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The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

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January 31, 2011

Dear Dr. Cowan,

Enclosed is an audit report for your review. This audit of Middlesex Community College covers the audit period of August 1, 2009 to April 30, 2010. This is one of a number of audits commenced and largely completed during the tenure of my predecessor, State Auditor A. Joseph DeNucci. Should you desire more information relative to this audit, please contact me.

I look forward to fostering a cooperative relationship between our respective offices. If my staff or I may be of assistance at any time, please do not hesitate to call upon us. I know we both share the goal of making government work better.

Sincerely,

A handwritten signature in black ink, appearing to read 'SMB'.

Suzanne M. Bump, Esq.
Auditor of the Commonwealth



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

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2010-0199-3R

January 31, 2011

Dr. Carole A. Cowan, President
Middlesex Community College
33 Kearney Square
Lowell, Massachusetts 01852

Dear Dr. Cowan:

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of Middlesex Community College (MCC) for the period August 1, 2009 to April 30, 2010. The objectives of our audit were to assess the adequacy of MCC's management control system for measuring, reporting, and monitoring the effectiveness of its programs and to evaluate its compliance with laws, rules, and regulations applicable to each program, including Chapter 647 of the Acts of 1989, An Act Relative to Improving the Internal Controls within State Agencies, regarding the requirement to report all unaccounted-for variances, losses, shortages, or thefts of funds or property to the Office of the State Auditor.

During the audit period, MCC was awarded federal stimulus funds that totaled \$5,771,716. MCC's budget of these funds included amounts for state employee compensation; energy and utilities expenses; security services; an information technology (IT) upgrade; and Federal Work-Study payments. As of April 30, 2010, MCC expended \$3,096,169 of its awards and received federal reimbursements totaling \$3,096,169 for these expenses. MCC officials stated that all of its ARRA funding will be fully expended by September 30, 2011.

The following table details the federal stimulus funds awarded, received, and expended during the audit period.

<u>Budgeted Purpose</u>	<u>ARRA Award</u>	<u>Award Date</u>	<u>ARRA Funds Received</u>	<u>ARRA Funds Expended</u>
Energy and Utilities	\$ 430,000	7/30/09	\$ 299,320	\$ 299,320
Security Services	300,000	7/30/09	236,355	236,355
Information Technology (IT) Upgrade	750,000	7/30/09	0	0
State Employee Compensation	4,256,787	3/26/10	2,525,565	2,525,565
Federal Work Study	<u>34,929</u>	7/1/09	<u>34,929</u>	<u>34,929</u>
Total	<u>\$5,771,716</u>		<u>\$3,096,169</u>	<u>\$3,096,169</u>

As shown above, the majority of the ARRA funds expended at MCC (\$2,525,565) were used to retain 97 academic and student support personnel positions. These included positions in advising, academic computing services, admissions, registration, and financial aid, student activities and tutoring services. Additionally, MCC expended \$236,355 in ARRA funds for contracted security services and \$299,320 for energy and utilities expenses at MCC's Bedford and Lowell campuses. The remaining \$34,929 was expended on payroll costs for students participating in the Federal Work Study program.

Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits and, accordingly, included such audit tests and procedures as we considered necessary.

To achieve our audit objectives, we reviewed the following:

- The Massachusetts Department of Higher Education's Final Guidance on ARRA State Fiscal Stabilization Fund Spending
- All federal stimulus funds awarded to MCC during the audit period
- Budgets prepared by MCC to ensure that ARRA funds were expended for their intended purposes
- Expenditures of ARRA funds to determine whether they were reasonable, allowable, and allocable under the terms of the grant awards
- Eligibility requirements of the Federal Work-Study programs to determine whether sampled students met program requirements

- Internal controls developed to ensure that ARRA funds are safeguarded against lost, theft, or misuse
- Recordkeeping procedures to determine whether expenditures of ARRA funds are properly authorized, supported by adequate documentation, and accounted for separately within MCC's accounting records
- Verification of whether MCC has applied for or plans to receive additional ARRA funds in the future
- Security Incident Reports to determine whether MCC is in compliance with the requirements of Chapter 647 of the Acts of 1989

Our tests in the above-mentioned areas disclosed no material weaknesses. Based on our review, we have concluded that during the nine-month period ended April 30, 2010, MCC maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.