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President’s Message

Holyoke Community College’s mission is to serve the Pioneer Valley by providing comprehensive, high-quality educational opportunities that are responsive to community needs and meet the intellectual, esthetic, and practical needs of a diverse student body. Our students and the citizens of Massachusetts entrust Holyoke Community College’s faculty and staff to perform our duties as efficiently and professionally as possible. It is an obligation that we all share. Holyoke Community College’s faculty, staff, and financial officers are accountable to ensure efficient operations while maintaining uncompromising integrity.

The College’s Internal Control Policy, Internal Control Plan, and Administrative Policies and Procedures Manual form the foundation that ensures the college provides an education in a controlled, accountable, and fiscally responsible manner. These documents are reviewed and updated annually. They are important reference materials to be used by administrators, supervisors, faculty and staff to carry out the college’s mission and fulfill the obligation entrusted to us.

Christina Royal, Ph.D.
President
Massachusetts General Laws Chapter 647 of the Acts of 1989, *An Act Relative To Improving The Internal Controls Within State Agencies*, was passed into law on January 3, 1990 and became effective April 3, 1990 (Appendix 1). The law establishes internal control standards that define the minimum level of quality acceptable for internal control systems in operation throughout the various state agencies and departments. Those standards are outlined below.

- **Documentation** - Internal control systems of the agency are to be clearly documented and readily available for examination.

- **Transactions** - All transactions and other significant events are to be promptly recorded, clearly documented and properly classified.

- **Authority** - Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority.

- **Segregate Duties** – Essential duties and responsibilities should be assigned systematically to ensure that effective checks and balances exist. They include:
  1. Authorizing, approving, and recording transactions,
  2. Issuing and receiving assets,
  3. Making payments, and
  4. Reviewing or auditing transactions

- **Supervision** - Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved.

- **Access** - Access to resources and records is to be limited to authorized individuals as determined by the department head. The department head is responsible for maintaining accountability for the custody and use of resources and shall assign qualified individuals for that purpose. Periodic comparison shall be made between the resources and the accounting records to reduce the risk of unauthorized use or loss and protect against waste and wrongful acts.

Chapter 647 requires that a senior official, equivalent in title to an assistant or deputy to the department head, in addition to his or her regular duties, be assigned the responsibility for the department's internal control. This individual is the department’s Internal Control Officer. The Internal Control Officer’s organizational responsibilities include the following:
• Have available on file written documentation of the department’s internal accounting and administrative control system for review by the Comptroller’s Office, the Office of the Secretary of Administration and Finance, and the Office of the State Auditor,

• Evaluate the effectiveness of the agency’s internal control system at least annually, more often if conditions warrant. At that time, establish and implement any changes necessary to ensure the continued integrity of the system,

• Evaluate the results of audits and recommendations to improve departmental internal controls promptly,

• Implement timely and appropriate corrective actions in response to an audit and

• Address all actions determined as necessary to correct or otherwise resolve internal control matters in the department's budgetary request to the Governor and Legislature.

• Immediately report all variances, losses, shortages, or thefts of funds or property to the Office of the State Auditor. The statute specifically requires this action.

The State Auditor’s Office (SAO) reviews reported variances, losses, shortages, or thefts to determine the amount involved and report the facts surrounding the condition to the appropriate management and law enforcement officials. SAO then determines the internal control weaknesses that allowed the problem to occur, recommending changes to department management to correct these weaknesses. Department management must immediately implement policies and procedures necessary to prevent a reoccurrence of the condition, based on the SAO recommendations. (See Appendix 2 for reporting form.)

The Office of the State Auditor participates in establishing guidelines for reviewing departmental internal control plans. As part of their work on the Statewide Single Audit, SAO also reviews department plans.
The American Institute of Certified Public Accountants (AICPA) defines internal control as a process, affected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

(a) effectiveness and efficiency of operations,
(b) reliability of financial reporting, and
(c) compliance with applicable laws and regulations.

Every organization, be it governmental, for profit, or not-for-profit, exists to achieve some purpose or goal. Holyoke Community College’s goals and objectives are outlined in its mission statement (Appendix 3). It is the role of management to provide the leadership needed for the College to achieve its goals and objectives. Internal controls are a coordinated set of policies and procedures for achieving management objectives.

A comprehensive framework of internal controls consists of the following eight interrelated components.

(a) Control Environment. This is the foundation for all other components of internal control encompassing such factors as integrity and ethical values, commitment to competence, board of trustees and audit committee participation, management’s philosophy and operating style, organizational structure, assignment of authority and responsibility, and human resource policies and practices.

(b) Objective Setting. Each identified risk has a clearly stated control objective to assist management in measuring the effectiveness of policies and procedures.

(c) Event Identification. The administration has identified internal and external events that may have a negative impact on the college achieving its goals.

(d) Risk Assessment. This component identifies, analyzes, and manages the potential risks that could prevent management from achieving its objectives. Change is one factor that can be used to identify risks. Another is inherent risk usually associated with assets that can be readily converted to personal use.

