

OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

Official Audit Report – Issued December 18, 2025

University of Massachusetts Building Authority

For the period July 1, 2022 through June 30, 2024



OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

December 18, 2025

Barbara Kroncke, Esq., Executive Director
University of Massachusetts Building Authority
100 Carlson Avenue, Building 12
Newton, MA 02459

Dear Executive Director Kroncke:

I am pleased to provide to you the results of the enclosed performance audit of the University of Massachusetts Building Authority. As is typically the case, this report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2022 through June 30, 2024. As you know, my audit team discussed the contents of this report with agency managers. This report reflects those comments.

I appreciate you and all your efforts at the University of Massachusetts Building Authority. The cooperation and assistance provided to my staff during the audit went a long way toward a smooth process. Thank you for encouraging and making available your team. I am available to discuss this audit if you or your team has any questions.

Best regards,



Diana DiZoglio
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

CMR	Code of Massachusetts Regulations
ICP	internal control plan
OPM	owner project manager
RFP	request for proposals
RFQ	request for qualifications
UMass	University of Massachusetts
UMBA	University of Massachusetts Building Authority

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 certain activities of the University of Massachusetts Building Authority (UMBA) for the period July 1, 2022 through June 30, 2024.

The purpose of our audit was to determine the following:

- Did UMBA ensure that work on its capital projects was inspected by state and local authorities and that each project received either a Certificate of Occupancy and Use or a Certificate of Completion, in accordance with Sections 110.1–110.3 and 111.1 of Title 780 of the Code of Massachusetts Regulations (CMR)?
- To what extent did UMBA monitor and control the procurement of contracts in accordance with its internal policies and procedures and with Sections 44A–H of Chapter 149 and Sections 1–8 of Chapter 149A of the General Laws?
- To what extent did UMBA establish and implement a policy to strengthen its monitoring process regarding proper payroll certification, in accordance with Sections 26–27H of Chapter 149 of the General Laws?

Below is a summary of our finding, the effect of that finding, and our recommendation, with hyperlinks to each page listed.

Finding 1 Page 16	UMBA did not update its internal control plan (ICP) annually.
Effect	The absence of an updated ICP may hinder UMBA from identifying vulnerabilities that could prevent it from achieving its mission to assist and contribute to the performance of the educational and other purposes of the University of Massachusetts system.
Recommendation Page 17	UMBA should establish policies and procedures to ensure that its ICP is updated annually and that monitoring controls are put in place to guarantee adherence to these policies and procedures.

OVERVIEW OF AUDITED ENTITY

The University of Massachusetts Building Authority (UMBA) is an independent body politic, as well as a corporate and a public agency, and was created by Chapter 773 of the Acts of 1960, as amended. It was created to aid and contribute to the educational and other purposes of the University of Massachusetts (UMass) system. UMBA designs and constructs residence halls, dining commons, other buildings and structures, working capital, and tangible and intangible personal property for the use of the UMass system and its students, personnel members, their dependents, and other entities stated in the enabling act. UMBA serves UMass's five campuses: Amherst, Boston, Dartmouth, Lowell, and the Chan Medical School. UMBA is governed by an eleven-member board of directors, whose members are appointed by the Governor. Five of the members must be trustees, and the two other members must be graduates from the UMass system.

The UMass President's Office is responsible for developing a capital plan that prioritizes projects, identifies funding sources, and ensures that strategic and campus priorities are addressed.

UMBA has the authority to undertake the following activities:

1. construct buildings or structures;
2. acquire, modify, enlarge, reconstruct, remodel, or perform other work on any building or structure;
3. acquire property from the Commonwealth through purchase, lease, or grant, which may include real or personal property, easements, or rights;
4. provide and install furnishings, furniture, machinery, equipment, facilities, approaches, driveways, walkways, parking areas, or other structures;
5. rent or lease any building, structure, or portions thereof, as well as any parking area that it owns;
6. enter into contracts and agreements necessary to fulfill its responsibilities;
7. apply for and accept grants or loans from the federal government;
8. invest funds that it holds;
9. manage the payment of principal and interest on obligations; and
10. borrow, refund, or sell bonds and notes, which are payable solely from its revenues.

