



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

Making government work better

Official Audit Report – Issued November 16, 2015

Fitchburg State University

For the period July 1, 2013 through December 31, 2014





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Dr. Richard S. Lapidus, President
President's Office
Fitchburg State University
160 Pearl Street
Fitchburg, MA 01420

Dear Dr. Lapidus:

I am pleased to provide this performance audit of Fitchburg State University. This report details the audit objectives, scope, methodology, and conclusions for the audit period, July 1, 2013 through December 31, 2014. 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 Fitchburg State University for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

Clery Act	Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act
FSU	Fitchburg State University
OSA	Office of the State Auditor
OSC	Office of the State Comptroller

EXECUTIVE SUMMARY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Fitchburg State University (FSU) for the period July 1, 2013 through December 31, 2014. In this performance audit, we examined certain FSU activities related to trust funds, inventory of property and equipment, certain administrative expenditures, accounts receivable, the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, and Chapter 647 of the Acts of 1989.

Based on our audit, we have concluded that FSU has established adequate controls and practices in the areas reviewed and has complied with applicable statutory and regulatory requirements related to our audit objectives. We did not identify any significant deficiencies in those areas.

OVERVIEW OF AUDITED ENTITY

Fitchburg State University (FSU), formerly Fitchburg State College,¹ is authorized by Chapter 15A, Section 5, of the Massachusetts General Laws and operates under the direction of a board of trustees, whose members are appointed by the Governor. The board is responsible for operating under the requirements of the state's Board of Higher Education, such as the Standards for the Expenditure of Trust Funds. The president of FSU reports to the board of trustees and is the administrative head of the university. The president is supported by the vice presidents of Academic Affairs, Finance and Administration, and Institutional Advancement; the associate vice president of Human Resources and Payroll Services; the dean of Student and Academic Life; the chief information officer; the directors of Athletics and of Institutional Effectiveness and Research; and the executive assistant for External Affairs.

FSU is a member of the Massachusetts public higher-education system, which consists of 15 community colleges, nine state universities, and five University of Massachusetts campuses. FSU is located on Pearl Street in Fitchburg. For fiscal year 2014, FSU had a population of 6,291 undergraduate and 4,887 graduate students.

1. Chapter 189 of the Acts of 2010 amended Chapter 15A, which created a state university system. As a result of this legislation, the six state colleges were renamed Bridgewater State University, Fitchburg State University, Framingham State University, Salem State University, Westfield State University, and Worcester State University. The three specialized state colleges—Massachusetts College of Art and Design, Massachusetts College of Liberal Arts, and Massachusetts Maritime Academy—retained their existing names.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of Fitchburg State University (FSU) for the period July 1, 2013 through December 31, 2014.

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 and the conclusion we reached regarding each objective.

Objective	Conclusion
1. Are the financial and managerial controls over the university's trust funds sufficient and effective to ensure that funds are spent appropriately and in compliance with their purpose?	Yes
2. Are there effective controls over inventory that safeguard the university's property and equipment? Is the university complying with Chapter 647 of the Acts of 1989 ² in reporting stolen and/or missing property?	Yes
3. Are the internal controls over administrative expenditures effective in ensuring that the expenditures are reasonable and appropriate?	Yes
4. Does FSU effectively manage its accounts-receivable write-offs and reporting in order to comply with internal policies as well as the Office of the State Comptroller's (OSC's) regulations?	Yes
5. Are FSU's internal control policies and procedures sufficient to ensure its compliance with the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act)? ³	Yes

2. This law requires agencies to file a report with OSA if they find any "unaccounted for variances, losses, shortages or thefts of funds or property."

3. The Clery Act requires colleges and universities to report crime on and near their campuses.

To achieve our audit objectives, we gained an understanding of the internal controls we deemed significant to our audit objectives and evaluated the design and effectiveness of those controls. In addition, we performed the following procedures:

- We obtained and reviewed the stated purpose for each of the 15 trust funds at FSU and interviewed the comptroller and budget director in order to understand how trust funds are administered. We obtained trial balances for each of the trust funds in order to evaluate the amount of activity in each fund. From those, we selected two funds for further testing. We obtained approved budgets for our audit period for those funds as well as operating reports that demonstrated an “actual to budget” analysis. We derived a random non-statistical sample of transactions in each of the two trust funds and tested the transactions for reasonableness and appropriateness.
- We reviewed FSU inventory policies and procedures and interviewed the director of Operations and Maintenance to gain an understanding of FSU’s inventory practices. We sampled and examined inventory records and verified the existence of certain inventory items. To do this, we selected a random non-statistical sample of 37 items whose value was \$1,000 or more to determine whether they were recorded on FSU’s inventory list in accordance with FSU’s inventory policy. We also conducted an additional non-statistical test by randomly selecting 10 items from different locations on the FSU campus to determine whether each item was appropriately recorded on the inventory list.
- We gained an understanding of FSU’s reporting process under Chapter 647 of the Acts of 1989 by interviewing key FSU personnel, and we reconciled Chapter 647 reports submitted by FSU to OSA records to determine whether FSU was complying with reporting requirements. We also reviewed the police reports filed for each incident reported.
- We reviewed and analyzed FSU’s policies and procedures for administrative expenses and interviewed FSU’s director of Procurement. We used a non-statistical sampling methodology to randomly select a sample of expenditures paid by FSU during our audit period to determine whether FSU complied with these policies and procedures.
- We reviewed FSU accounts-receivable write-off policy and write-offs for our audit period. We also reviewed the Accounts Receivable Mid-Year Summary Report submitted to OSC for our audit period, as well as how accounts receivable are adjusted monthly and reported to OSC.
- We interviewed FSU’s police chief regarding Clery Act reporting policies and procedures. We compared FSU’s number of reported incidents with those of similarly sized public institutions to determine whether the numbers were similar. In addition, we reviewed internal logs and reconciliations related to the incidents reported annually to the federal government under the act.

Information obtained through FSU’s Banner System, the accounting system containing financial records and student records used at the university, was supported by source documentation, and we conducted information-security testing through the use of questionnaires, interviews, and observations to determine

the reliability of the data. We determined that the data were sufficiently reliable for the purposes of this report.