



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

Making government work better

Official Audit Report – Issued March 18, 2011

Massachusetts College of Art and Design

For the period July 1, 2010 through October 29, 2010





The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

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2011-0181-12S

March 18, 2011

Ms. Katherine Sloan, President
Massachusetts College of Art and Design
621 Huntington Avenue
Boston, MA 02115

Dear President Sloan:

In response to correspondence received by the Office of the State Auditor (OSA) from an employee of Massachusetts College of Art and Design (MassArt), we conducted a review in accordance with Chapter 647 of the Acts of 1989, An Act Relative to Improving Internal Controls within State Agencies. The correspondence alleged irregularities at MassArt in the areas of inventory use and control, computer equipment usage, and materials and supplies procurement practices.

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, 2010 through October 29, 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.

The purpose and scope of the review was to assess MassArt's 1) inventory practices and procedures for equipment, including heavy equipment; 2) inventory practices and procedures for computer equipment, specifically laptop computers; 3) purchasing and inventory practices and procedures for materials and supplies; and 4) internal controls regarding the safeguarding of all assets, including materials and equipment.

Our review procedures included: 1) interviews with officials and staff, including the Vice President of Finance and Chief Operating Officer, the Vice President of Fiscal Affairs, the Facilities Director, the Director of Administration, and the Assistant Director of Support Services; 2) a review of pertinent documentation, including Fixed Assets Reports for various asset categories, the Information Technology Inventory Report, policies and procedures for purchasing, the list of Fixed Assets and Surplus Property, 2011 Budget Signatory Listing, and an IRS Form 8283 – Noncash Charitable Contributions for donated property; and 3) a site inspection and inventory test of various supplies, computer equipment, and heavy equipment. We also reviewed the results of MassArt's internal investigation, which is still ongoing.

Our audit disclosed that for the areas tested there was no evidence of fraud or abuse regarding inventory or purchasing practices and procedures. We recommend establishing an inventory system for materials and supplies within the Facilities Department, in order to better monitor supply level. MassArt officials indicated that they intended to do so, as well as develop and implement several new procedures to strengthen existing internal controls over equipment, including: a system for the utilizing and signing-out of laptops belonging to the Facilities Department, a procedure for requisitioning any purchase of laptop computers for staff, and a policy for accepted off-site use and signing-out of heavy equipment belonging to MassArt.

We appreciate MassArt's assistance in reviewing this matter, and its willingness to implement improvements to its internal control systems. 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