UMBA generates revenue through contracts with the UMass system for financial assistance, as well as for the management and provision of services related to capital projects. This includes interest income and interest

subsidies from the US government related to the bonds that it issues. To finance its projects, UMBA issues bonds and notes, uses commercial paper, and draws from campus funds such as fundraising and donations, along with state funds from the Division of Capital Asset Management and Maintenance. The Commonwealth does not appropriate any state funding for UMBA, nor does it guarantee the bonds issued by UMBA for its building projects. UMBA's operating revenues were \$245 million for fiscal year 2023 and \$257 million for fiscal year 2024. The operating expenses for the same periods were \$183 million and \$198 million, respectively, while outstanding bonds issued by UMBA were \$3.4 billion each for both fiscal year 2023 and fiscal year 2024.

UMBA is located at 100 Carlson Avenue in Newton, and had 13 employees as of June 30, 2024.

Building Safety

Section E of the amended and restated primary contract entered into by UMBA and the UMass system, through the UMass system's Board of Trustees, on May 1, 2019, states,

E. Other Obligations of the [UMass system] for Projects

The Trustees shall make available to the [UMBA] the services of officers and employees of and facilities in the [UMass system] for the performance of any and all activities with respect to the Projects as necessary to operate them in furtherance of the purpose of the [UMass system] and to maintain the Projects in good order and repair, as determined by the [UMass system]. . . .

The obligation of the Trustees hereunder to operate the Projects, keep them in good order and repair and maintain them shall include, but not be limited to, the furnishing of all supplies and materials needed or desirable for such operation, keeping in good order and repair, and maintenance, the making of all interior and exterior repairs to the buildings and structures included in the Projects and all repairs to other improvements and to equipment and furnishings included in the Projects, the maintenance of the Projects and the replacement, restoration and reconstruction of any structure, improvement or item of equipment or furnishings or portion thereof worn out, damaged or destroyed by whatever cause.

According to this primary contract, UMBA is responsible for managing capital projects across the UMass system's five campuses. This includes construction, renovation, acquisition of buildings and land, as well as procurement of both tangible and intangible personal properties. Once a construction project is completed, it is handed over to the individual UMass system campus for maintenance and upkeep.

Additionally, UMBA hires an owner project manager (OPM), a designer, and a construction management firm to oversee all stages of the design and construction process. For each project, the OPM provides daily, weekly, and monthly reports to UMBA and holds weekly meetings throughout the construction period.

According to UMBA management, all UMBA projects are monitored and approved by various state and local inspectors. This monitoring includes building inspection in areas such as sheet metal, electrical, plumbing, and fire safety. These inspections are necessary before a project can receive its Certificate of Occupancy and Use. Each project is unique, but inspectors are on-site at various milestones during construction. On average, each project undergoes between 25 to 50 inspections.

According to Section 110.1 of Title 780 of the Code of Massachusetts Regulations (CMR), any construction or work that requires a permit must be open to inspection and remain accessible until approved by the building inspector. Before issuing a permit, the building inspector has the authority to examine any buildings, structures, and sites for which a permit application has been submitted. Additionally, the building inspector is required to conduct inspections during the construction process at necessary intervals to ensure compliance with regulations. When issuing the permit, the building inspector must inform the applicant of the required inspection points. Additionally, a final inspection is conducted once the permitted work has been completed.

According to 780 CMR 111.1, no building or structure may be used or occupied, and no change in the existing occupancy classification may occur, until the building commissioner, the inspector of buildings, or the state building inspector issues a Certificate of Occupancy and Use.

If the work completed under a permit requires a new Certificate of Occupancy and Use due to alterations of an existing structure, then a final inspection is conducted. If the completed work complies with the approved application, then the building inspector issues a Certificate of Completion. This certificate signifies that the work was completed in accordance with the provisions of the approved permit, and no further inspections are required.

