



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819
BOSTON, MASSACHUSETTS 02108

SUZANNE M. BUMP, ESQ.
AUDITOR

TEL (617) 727-6200
FAX (617) 727-5891

NO. 2010-0192-3R

**INDEPENDENT STATE AUDITOR'S REPORT ON
BUNKER HILL COMMUNITY COLLEGE'S
USE OF AMERICAN RECOVERY AND
REINVESTMENT ACT FUNDS**

SEPTEMBER 1, 2009 THROUGH JUNE 30, 2010

**OFFICIAL AUDIT
REPORT
FEBRUARY 10, 2011**



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

SUZANNE M. BUMP, ESQ.
AUDITOR

TEL (617) 727-2075
FAX (617) 727-2383

February 10, 2011

2010-0192-3R

Dr. Mary Fifield, President
Bunker Hill Community College
250 New Rutherford Avenue
Boston, Massachusetts 02129-2925

Dear President Fifield:

Enclosed is an audit report for your review. This audit of the Bunker Hill Community College covers the audit period of September 1, 2009 to June 30, 2010. This is one of a number of audits commenced and largely completed during the tenure of my predecessor, State Auditor A. Joseph DeNucci. Should you desire more information relative to this audit, please contact me.

I look forward to fostering a cooperative relationship between our respective offices. If my staff or I may be of assistance at any time, please do not hesitate to call upon us. I know we both share the goal of making government work better.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanne M. Bump".

Suzanne M. Bump

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Bunker Hill Community College (BHCC) was established in 1973 pursuant to the provisions of Chapter 15A, Section 5, of the Massachusetts General Laws. BHCC is a multi-campus urban institution under the oversight of the Board of Higher Education (BHE) offering Associate's Degrees and Certificate Programs. BHCC's primary objective is to prepare students for job placement, career advancement, and/or transfer to four-year colleges and universities. BHCC offers an entry-level assessment program for new incoming students and a sound foundation in developmental studies. BHCC is governed by a Board of Trustees, which establishes BHCC administrative policies, and BHCC's president is responsible for implementing the policies set by the Board of Trustees.

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we conducted a review of funds provided BHCC (through the BHE) from the American Recovery and Reinvestment Act (ARRA) of 2009 for the period September 1, 2009 through June 30, 2010. The objectives of our audit were to review BHCC's controls over monitoring and use of ARRA funds received and expended.

Based on our review, we have concluded that, during the period September 1, 2009 through June 30, 2010, BHCC used ARRA funds for the intended purposes; maintained adequate management controls; and complied with applicable laws, rules, and regulations for the areas tested.

INTRODUCTION

Background

Bunker Hill Community College (BHCC) was established in 1973 pursuant to the provisions of Chapter 15A, Section 5, of the Massachusetts General Laws. BHCC is a multi-campus urban institution organized under the Board of Higher Education (BHE) offering Associate's Degrees and Certificate Programs. BHCC's student body reflects the diversity of the urban community. BHCC offers an entry-level assessment program for new incoming students and a sound foundation in developmental studies. BHCC's primary objective is to prepare students for job placements, career advancement, and/or transfer to four-year colleges and universities.

A community-based Board of Trustees appointed by the Governor of the Commonwealth of Massachusetts works with BHCC's President to ensure that Bunker Hill Community College is an effective educational institution providing a strong vehicle for the urban community to grow and prosper.

During our audit period, BHCC, through the Board of Higher Education (BHE), received American Recovery and Reinvestment Act (ARRA) grants under the Educational Fiscal Stabilization Fund Program totaling \$5,965,219. The grant period began on September 1, 2009 and ends September 30, 2011. BHCC used the funds to retain 128 full- or part-time teachers, administrators, and clerical staff. BHCC also paid five vendors from ARRA funds. As of June 30, 2010, BHCC received and expended \$5,658,587, as follows:

<u>Cost Category</u>	<u>Funds Expended</u>
<i>Employee Compensation</i>	
Salaries	\$3,738,661
<i>Fringe Benefit Cost Recoupment</i>	
Fringe Benefits	1,039,347
<i>Utilities</i>	
Electricity	774,378
<i>Information Technology</i>	
Equipment	94,200
<i>Educational Assistance</i>	
Study Overseas Scholarships	<u>12,001</u>
Total ARRA Funds Expended	<u>\$5,658,587</u>

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of BHCC for the period September 1, 2009 through June 30, 2010. The objectives of our audit were to review BHCC's internal controls over monitoring of ARRA expenditures to determine whether these funds were expended for their intended purposes. Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits and, accordingly, included such audit tests and procedures as we considered necessary.

To achieve our audit objectives, we conducted the following audit procedures:

- Tested payroll expenses by reviewing the time sheets for 13 employees for accuracy and supervisory review to ensure compliance with applicable Massachusetts laws, rules, and regulations.
- Verified the applicable fringe benefit rate that the Commonwealth is allowed to charge federal grants and verified that it was applied correctly to payroll expenditures.
- Compared college payroll data to job retention statistics reported by the Commonwealth for reasonableness.
- Tested payments to six vendors for compliance with both Commonwealth and ARRA requirements.
- Reviewed internal controls to ensure that ARRA funds are safeguarded against theft, loss, or misuse and are properly accounted for.

Our tests in the above-mentioned areas disclosed no material weaknesses. Based on our review, we have concluded that, during the period September 1, 2009 through June 30, 2010, BHCC used ARRA funds for the intended purposes; maintained adequate management controls; and complied with applicable laws, rules, and regulations for the areas tested.