



# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

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AUDITOR

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2011-0182-12S

Rear Admiral Richard Gurnon, USMS  
President  
Massachusetts Maritime Academy  
101 Academy Drive  
Buzzards Bay, MA 02532

Dear Rear Admiral Gurnon:

The Office of the State Auditor (OSA) was notified that three incidents had occurred at the Massachusetts Maritime Academy (MMA) that fell under the jurisdiction of Chapter 647 of the Acts of 1989, an Act Relative to Improving Internal Controls within State Agencies. The three incidents reported by MMA consisted of (a) inadequate internal control procedures with cash receipts and disbursements in the Athletic Department, (b) students being paid for hours not worked in the Federal Work Study Program, and (c) the sale of test preparation and test-taking services by a professor related to students earning a Global Marine Distress and Safety System License for ship-to-ship and ship-to-shore communications.

Chapter 647 of the Acts of 1989 requires agencies to report unaccounted-for variances, losses, shortages, or thefts of funds or property to the OSA. Chapter 647 also requires the OSA to determine the internal control weaknesses that contributed to or caused an unaccounted-for variance, loss, shortage, or theft of funds or property; make recommendations to correct the condition found; identify the internal control policies and procedures that need modification; and report the matter to the appropriate management and law enforcement officials. We conducted this performance audit, which covered the

period July 1, 2009 through June 30, 2010, 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.

MMA hired an Independent Public Accounting (IPA) firm to review two of the three incidents regarding the cash receipts and disbursement process and work-study issues in the Athletic Department. The IPA firm report, dated June 18, 2010, details the IPA's review procedures, observations, and recommendations regarding cash receipts and disbursements; football ticket sales; concession, merchandise, and raffle ticket sales at football games; vending machine revenue accountability; sport camp and event revenue; and inadequate supporting documentation for contributions. (For more information, please refer to the IPA's report.) Further, information regarding students being paid in the federal work-study program for hours not worked is reported in detail in the IPA's report and is similarly reported in the Office of the State Auditor's Report on Certain Activities of the Massachusetts Maritime Academy (No. 2011-0182-7S).

We reviewed the IPA report and concur with the recommendations therein for corrective action to improve internal controls in the cited areas, including the processing of cash receipts and disbursement and accounting for students' work-study hours.

Additionally, an MMA professor was also employed with Elkins, Incorporated in selling off-campus test preparation and test-taking services. The services rendered by the professor were related to MMA students acquiring a Global Marine Distress and Safety System License for ship-to-ship and ship-to-shore communications as required by the Federal Communications Commission. MMA was not aware of the arrangement by which the professor was receiving compensation from Elkins, Incorporated at the same time he was teaching MMA transportation courses and receiving compensation from MMA. It is believed that the professor has been conducting this service since 2004, collecting between \$25 and \$37.50 per student, for approximately 100 students per year. MMA staff has estimated that the total

amount of money the professor has received for this service, based on fees and enrollment figures, is approximately \$50,000.

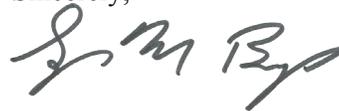
MMA was made aware of this situation as a result of an ethics training and examination taken by all employees in 2010. MMA referred this matter to the Vice-President of Finance to investigate the propriety of a college professor working for a private firm while simultaneously working as a public MMA employee. Consequently, MMA has terminated its affiliation with the testing firm, and a new firm has replaced the professor to provide the test administration services to MMA students. Also, the MMA referred the selling of off-campus test preparation materials by the professor to the State Ethics Commission.

The Vice-President of Finance's investigation report contained several recommendations regarding the professor, including termination of the professor's employment at MMA and recovery of funds in excess of actual cost of the examination. However, the MMA has suspended any action pending a determination from the State Ethics Commission.

MMA should continue to evaluate, update, and initiate corrective measures for strengthening its internal controls and policies and procedures to be in compliance with Chapter 647 of the Acts of 1989 and the Office of the State Comptroller's Internal Control Guide and directives.

We appreciate MMA's action in reporting these incidents in accordance with statutory requirements and for taking action to help prevent further occurrences. If you have any questions or concerns, or need further assistance, please contact Howard Olsher, Director of State Audits, at (617) 727-6200.

Sincerely,



Suzanne M. Bump  
Auditor of the Commonwealth