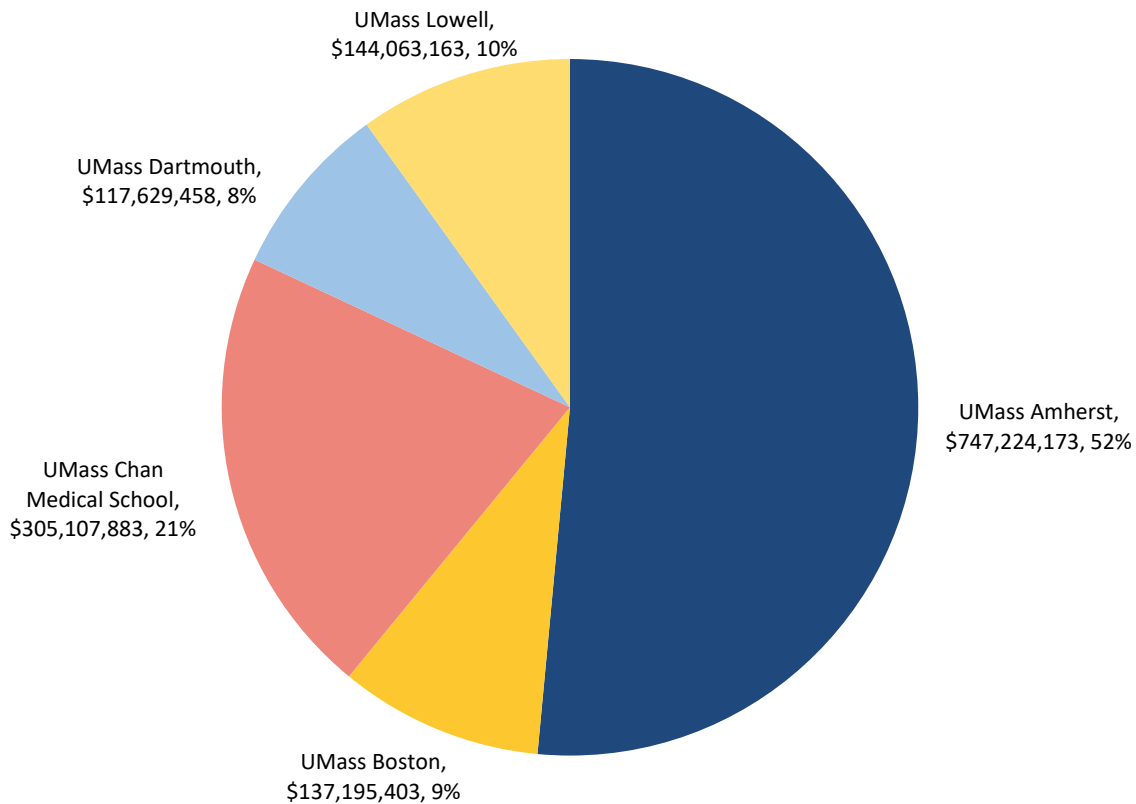
Massachusetts Uniform Procurement Act

According to Section 1(b)(34)(e) of Chapter 30B of the General Laws,

Notwithstanding the provisions of any general or special law to the contrary, a governmental body may enter into a contract, in conformance with this chapter, for the construction and for services at a facility owned by a private party or parties, whether such facility will be located on public or private land for the disposal, recycling, composting or treatment of solid waste, sewage, septage or sludge without said contract being subject to the competitive bid process.

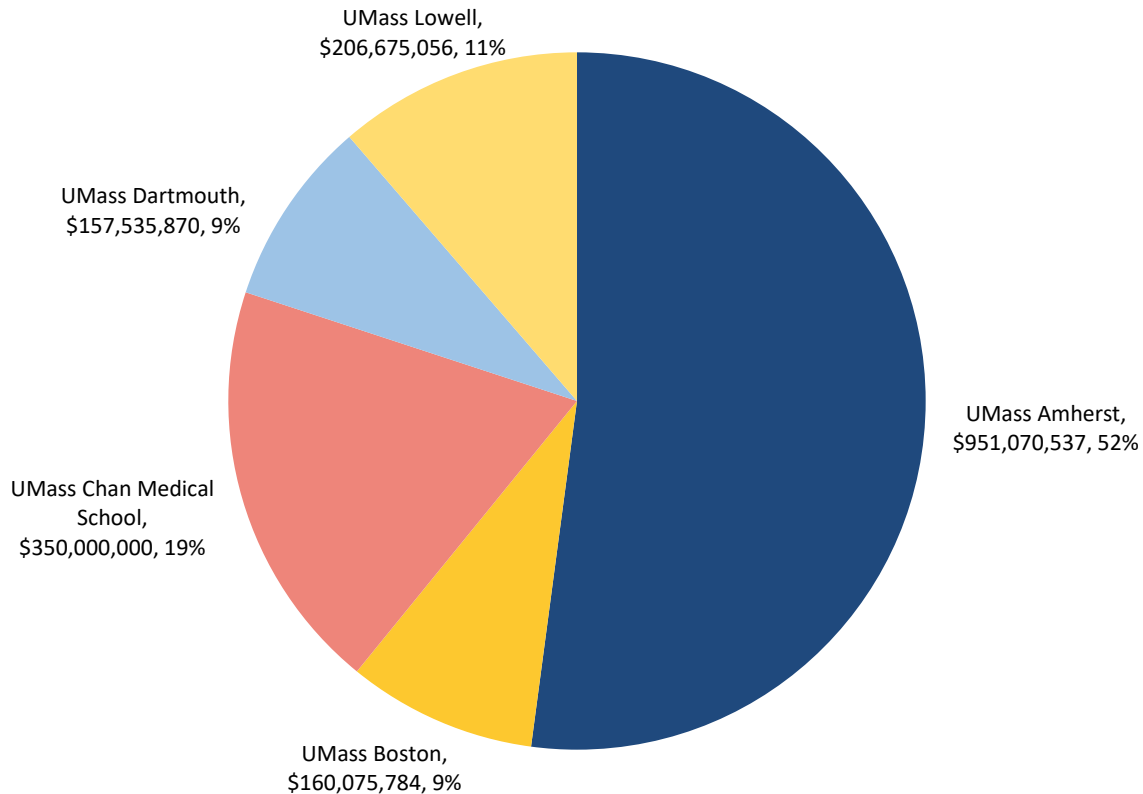
During the audit period, UMBA had a total of 30 construction projects at various stages, with an estimated total construction cost¹ of \$1.45 billion and a total project cost² of \$1.83 billion.

