



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

Making government work better

Official Audit Report – Issued July 1, 2015

Mount Wachusett Community College

For the period July 1, 2012 through June 30, 2014





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Making government work better

July 1, 2015

Daniel Asquino, PhD, President
Mount Wachusett Community College
Office of the President
444 Green Street
Gardner, MA 01440

Dear President Asquino:

I am pleased to provide this performance audit of Mount Wachusett Community College. This report details the audit objectives, scope, methodology, and conclusions for the audit period, July 1, 2012 through June 30, 2014. My audit staff discussed the contents of this report with management of the college, whose comments we considered in drafting this report.

I would also like to express my appreciation to Mount Wachusett Community College 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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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 Mount Wachusett Community College (MWCC) for the period July 1, 2012 through June 30, 2014.

In this performance audit, we examined certain MWCC activities related to trust funds, inventory of property and equipment, certain administrative expenditures, accounts receivable, and the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act.

Based on our audit, we have concluded that MWCC has established adequate controls and practices in the areas reviewed that were related to our audit objectives. We did not identify any significant deficiencies in those areas.

OVERVIEW OF AUDITED ENTITY

Mount Wachusett Community College (MWCC) 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 regulations promulgated by the state's Board of Higher Education, which includes setting policy, approving annual budgets, monitoring quarterly budget performance, and participating in the approval of internal audits. The president of MWCC reports to the board of trustees and is the administrative head of the college. The president is supported by the executive vice president; the senior Student Affairs officer; and the vice presidents of Finance and Administration, Marketing and Communications, and Academic Affairs.

MWCC is a member of the Massachusetts public higher-education system, which consists of 15 community colleges, 9 state universities, and 5 University of Massachusetts campuses. MWCC is an accredited public two-year institution serving 29 cities and towns in north-central Massachusetts. The 269-acre main campus is located at 444 Green Street in Gardner; satellite sites are located in Leominster, Fitchburg, and Devens. As of June 30, 2014, MWCC had 10,635 students enrolled.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

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 Mount Wachusett Community College (MWCC) for the period July 1, 2012 through June 30, 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 MWCC's trust funds sufficient and effective to ensure that money is spent appropriately and in compliance with the funds' purposes?	Yes
2. Are there effective inventory controls that safeguard MWCC's property and equipment?	Yes
3. Is MWCC complying with Chapter 647 of the Acts of 1989 ¹ in reporting stolen and/or missing property?	Yes
4. Are the internal controls over MWCC's administrative expenditures effective in ensuring that expenditures are reasonable and appropriate?	Yes
5. Are there effective controls over the administration of accounts receivable, including policies and practices for write-offs and collection methods?	Yes
6. Are MWCC's internal policies and procedures sufficient to ensure its compliance with the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act)? ²	Yes

1. This law requires agencies to file a report with the Office of the State Auditor if they find any "unaccounted for variances, losses, shortages or thefts of funds or property."
2. The Clery Act requires colleges and universities to report crime on and near their campuses.

To achieve our objectives, we gained an understanding of MWCC's internal controls and tested their operating effectiveness over the following areas: financial and management controls related to MWCC trust funds, inventory of property and equipment, certain administrative expenditures, accounts receivable, and the Clery Act. We conducted further audit testing as follows:

- We obtained and reviewed the board of trustees' meeting minutes, as well as annually approved trust fund budgets and quarterly financial activity trust fund reports, to evaluate controls over MWCC's trust funds. Additionally, we determined whether the board had agreements identifying the purpose of each of MWCC's five trust funds and reviewed MWCC financial records to determine whether expenditures made from the trust funds complied with the funds' purposes. Finally, we judgmentally selected two of the five trust funds for further review based on activity in the funds during our audit period.
- We reviewed and analyzed MWCC's policies and procedures for administrative expenses. We used a non-statistical sampling methodology to select a random sample of 47 out of a population of 5,084 expenses paid by MWCC from its Operating Trust Fund during our audit period.
- We selected the Cafeteria Trust Fund to review expenditures for reasonableness and appropriateness, using a non-statistical sampling methodology to select a sample of 35 out of 835 expenditures that occurred during our audit period.
- We reviewed MWCC inventory policies and procedures, interviewed the vice president of Finance and Administration and other personnel involved in MWCC's inventory process, and gained an understanding of MWCC's inventory practices. We sampled and examined inventory records and verified the existence of certain inventory items. We selected a random sample of 35 items whose value was equal to or greater than \$1,000 to determine whether they were recorded on MWCC's inventory list in accordance with MWCC policy. Additionally, we conducted a non-statistical test by randomly selecting another 35 items from different locations on the MWCC main campus and 10 items from a satellite location to determine whether each item was appropriately recorded on the MWCC inventory list.
- We gained an understanding of MWCC's reporting process under Chapter 647 of the Acts of 1989 by interviewing key MWCC personnel. We reviewed applicable documentation to assess MWCC's compliance with the reporting requirements of this legislation.
- We reviewed and analyzed MWCC's policies and procedures for expenditures made with credit cards assigned to staff members and used a non-statistical methodology to randomly select 25 out of 473 credit-card expenditures that occurred during our audit period to review for reasonableness and appropriateness.
- We interviewed MWCC's vice president of Finance and Administration and asked MWCC for official copies of all aged receivable and write-off reports for our audit period, as well as all accounts-receivable reports filed with the Office of the State Comptroller, and reviewed these reports.

- We interviewed MWCC's campus police chief about Clery Act reporting policies and procedures. In addition, we reviewed internal logs related to annual incident reports submitted to the federal government under the act.

The financial data we obtained from the Massachusetts Management Accounting and Reporting System about MWCC's activities during our audit period were not used in our audit testing. Information obtained through MWCC's Banner System, the accounting system containing financial records and student records used at the college, 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.