



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

Making government work better

Official Audit Report – December 15, 2011

Fitchburg State University's Use of American Recovery and Reinvestment Act Funds

For the period August 7, 2009 through November 30, 2010



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Fitchburg State University (FSU) is authorized by Chapter 15A, Section 5, of the Massachusetts General Laws and operates under the oversight of the Board of Higher Education. A Board of Trustees appointed by the Governor of the Commonwealth controls its operations, and FSU's President is responsible for implementing the policies and procedures set by the Board of Trustees, in accordance with the policies and procedures established by the Board of Higher Education.

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of the American Recovery and Reinvestment Act (ARRA) funds received and expended at FSU for the period August 7, 2009 through November 30, 2010. The objectives of our audit were to obtain and review the type and amount of all ARRA funds FSU has applied for, plans to receive, or has received and expended; evaluate FSU's controls over ARRA expenditures; determine whether ARRA funds were expended for their intended purposes and in compliance with applicable laws, rules, and regulations; determine whether FSU is complying with ARRA accounting and reporting requirements, as well as other grant requirements; and identify the number of jobs created and/or retained reported by FSU.

Our audit scope was limited to a review of federal stimulus funds that FSU received under ARRA, which totaled \$10,268,142 during the audit period. As of November 30, 2010, FSU expended \$7,549,042 of its awards and received federal reimbursements totaling \$7,549,042. FSU expended these funds for the following purposes: retaining academic support positions; student financial aid payments; the payment of a loan; and the installation of solar panels. The remaining funds were expended on payroll costs for the Federal Work Study program.

Based on our review we have concluded that, during the period August 7, 2009 through November 30, 2010, FSU maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

INTRODUCTION

Background

Fitchburg State University (FSU) is authorized by Chapter 15A, Section 5, of the Massachusetts General Laws and operates under the oversight of the Board of Higher Education. A Board of Trustees appointed by the Governor of the Commonwealth controls its operations, and FSU's President is responsible for implementing the policies and procedures set by the Board of Trustees, in accordance with the policies and procedures established by the Board of Higher Education.

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of the American Recovery and Reinvestment Act (ARRA) funds received and expended at FSU for the period August 7, 2009 through November 30, 2010. The objectives of our audit were to obtain and review the type and amount of all ARRA funds FSU has applied for, plans to receive, or has received and expended; evaluate FSU's controls over ARRA expenditures; determine whether ARRA funds were expended for their intended purposes and in compliance with applicable laws, rules, and regulations; determine whether FSU is complying with ARRA accounting and reporting requirements, as well as other grant requirements; and identify the number of jobs created and/or retained reported by FSU.

Our audit scope was limited to a review of federal stimulus funds that FSU received under ARRA, which totaled \$10,268,142 during the audit period. FSU expended these funds for the following purposes: retaining academic support positions; financial aid, scholarships, and need-based grants; the payment of a loan; and the installation of solar panels. The remaining funds were expended on payroll costs for the Federal Work Study program. As of November 30, 2010, FSU expended \$7,549,042 of its awards and received federal reimbursements totaling \$7,549,042 for these expenses. FSU 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>Award</u>	<u>Award Date</u>	<u>Funds Received</u>	<u>Funds Expended</u>
Faculty Employee Compensation	\$ 6,268,839	8/4/09	\$3,791,253	\$3,791,253
Student Financial Aid	2,561,352	8/4/09	2,561,352	2,561,352
Tax-Exempt Lease Purchase (TELP)	1,121,066	8/4/09	1,121,070	1,121,070
Solar Panel Installation	268,931	9/18/10	27,413	27,413
Federal Work Study	<u>47,954</u>	7/1/09	<u>47,954</u>	<u>47,954</u>
Total	<u>\$10,268,142</u>		<u>\$7,549,042</u>	<u>\$7,549,042</u>

As shown above, the majority of ARRA funds expended (\$3,791,253) were used to retain academic support positions, including teaching positions in literature, history, math, science, and nursing. FSU also expended \$2,561,352 for student financial aid payments. A TELP loan for computer network equipment was paid off, saving FSU future TELP payments of \$51,604. The installation of solar panels on two campus buildings should save FSU \$12,966 annually. The remaining \$47,954 was expended on payroll costs for students participating in the Federal Work Study program.

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.

To achieve our audit objectives, we reviewed the following:

- Massachusetts Department of Higher Education Memorandum - Final Guidance on ARRA State Fiscal Stabilization Fund Spending.
- All federal stimulus funds awarded to FSU during the audit period.
- Budgets prepared by FSU 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.

- Work load requirements of the Faculty employees, to determine whether sampled employees satisfied contracted work load requirements.
- Eligibility requirements of the student financial aid programs, including the federal work study program, to determine whether sampled students met program requirements.
- Review ARRA funds received and disbursed from the Department of Energy, to determine whether those funds were reasonable, allowable, and allocable under the terms of the grant awards.
- Internal controls developed to ensure that ARRA funds are safeguarded against lost, theft, or misuse.
- Massachusetts Management Accounting and Reporting System (MMARS) submissions and supporting documentation for required quarterly reporting of full-time equivalent (FTE) positions to ensure compliance with reporting requirements for jobs created and/or retained.
- Recordkeeping procedures to determine whether expenditures of ARRA funds are properly authorized, supported by adequate documentation, and accounted for separately within FSU's accounting records.
- Verification of whether FSU has applied for or plans to receive additional ARRA funds in the future.

Our tests in the above-mentioned areas disclosed no material weaknesses. Based on our review, we have concluded that, during the period August 7, 2009 through November 30, 2010, FSU maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.