**UMBA Total Estimated Construction Cost by Campus
As of June 30, 2024**



1. According to UMBA officials, construction costs are direct costs of building a physical facility, including contractor fees, trade work, materials, labor, equipment, and construction-related contingency costs.
2. According to UMBA officials, total project costs include all construction costs plus related costs such as design, permitting, testing, and administrative expenses.

UMBA Total Project Cost by Campus As of June 30, 2024



UMBA management informed us that the capital project process starts with a UMass campus identifying the need for a capital project. After this, the project is incorporated into the UMass campus's capital plan. This plan requires review and approval by the UMass system Board of Trustees before any UMass campus can proceed. Creating the capital plan involves prioritizing projects, determining funding sources, and ensuring that the projects align with strategic and campus priorities. UMBA works closely with the UMass system President's Office and each campus to oversee UMBA-funded projects, as well as other projects listed in the plan that have an estimated construction cost of \$10,000,000 or more.

Before a project gets a full approval vote from the UMass system's Board of Trustees, UMBA performs a technical review. This review checks the project scope for feasibility and determines the accuracy of cost estimates. The project must receive two separate votes from the trustees: a preliminary vote and a full approval vote. Trustee approval is required to start or fund any capital projects that involve UMass system borrowing or that have costs \$10,000,000 or more. For projects costing between \$2,000,000 and

\$10,000,000, the UMass system president's approval is needed. Capital projects under \$2,000,000 are handled by the respective UMass campuses. Capital projects under \$10,000,000, with no borrowed funds, are managed by UMBA and the respective campuses. UMBA is responsible for constructing UMass facilities and hires architects, designers, engineers, and construction companies to handle the design and building processes. Additionally, UMBA contracts an OPM to supervise each project from start to finish. The OPM is responsible for monitoring costs, managing the designer and contractors, making sure that the project stays on schedule, and providing regular progress updates to UMBA.

Project Procurement Using Design-Bid-Build

According to Subsection 2(D) of Section 44A of Chapter 149 of the General Laws, every contract for the construction, reconstruction, installation, demolition, maintenance, or repair of any building by UMBA that is estimated to cost more than \$150,000 must be awarded to the lowest eligible bidder based on competitive bids.

In accordance with Section 44A 1/2 of Chapter 149 of the General Laws, UMBA is required to hire an OPM before entering into a contract for design services. The OPM functions as UMBA's agent and consultant during all stages of planning, design, and execution associated with construction projects. These projects may include the creation, renovation, installation, demolition, maintenance, or repair of any public building. An OPM is required for projects with an estimated total cost of at least \$1,500,000.

Moreover, Section 44B(2) of Chapter 149 of the General Laws states that all bids submitted for contracts are required to be accompanied by a bid deposit, which serves as a financial guarantee of the bidder's commitment to the project. This deposit helps ensure that serious contenders present their bids, thereby promoting accountability and reducing the likelihood of frivolous submissions.

Furthermore, Section 44D(1)(a) of Chapter 149 the General Laws specifies that each bid must include a copy of a certificate of eligibility issued by the commissioner of the Division of Capital Asset Management and Maintenance. This certificate is crucial as it verifies that the bidder possesses the appropriate classification and capacity rating needed to successfully undertake the scope of work outlined in the contract. This requirement helps ensure that only qualified entities are considered for the project, thus safeguarding the integrity and quality of the public works being conducted.

Before issuing a request for qualifications (RFQ), the awarding authority must establish a prequalification committee to review and evaluate the submitted responses. The public notice and solicitation should be advertised in a widely circulated newspaper in the project area and in the *Central Register*.³ After responses are received, the prequalification committee selects at least three qualified general contractors to submit bids with quotes to fulfill the contract.

