and follow established hiring timelines.</li></ol>

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## OVERVIEW OF AUDITED ENTITY

The University of Massachusetts (UMass) Boston is a member of the Massachusetts public higher-education system, which consists of 15 community colleges, nine state universities, and five UMass campuses. In 1964, UMass Boston became one of the five public institutions of higher learning in the UMass system in accordance with Chapter 75 of the Massachusetts General Laws. UMass is led by a president who oversees the UMass system and by a chancellor at each UMass campus. It is also governed by a board of trustees composed of 22 members: 17 members appointed by the Governor for five-year terms and 5 UMass students elected by the student body for one-year terms. The board shapes general policies that govern all five UMass campuses.

As the administrative head of the campus, the chancellor<sup>1</sup> of UMass Boston reports to the president and is supported by a deputy chancellor, a provost, and several vice chancellors. According to its website, UMass Boston “is a public research university with a dynamic culture of teaching and learning, and a special commitment to urban and global engagement.”

As of fall 2018, UMass Boston had a total enrollment of 16,164 students: 12,714 undergraduate and 3,450 graduate students. As of March 31, 2019, it had approximately 3,734 employees.

According to Section 7 of Chapter 75 of the General Laws, “The [UMass system] trustees shall prepare and submit a detailed budget in such form and manner as the governor, secretary and general court may direct.” For fiscal year 2018, UMass Boston had an operating budget of approximately \$431.1 million in revenue and \$436.1 million in expenses, with a deficit of \$5.0 million. For fiscal year 2019, UMass Boston had an operating budget of approximately \$437 million in revenue and \$436.5 million in expenses, with a surplus of \$469,000.

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1. A new permanent chancellor, Dr. Marcelo Suárez-Orozco, was appointed on February 20, 2020, but an interim chancellor, Katherine Newman, was in the position during the audit period.

The following table shows UMass Boston’s operating budget summary for fiscal years 2018 and 2019.

### UMass Boston Budget Summary

	Fiscal Year 2018*	Fiscal Year 2019*
<b>Revenue Item</b>		
Operating Revenue	\$ 264,736,000	\$ 263,395,000
Federal Appropriations	0	0
Federal Grants	23,192,000	25,269,000
State Appropriations	131,773,000	136,471,000
Gifts	4,094,000	4,023,000
Investment and Endowment Return	7,340,000	7,343,000
Other Revenue	0	469,000
<b>Total Revenue</b>	<b><u>\$ 431,135,000</u></b>	<b><u>\$ 436,970,000</u></b>
<b>Expense Item</b>		
Salaries and Fringe	\$ 277,084,000	\$ 269,623,000
Non-Personnel Expenses	104,861,000	101,447,000
Scholarships and Fellowships	15,201,000	18,771,000
Depreciation	25,711,000	29,474,000
Amortization	0	0
Interest	13,278,000	17,186,000
<b>Total Expenses</b>	<b><u>\$ 436,135,000</u></b>	<b><u>\$ 436,501,000</u></b>
<b>Surplus/(Deficit)</b>	<b><u>\$ (5,000,000)</u></b>	<b><u>\$ 469,000</u></b>

\* Numbers are rounded to the nearest thousand.

### Hiring Process

As part of UMass Boston’s hiring practices, UMass Boston departments are responsible for following the existing UMass Boston hiring policies for employees, both those who receive benefits and those who do not. These policies outline responsibilities for the Student Employment Services Department (SES),<sup>2</sup> the Human Resources Department (HR), and departments requesting to hire new employees.

The hiring process for a student begins with the student accepting a non-work-study position and completing pre-employment paperwork. SES is responsible for verifying the paperwork, and then the department requesting to hire the student is responsible for completing an electronic personnel action

2. SES is responsible for processing paperwork for student applicants who are not participating in a work-study program.

form and submitting it to SES. The hiring process for an employee, with or without benefits, who is not a student begins with HR evaluating a job description based on funds available; then the hiring responsibilities shift to the manager of the department requesting to hire an employee, who evaluates candidates. Once a candidate is offered a position, the hiring department manager is responsible for providing notification and the completed hiring paperwork to HR.



