



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

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BOSTON, MASSACHUSETTS 02108

A. JOSEPH DeNUCCI
AUDITOR

TEL. (617) 727-6200

April 3, 2008

2008-0203-12S

Dr. Gail E. Carberry, Ed. D.
President
Quinsigamond Community College
670 West Boylston Street
Worcester, MA 01606

Dear Dr. Carberry:

In accordance with Chapter 11, Section 12, of the General Laws and Chapter 647 of the Acts of 1989, the Office of the State Auditor (OSA) conducted an audit of the Quinsigamond Community College (QCC) internal controls and operational procedures in place pertaining to inventory. We conducted our review during the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2007. Our audit was conducted in accordance with applicable generally accepted government auditing standards.

During our audit, we reviewed 16 Chapter 647 reports filed by QCC from April 2006 to August 2007, which indicated that equipment was either stolen or misplaced. Chapter 647 of the Acts of 1989, An Act Relative to Improving the Internal Controls within State Agencies, 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; determine the amount of funds involved; identify the internal control policies and procedures that need modification; make recommendations to correct the condition(s) found; and report the matter to appropriate management and law enforcement officials.

The purpose of our review of QCC's inventory controls was to determine the internal control weaknesses that contributed to the possible theft, loss, or unaccounted-for inventory items. During the audit, QCC officials provided information regarding QCC's inventory controls and the monitoring process to address the incidents, as identified in the chart below:

<u>Date Reported</u>	<u>Description</u>	<u>QCC's Explanation</u>	<u>Amount</u>
4/14/2006	LP 530 Data Projector	Theft	\$3,420
4/14/2006	LP 530 Data Projector	Theft	2,600
5/2/2006	Canon Camera, Lens, & Bag	Theft	1,200
5/30/08	Dell Laptop	Theft	1,637
8/3/2006	Pentium CPU	Found missing during inventory	1,121
8/3/2006	In Focus Projector	Found missing during inventory	7,024
8/3/2006	Mannequin*	Unauthorized disposal	0
8/3/2006	Apple Power Mac	Missing, then recovered	Recovered
3/6/2007	Dell Laptop	Theft	2,046
3/6/2007	Dell Laptop	Theft	1,637
7/31/2007	Dell Laptop	Found missing during inventory	2,408
7/31/2007	In Focus Projector	Missing, cable cut, assumed stolen	4,500
8/1/2007	Dell Laptop**	Found missing during inventory	0
8/1/2007	Apple Power Mac**	Found missing during inventory	0
8/1/2007	Pentium III Server**	Found missing during inventory	0
8/1/2007	Dell Laptop	Found missing during inventory	<u>2,020</u>
	Total		<u>\$29,613</u>

*Item missing and subsequently determined to have been discarded.

**Items deemed worthless and used for available parts.

We reviewed QCC's internal control structure and the specific internal controls in place to ascertain how these controls were intended to function and how effectively QCC responded to correct procedures to strengthen any internal control weaknesses identified.

Our review disclosed that four items listed above with a \$0 value (Mannequin, Dell Laptop, Apple Power Mac, and Pentium III Server) were deemed worthless and scheduled for disposal. Prior to being reported missing, the three computer items that were deemed worthless were used by QCC Information Technology staff to make use of any available parts. Additionally, one item, the Apple Power Mac reported missing on August 3, 2006, was found prior to the completion of the police report. Therefore, there were 15 items, four of which were deemed worthless, that were lost or stolen during the 17-month period between April 2006 and August 2007.

Our review concluded that QCC has initiated steps to improve existing inventory controls, monitoring, safeguarding and oversight of inventory. QCC has completed a project whereby all items valued between \$1,000 and \$49,999 are now bar coded and may be read by a scanning device. The storage location for laptops has been changed; laptops not in use are now secured within the quality assurance room and laptops located within the computer labs are locked in computer cabinets. A new database system has been developed to track laptops loaned to faculty and staff. Metal security cages have been placed over all ceiling and mobile projectors. QCC meets regularly with other area colleges (through the Central Links network) to review inventory processes and concerns. Also, public safety staff meets regularly and on an as-needed basis with other area colleges to address on-going or known security issues.

Chapter 647 requires that:

Access to resources and records is to be limited to authorized individuals as determined by the agency head. Restrictions on access to resources will depend upon the vulnerability of the resources and the perceived risk of loss, both of which shall be periodically assessed... Periodic comparison shall be made between the resources and the recorded accountability of the resources to reduce the risk of unauthorized use or loss and protect against waste and wrongful acts. The vulnerability and value of the agency resources shall determine the frequency of this comparison.

Based upon our review, QCC's continued application of the existing internal controls should address the requirements of Chapter 647 for safeguarding its assets. However, we recommend that QCC report future thefts not only to its public safety department but also to the local police department as they have knowledge of investigations involving stolen

items within the entire city, local area, and state. Access to this information will increase the probability of recovering stolen items because the local and/or state police will be informed of these missing items during investigations.

We appreciate QCC's action in reporting these incidents to the OSA in accordance with the statutory requirements of Chapter 647 and the initiation of positive corrective action to help prevent future occurrences and improve QCC's internal controls as a whole.

If you have any questions or concerns or need further assistance, please contact Howard Olsher, Director of State Audits, at 617-727-6200.

Sincerely,

A handwritten signature in black ink that reads "A. Joseph DeNucci". The signature is written in a cursive, flowing style.

A. JOSEPH DeNUCCI
Auditor of the Commonwealth

cc: Todd Eammons, Vice President for Administration and Finance/Chief Financial Officer
Howard Olsher, Director of State Audits