Project Procurement Using Construction Management-at-Risk Services

UMBA may use the construction management-at-risk delivery method⁴ for any contract related to the construction, reconstruction, installation, demolition, maintenance, or repair of a building estimated to cost at least \$5,000,000.

According to Section 5 of Chapter 149A of the General Laws, UMBA must use a two-phase selection process in selecting a construction management-at-risk firm: (1) RFQs and (2) request for proposals (RFP). Before issuing an RFQ, UMBA establishes a prequalification committee to review and assess the responses received to the RFQ. UMBA provides public notice of the building project and invites responses from construction management-at-risk firms. Interested firms must submit a statement of qualifications in response to the RFQ. This public notice is advertised in a newspaper with general circulation in the area where the building project is located and in the *Central Register*.

Once the responses are received, the prequalification committee evaluates each statement of qualifications using the criteria specified in the RFQ. Only firms that achieve an acceptable rating proceed to Phase 2 and receive an RFP. The prequalification committee selects at least three qualified firms to receive an RFP. If fewer than three firms qualify, then UMBA readvertises the project. Once the prequalified firms are chosen, UMBA establishes a selection committee to review and assess the responses received to the RFP.

The RFP must include all the elements specified in the RFQ and require the submission of separate price and technical components as part of the proposal. Upon receiving the proposals in response to the RFP,

3. According to the Secretary of the Commonwealth of Massachusetts's website, the *Central Register* contains information about state, county, and municipal contracts for design, construction, and reconstruction of Massachusetts public facilities and is updated weekly.

4. According to Section 2 of Chapter 149A of the General Laws, the construction management-at-risk delivery method is a construction method wherein a construction management-at-risk firm provides a range of preconstruction services and construction management services, which includes cost estimation and consultation regarding the design of the building project, the preparation and coordination of bid packages, scheduling, cost control and value engineering. The firm acts as the general contractor during the construction.

the selection committee evaluates each submission based on the criteria included in the RFP. If the committee chooses to conduct interviews, then the selection committee may interview all construction management-at-risk firms that submitted proposals.

Further, the selection committee ranks the proposals based on their evaluations. The committee's decision is final and not subject to appeal, except on the grounds of fraud or collusion. The committee must begin negotiations with the highest-ranked construction management-at-risk firm. If the selection committee determines that the negotiations will not result in an acceptable contract for UMBA, then the committee terminates negotiations and begins discussions with the next highest-ranked firm. This process continues until an acceptable contract is reached with one of the prequalified construction management-at-risk firms. The list and ranking of the proposed firms are certified by the committee and made available as a public record after the contract is awarded.

According to Section 7 of Chapter 149A of the General Laws, each contract for a building project must use a cost-plus method with a guaranteed maximum price. This arrangement allows UMBA to maintain oversight by continuously monitoring and auditing all costs associated with the project. The construction management-at-risk firm does not receive any share of the savings that may arise between the final guaranteed maximum price and the actual final cost of the project. Each contract is secured by a performance and payment bond that covers the full amount of the guaranteed maximum price, issued by a surety company that is licensed to operate in the Commonwealth.

According to UMBA officials, for projects where at least 50% of the funds come from nongovernmental sources, UMBA may use an alternative finance and delivery method⁵ of procurement of design and construction of UMass system facilities.

Massachusetts Prevailing Wage Law

The prevailing wage law was created to ensure that all workers, including registered apprentices,⁶ who are engaged in public works projects are compensated at a minimum hourly wage set by the Department of Labor Standards, based on the workers' job classifications. According to Section 27 of Chapter 149 of

5. An alternative finance and delivery method is a procurement method requiring the approval of the Governor and the Secretary of Administration and Finance.

6. Apprentices working on projects are required to register with the Division of Apprentice Standards. Once registered, apprentices may be paid the rate provided on the prevailing wage rate sheets. Apprentices who do not register with the Division of Apprentice Standards must be paid at the journey worker's rate for their trades.

the General Laws, either the general contractors or the construction management-at-risk firms are required to obtain updated wage rates annually from the Department of Labor Standards. Employers such as contractors and subcontractors must submit payroll documents weekly to the OPM that contain the name, address, job classification, hours worked, and wages paid for each employee working on the project, which the employer certifies as accurate.

In line with the prevailing wage law, UMBA updated its contract with the OPMs. This update is required to maintain certified payroll records submitted by contractors on a weekly basis and to ensure that contractors comply with Massachusetts prevailing wage laws.