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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the University of Massachusetts (UMass) Boston for the period July 1, 2017 through March 31, 2019.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The purpose of our audit was to determine whether UMass Boston had taken measures to address certain management items in the areas of budget and hiring processes that were identified by an external auditor. The specific questions we intended our audit to answer are shown in the table below. The table lists the conclusion we reached regarding each objective and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Has UMass Boston added variance reports <sup>3</sup> to its budget process?	Yes
2. Does UMass Boston conduct background checks for newly hired employees who receive benefits, in accordance with its internal policy dated September 16, 2015?	Yes
3. Does UMass Boston pay newly hired employees in accordance with the timeframes of Section 148 of Chapter 149 of the General Laws?	No; see Finding 1

To achieve our audit objectives, we gained an understanding of the internal control environment related to our audit objectives by reviewing applicable UMass Boston policies and procedures and making inquiries and observations with UMass Boston's staff and management. In addition, we performed the following procedures to obtain sufficient, appropriate evidence to address our audit objectives.

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3. A variance report is a quarterly report that compares actual expenditures to the budget and allows departments to document reasons for adjustments.

## **Budgeting**

According to UMass Boston officials, the variance report process is a new process started in fiscal year 2019. We extended our audit period through June 30, 2019 for this audit objective only. To gain an understanding of UMass Boston's variance report process, we compared the prior process to the new process started in fiscal year 2019. To determine whether UMass Boston had added variance reports to its new budget process, we obtained and reviewed all of the 38 emails, and the 25 variance reports in these emails that contained documented explanations for variances, that were provided by UMass Boston's budget director. We also reviewed the variance reporting procedures and guidelines in these emails.

Additionally, we reviewed all 38 emails for evidence of communication about budget instructions and variance reports. For the first quarter of fiscal year 2019, there were a total of 13 email communications, of which 5 contained budget instructions and 8 contained visible email communication trails concerning the variance reports' actual expenses and reasons for adjustments. Of the latter 8 emails, 5 contained a total of 8 variance reports with documented variance explanations. For the third quarter of fiscal year 2019, there were a total of 25 email communications, of which 12 had budget instructions and 13 had visible email communication trails concerning the variance reports' actual expenses and reasons for adjustments. Of the latter 13 emails, 11 contained a total of 17 variance reports with documented variance explanations. According to UMass Boston officials, there were no specific communications about the second quarter of fiscal year 2019, because the budget reflected actual expenses through the second quarter and required departments to project their expenses for the remainder of fiscal year 2019.

## **Background Checks**

From a population of 176 newly hired employees who received benefits and had user access to UMass Boston's human resources and finance systems, we used Audit Command Language software to select a random nonstatistical sample of 35 employee identification numbers (IDs) to determine whether UMass Boston conducted background checks during the audit period. Because our sampling method was nonstatistical, we cannot project the results of our testing to the entire population. We obtained and analyzed supporting documentation for the sample, such as summaries for background checks conducted by Creative Services Inc., the company UMass Boston contracts with to conduct background

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checks; background status definitions; and UMass Boston explanations for non-background-checked employees.

## **Delayed Hiring**

To be paid on time, individuals being hired by UMass Boston must complete the hiring process and be added to the UMass Boston payroll system before they begin working. According to UMass Boston officials, allowing individuals to begin working without completing these steps is called delayed hiring, which is not allowed by university policy. To determine whether delayed hiring occurred during the audit period, from a list of all 11,814 UMass Boston new hires and rehires during the audit period, we calculated the number of days delayed by subtracting the effective date (the date the employee began earning compensation) from the action date (the date the employee was added to UMass Boston's payroll) and then subtracting 20, which is the maximum number of days allowed by Section 148 of Chapter 149 of the General Laws. We then filtered the list by the number of days delayed exceeding 20 to determine whether the newly hired employees had been added to the university's payroll and could therefore have been compensated within the timeframes required by the law, as well as to identify the five departments with the most occurrences of delayed hires during the audit period.

## **Data Reliability**

We reviewed certain general information system controls, including access controls, security management, and segregation of duties, over UMass Boston's human resources and finance systems to determine the reliability of the data therein.