Under the OPM contract, the monitoring responsibilities include verifying the prevailing wage rate schedule obtained from the Massachusetts Executive Office of Labor and Workforce Development and the Department of Labor Standards. Furthermore, the OPM is responsible for providing (1) a monthly written analysis confirming that subcontractors are paying the appropriate prevailing wages and (2) a written statement of assurance in their monthly report to UMBA. During the course of our audit work, UMBA management informed us that contractors submit progress billings on a monthly basis. Once the progress billings are received from the OPMs and contractors, then the director of capital projects, the director of construction, the director of preconstruction planning, and the chief financial officer review the invoices for payment. UMBA processes these payments and records the transactions in its accounting application system. Additionally, UMBA contracts with independent compliance auditors to conduct audits of construction projects, assessing adherence to the terms and conditions specified in UMBA contracts, including compliance with the prevailing wage law.

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 Building Authority (UMBA) for the period July 1, 2022 through June 30, 2024.

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.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did UMBA ensure that work on its capital projects was inspected by state and local authorities and that each project received either a Certificate of Occupancy and Use or a Certificate of Completion, in accordance with Sections 110.1–110.3 and 111.1 of Title 780 of the Code of Massachusetts Regulations (CMR)?	Yes
2. To what extent did UMBA monitor and control the procurement of contracts in accordance with its internal policies and procedures and with Sections 44A–H of Chapter 149 and Sections 1–8 of Chapter 149A of the General Laws?	To a sufficient extent
3. To what extent did UMBA establish and implement a policy to strengthen its monitoring process regarding proper payroll certification, in accordance with Sections 26–27H of Chapter 149 of the General Laws?	To a sufficient extent

To accomplish our audit objectives, we gained an understanding of the UMBA internal control environment relevant to our objectives by reviewing applicable agency policies and procedures, as well as by interviewing UMBA officials. We evaluated the design and implementation of internal controls related to our audit objectives. We also tested the operating effectiveness of controls over policies and procedures regarding the University of Massachusetts (UMass) system’s President’s Office or the Board of Trustees’ contract procurement approval and the approval and certification of monthly payroll submissions by the Owner Project Managers (OPMs) in compliance with the prevailing wage law.

During our test of controls, we found certain issues; namely, that UMBA did not update its internal control plan on an annual basis. See [Finding 1](#) for more information.

In addition, to obtain sufficient, appropriate evidence to address our audit objectives, we performed the procedures described below.

Building Safety

To determine whether UMBA ensured that work on its capital projects was inspected by state and local authorities and that each project received either a Certificate of Occupancy and Use or a Certificate of Completion, in accordance with 780 CMR 110.1–110.3 and 111.1, we took the following actions. We divided our testing into two groups. The first group included capital projects under either the design phase, the final design phase, the early construction phase, or the construction phase. The second group included capital projects under either the substantial completion phase, the construction completed phase, or the financially completed phase.

From the first group of capital projects, we selected a judgmental,⁷ nonstatistical⁸ sample of 5 capital projects out of the population of 10 capital projects. For each of the sampled capital projects, we inspected the building permits and monthly reports from the OPM to ensure that the required inspections were conducted in accordance with 780 CMR 110.

From the second group of capital projects, we selected a judgmental, nonstatistical sample of 5 capital projects out of the population of 15 capital projects. For each of the sampled capital projects, we inspected the Certificate of Occupancy and Use or Certificate of Completion corresponding to each capital project to ensure that the required inspections were conducted in accordance with 780 CMR 111.

For this objective, we found no significant issues during our testing. Therefore, we concluded that, based on our testing, UMBA ensured that work on its capital projects was inspected by state and local authorities and that each project received either a Certificate of Occupancy and Use or a Certificate of Completion, in accordance with 780 CMR 110.1–110.3 and 111.1.

7. Auditors use judgmental sampling to select items for audit testing when a population is very small, the population items are not similar enough, or there are specific items in the population that the auditors believe require review. Auditors use their knowledge and judgment to select the most appropriate sample. For example, an auditor might select items from areas of high risk. The results of testing using judgmental sampling cannot be used to make conclusions or projections about entire populations; however, they can be used to identify specific issues, risks, or weaknesses.

8. Auditors use nonstatistical sampling to select items for audit testing when a population is very small, the population items are not similar enough, or there are specific items in the population that the auditors believe require review.