From a list of employees with user access to UMass Boston's human resources and finance systems, provided by UMass Boston management, we selected a random sample of 20 employees and traced the sample to hardcopy Human Resources Department (HR) employee files and electronic personnel action forms to verify the accuracy of the data. To test completeness, we would need to randomly select hardcopy HR employee files for employees who were active, and had access to UMass Boston's human resources and finance systems, during the audit period, and trace them back to the list. However, because of the way the hardcopy HR employee files are maintained, there is no way to isolate those employees' files. Therefore, we could not test the completeness of the list. However, the list is relevant and is the best way to identify the population of employees who had access to the human resources and finance systems during the audit period to conduct our audit.

Additionally, for the delayed hire list, we compared all the employee IDs, action dates, and effective dates to the list of newly hired and rehired employees to verify the completeness and accuracy of the data.

We determined that the data were sufficiently reliable for the purposes of our audit work.

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## DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

### **1. The University of Massachusetts Boston did not ensure that some individuals were hired and compensated in a timely manner for work performed.**

During the audit period, some University of Massachusetts (UMass) Boston departments allowed some individuals to work without completing the hiring process, including being added to UMass Boston's payroll system, so they could be compensated in a timely manner for hours worked. From a list of all 11,814 newly hired and rehired UMass Boston employees, we identified 1,465 occurrences of delayed hiring (representing a total of 1,083 employees).<sup>4</sup> According to the information in UMass Boston's campus payroll system, these individuals' action dates (the dates they were added to UMass Boston's payroll) and their effective dates (the dates they began earning compensation) indicated that they were added to the payroll system from 1 to 537 days beyond the maximum 20-day timeframe allowed by the law, and therefore they could not have been compensated in a timely manner. The five departments with the most occurrences of delayed hiring were (1) Performing Arts, (2) Continuing and Professional Studies, (3) Biology, (4) Academic Support Programs, and (5) Undergraduate Studies. Delayed hiring results in an unanticipated financial liability for UMass Boston and makes it difficult to manage payroll budgets and forecast their effect on the overall budget.

According to the Massachusetts General Laws, each person is to be paid within 6 days of the end of the pay period. UMass Boston employees are paid biweekly; therefore, each pay period is two weeks, or 14 days. To calculate the maximum timeframe, we added the 6 days required by the law to the 14-day pay period, for a total of 20 days.

Although we did not find a decrease in total occurrences of delayed hires/rehires from fiscal year 2018 (when there were 810 occurrences) to fiscal year 2019 (when there were 830 occurrences), UMass Boston officials provided calendar year data reflecting a 20% decrease in delayed hires/rehires from calendar year 2018 through calendar year 2019. However, there was still a significant number of total occurrences (677) during calendar year 2019 (see [Appendix](#)).

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4. One employee can have multiple positions in multiple departments and be hired/rehired multiple times during a given period, so one employee identification number could be associated with multiple occurrences of delayed hiring.

## **Authoritative Guidance**

According to Section 148 of Chapter 149 of the General Laws,

*Every person having employees in his service shall pay weekly or bi-weekly each such employee the wages earned by him to within six days of the termination of the pay period.*

## **Reasons for Delayed Hiring**

UMass Boston officials told us this issue occurred because the employees who were responsible for hiring in some departments did not fully understand the importance of completing the hiring process in a timely manner. The officials added that further training for these employees was needed.

## **Recommendations**

1. UMass Boston should cease the practice of delayed hiring.
2. UMass Boston should ensure that all employees who are responsible for hiring are trained to fully understand and follow established hiring timelines.

## **Auditee's Response**

*UMass Boston Human Resources implemented a training program, monitoring controls, and periodic communications to academic hiring managers and others involved in departmental hiring to stress the importance of promptly initiating the hiring process, that resulted in a calendar year-over-year decrease in delayed hiring instances. The training program will be reprised, and monitoring and periodic communication maintained as the campus continues to emphasize the necessity of ensuring that employees are appointed in a timely way.*

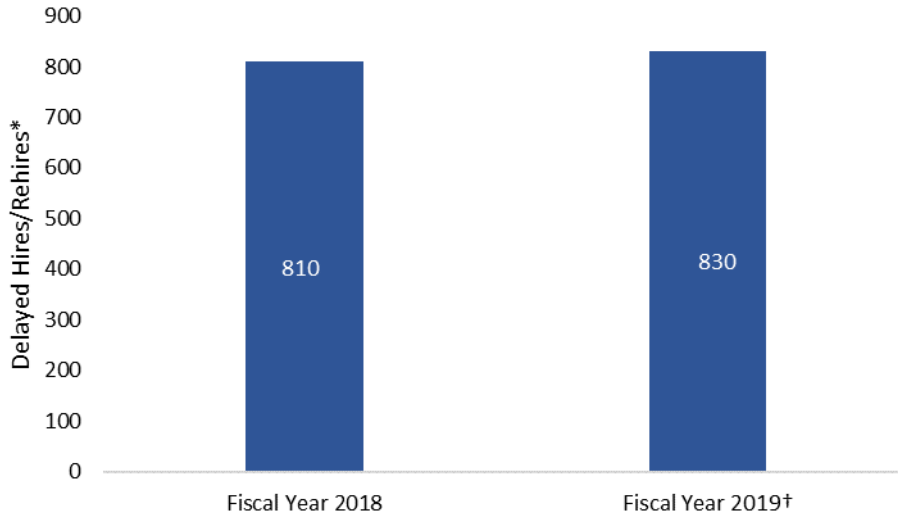
## **Auditor's Reply**

Based on the above response, UMass Boston is taking measures to address our concerns about the hiring process.

## APPENDIX

### University of Massachusetts Boston Delayed Hiring Charts

#### Delayed Hiring Trend Analysis by Fiscal Year

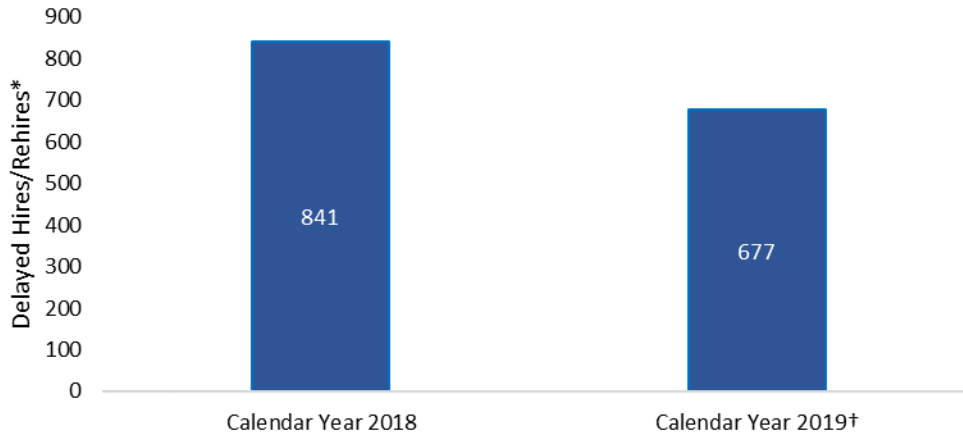


\* One employee can have multiple positions in multiple departments and be hired/rehired multiple times during a given period, so one employee identification number (ID) could be associated with multiple occurrences of delayed hiring.

† Our audit period is July 1, 2017 through March 31, 2019; however, our trend analysis above includes the full fiscal year 2019, through June 30, 2019.

There was a slight increase in delayed hires/rehires from fiscal year 2018 to fiscal year 2019.

### Delayed Hiring Trend Analysis by Calendar Year



- \* One employee can have multiple positions in multiple departments and be hired/rehired multiple times during a given period, so one employee ID could be associated with multiple occurrences of delayed hiring.
- † Our audit period is July 1, 2017 through March 31, 2019; however, our trend analysis above includes the full calendar year 2019, through December 31, 2019.

Although there was a 20% decrease in delayed hires/rehires from calendar year 2018 through calendar year 2019, there was still a significant number of total occurrences (677).