Massachusetts Uniform Procurement Act

To determine to what extent UMBA monitored and controlled the procurement of contracts in accordance with its internal policies and procedures and with Sections 44A–H of Chapter 149 and Sections 1–8 of Chapter 149A of the General Laws, we took the following actions. We divided our testing into two groups. The first group included active capital projects under Chapter 149 of the General Laws. The second group included active capital projects under Chapter 149A of the General Laws.

From the first group of capital projects, we selected a judgmental, nonstatistical sample of 4 capital projects—at least 1 from each campus—out of the population of 9 capital projects. For each of the sampled capital projects, we inspected the general bids, results, and bid review to ensure that the corresponding projects were awarded to the lowest eligible bidders. Furthermore, we inspected the notice of award and notice to proceed letters that were sent to the chosen contractors.

From the second group of capital projects, we selected a judgmental, nonstatistical sample of 4 capital projects—at least 1 from each campus—out of the population of 19 capital projects. For each of the sampled capital projects, we took the following actions:

- We inspected the memorandum files—dated February 22, 2019; January 31, 2019; December 22, 2022; and March 21, 2023—to ensure that UMBA established a prequalification and selection committee and evaluated and ranked all proposals submitted by construction management-at-risk firms.
- We inspected the statements of qualifications to ensure that responses were obtained from construction management-at-risk firms.
- We inspected the public notice and solicitation advertisements—from the *Boston Globe*, dated January 13, 2019; *Standard-Times Newspaper*, dated October 30, 2019; *Lowell Sun*, dated November 30, 2022; and the *Central Register*, dated (1) January 2, 2019, (2) October 24, 2019, and (3) November 11, 2022—to ensure that they were posted in general circulation in the project’s location.
- We inspected the request for proposals (RFP) sent to the firms selected by the prequalification committee to ensure that the prequalified firms received an invitation to submit an RFP.
- We inspected the agreements between UMBA and the construction management-at-risk firms to ensure that the contract used a cost-plus, so as not to exceed the guaranteed maximum price.
- We inspected the performance bond and the labor and materials payment bond dated August 20, 2020 and November 9, 2020.

For this objective, we found no significant issues during our testing. Therefore, we concluded that, based on our testing, UMBA sufficiently monitored and controlled the procurement of contracts in accordance with its internal policies and procedures and with Sections 44A–H of Chapter 149 and Sections 1–8 of Chapter 149A of the General Laws.

Massachusetts Prevailing Wage Law

To determine to what extent UMBA established and implemented a policy to strengthen its monitoring process regarding proper payroll certification, in accordance with Sections 26–27H of Chapter 149 of the General Laws, we took the following actions:

- We reviewed UMBA’s policies and procedures related to the monitoring of payroll certification.
- We reviewed the list of all construction audits scheduled during the audit period. From this list, we examined the three independent auditors’ reports that were completed during the audit period to ensure that compliance audits were conducted. In addition, we determined whether any reported noncompliance issues related to prevailing wages were addressed by the general contractors or construction management-at-risk firms.
- We selected a random, nonstatistical sample of 15 progress billing invoices from the population of 99 progress billing invoices for our testing. For each of the 15 progress billing invoices in our sample, we determined whether the general contractors or construction management-at-risk firms submitted a notarized application for payment, and whether the architects certified that the application for payment of the invoice was accurate and satisfactory. We also determined whether OPMs submitted an attestation of the review of the supporting documentation, confirming the validity of contract execution, attesting to the work completion, and certifying payroll compliance. Additionally, we determined whether the directors of construction and preconstruction planning, as well as the director of capital projects, reviewed and signed off on the progress billing invoices for payment.

For this objective, we found no significant issues during our testing. Therefore, we concluded that, based on our testing, UMBA sufficiently established and implemented a policy to strengthen its monitoring process regarding proper payroll certification, in accordance with Sections 26–27H of Chapter 149 of the General Laws.

Because we used nonstatistical sampling methods for testing, we could not project the results of our testing to the corresponding populations.

Data Reliability Assessment

List of UMBA Active Capital Projects

To determine the reliability of data on the list of UMBA active capital projects, we interviewed management personnel members who were responsible for the source data. Further, we tested the

data to ensure that it did not contain certain spreadsheet issues (i.e., hidden objects such as rows or cells, duplicate records, and missing values in necessary data fields).

We selected a random sample of 5 projects from the list of UMBA active capital projects and compared the information from the list (e.g., project name, campus, and preliminary project authorization/cost estimates) to the UMass system Board of Trustees votes to determine the accuracy of the UMBA list of UMBA active capital projects. We also selected a random sample of 5 projects from the UMass system Board of Trustees votes that were made during the audit period and compared the same information to the list of active capital projects for agreement to confirm completeness.

Accounting Application System

To determine the reliability of the list of project progress billing invoices data that we obtained from UMBA's accounting application system, we interviewed management personnel members who were responsible for the source data. We reviewed System and Organization Control reports⁹ that covered the audit period, and we ensured that an independent auditor had performed certain information system control tests. Further, we tested the data to ensure that it did not contain certain spreadsheet issues (i.e., hidden objects such as rows or cells, duplicate records, and blank fields).

We selected a random sample of 10 invoices from the list of project progress billing invoices and compared the information from the list (e.g., the invoice date, project name, campus, project number, and project manager's authorization invoice number) to the progress billing invoices to determine their accuracy. We also selected a random sample of 10 progress billings invoices and compared the same information to the approved invoices for agreement to confirm completeness.

Based on the results of the data reliability assessment procedures described above, we determined that the information we obtained during the course of our audit was sufficiently reliable for the purposes of our audit.

9. A System and Organization Control report is a report, issued by an independent contractor, on controls about a service organization's systems relevant to security, availability, processing integrity, confidentiality, or privacy.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The University of Massachusetts Building Authority did not update its internal control plan annually.

During our audit, we found that the University of Massachusetts Building Authority's (UMBA's) internal control plan (ICP) had not been updated since February 15, 2019.

The absence of an updated ICP may hinder UMBA from identifying vulnerabilities that could prevent it from achieving its mission to assist and contribute to the performance of the educational and other purposes of the University of Massachusetts system.

Authoritative Guidance

There are no specific legal or regulatory requirements related to UMBA's updating its ICP; however, according to Chapter 647 of the Acts of 1989, state agencies are required to develop and clearly document ICPs in accordance with guidelines established by the Office of the Comptroller of the Commonwealth. These guidelines require that an ICP be based on a risk assessment and revised annually.

The Office of the Comptroller of the Commonwealth's *Internal Control Guide* states,

*Your department is obligated to review and update your Internal Control Plan on an **annual basis** [emphasis added], as well as whenever there is a new objective, risk, or management structure. . . .*

An internal control plan should have a statement of awareness and compliance with Chapter 647 [of the General Laws] guidelines in addition to the [Committee of Sponsoring Organizations'] eight [enterprise risk management framework] components.

Although UMBA is not required to follow these guidelines, since it is not a Commonwealth agency within the executive branch and is instead categorized as an independent agency, we consider them best practices.

Reasons for Issue

According to UMBA officials, there were no changes to the internal control environment at UMBA, and therefore, they have not updated their ICP. Furthermore, UMBA has not developed policies and procedures that require an annual review of its ICP.

Recommendation

UMBA should establish policies and procedures to ensure that its ICP is updated annually and that monitoring controls are put in place to guarantee adherence to these policies and procedures.

Auditee's Response

As an Authority, Chapter 647 of the Acts of 1989 and the Comptroller of the Commonwealth's Internal Controls Guide do not apply to UMBA. However, UMBA agrees that a strong internal control environment is necessary to ensure compliance, integrity, and transparency with all financial and operational functions. It is important to note that UMBA's Board has affirmed this priority through its approved mission statement, which provides that "UMBA will serve the University and its campuses by performing with the highest levels of integrity and professional quality; by promoting accountability and efficiency . . ."

In order to promote and instill a strong culture that achieves the highest levels of competency throughout the organization, UMBA established an Internal Control Plan ("ICP") in 2019. Although UMBA reviews its internal controls at the end of each fiscal year in connection with its independent financial audit, it has not officially documented an updated ICP since 2019. However, several internal UMBA control documents provided to the Office of the State Auditor reflect processes and procedures for specific financial and capital program operations that have been implemented and updated since 2019. Each of these processes, procedures and controls are reviewed during the financial audit with the independent financial audit firm.

UMBA agrees with the Office of the State Auditor that a written policy reflecting an annual review of the ICP will further enhance its controls. UMBA has prepared procedures affirming strong internal controls and specifying procedures for the annual review of UMBA's ICP. The process outlined in UMBA's procedures generally replicate the procedure currently followed by UMBA; however, UMBA will now specifically require that the ICP be reviewed and filed with the General Counsel noting the date of its final review. UMBA intends to inform its Board of these procedures at its next Board meeting in December, 2025.

UMBA thanks the Office of the State Auditor for all of its efforts and advice. UMBA always pursues means to ensure it operates at the highest levels as a steward for the University of Massachusetts.

Auditor's Reply

Based on its response, UMBA is taking measures to address our concerns regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.