(e) Risk Response. The administration has evaluated the options available to respond to risks and where risks cannot be eliminated, the college has reduced the risks by implementing controls.
Internal Controls: An Overview

(f) Control Activities. These are the policies and procedures needed to address the risks identified that could prevent management from achieving its objectives. Control activities generally relate to proper authorization of transactions, security of assets and records, and segregation of incompatible duties. Holyoke Community College has two separate manuals titled “Internal Control Policy Manual” and the “Administrative Policies and Procedures Manual”. These manuals should be read in conjunction with each other to ensure that internal controls are followed.

(g) Information and Communication. Information provided to staff should be appropriate in content, timely, current, accurate, and accessible. Communication takes such forms as policy manuals, accounting and financial reporting manuals, policy memoranda, effective management and regularly scheduled staff meetings.

(h) Monitoring. It is the responsibility of management to continually monitor control activities to ensure that they function properly and take the necessary corrective action to resolve potential problems or weaknesses in a timely manner. This component also involves evaluating the effectiveness of controls, i.e., (1) controls are properly designed so they will accomplish their intended purpose and (2) controls actually function as designed.

Programmatic Controls

As an institution of higher learning, Holyoke Community College is a member of the New England Association of Schools and Colleges (NEASC), a non-profit, self-governing organization and one of six regional accrediting bodies in the United States, having as its primary purpose the accreditation of educational institutions. Through its evaluation activities, the Association provides public assurance about the quality of education of those schools and colleges that wish to maintain membership.

Institutions of higher learning achieve accreditation from the NEASC through its Commission on Institutions of Higher Education by demonstrating they meet the Commission's Standards for Accreditation and comply with its policies. The Commission uses eleven standards as benchmarks for accreditation. The Standards for Accreditation establish minimum criteria for institutional quality.

In addition, the Commission adopts policies that clarify the Standards and relate to their application. Moreover, the Commission expects affiliated institutions to work toward improving their quality, increasing their effectiveness, and continually striving toward excellence. Its evaluative processes are designed to encourage such improvement.

Each of the eleven Standards encompasses a principal area of institutional activity. In applying the Standards, the Commission assesses and makes a determination about the effectiveness of the institution as a whole. The institution that meets the Standards demonstrates the following:
Internal Controls: An Overview

• Has clearly defined purposes appropriate to an institution of higher learning;
• Has assembled and organized those resources necessary to achieve its purposes;
• Is achieving its purposes;
• Has the ability to continue to achieve its purposes.

Institutions of higher learning desiring recognition by the NEASC are expected to abide by the Standards. Affiliated colleges and universities manifest their integrity through continued voluntary adherence to these criteria. Compliance is periodically reviewed through peer evaluations. A self-study directed toward demonstrating both adherence to the Standards and institutional improvement is completed prior to the peer evaluation. The self-regulatory nature of accreditation assumes that institutions agree to participate in an honest forthright assessment of institutional strengths and weaknesses.

Administrative and Fiscal Controls

The design and evaluation of controls over accounting and financial reporting is made more manageable by grouping similar or related activities into what are commonly referred to as “control cycles.” This approach also provides a logical framework and underscores the relationships that exist among the many control-related policies and procedures.

Control cycles are generally defined by business processes within the organization having to do with sources and uses of funds. Each control cycle has specific objectives and potential risks that can prevent management from meeting its objectives. A practical means of identifying potential risks or weaknesses is by using management’s implicit assertions of:

1. Existence or occurrence
2. Completeness
3. Rights and obligations
4. Allocation
5. Presentation and disclosure

Control-related policies and procedures designed to compensate for such risks are categorized as follows:

1. Authorization
2. Properly designed records
3. Security of assets and records
4. Segregation of incompatible duties
5. Periodic reconciliations
6. Periodic verifications
7. Analytical review
Internal Controls: An Overview

8 Timely preparation of financial reports in conformity with generally accepted accounting principles

The following control cycles have been identified as significant to the College in achieving its goals and objectives:

1 Budgetary process
2 Revenue cycle - revenue, accounts receivable, and cash receipts
3 Purchasing cycle - expenditures, payables, and cash disbursements,
4 Payroll cycle
5 Resource management – cash, investments, and fixed assets.
Mission and Purposes
The institution has a mission and a set of purposes appropriate to higher education, consistent with its charter or other operating authority, and implemented in a manner that complies with the Standards of the Commission on Institutions of Higher Education.

Planning and Evaluation
The institution undertakes planning and evaluation appropriate to its needs to accomplish and improve the achievement of its mission and purposes.

Organization and Governance
The institution has a system of governance that facilitates the successful accomplishment of its mission and purposes. Through its organizational design and governance structure, the institution creates and sustains an environment that encourages teaching, learning, scholarship, and where appropriate research and it assures provision of support adequate for the appropriate functioning of each organizational component.

Programs and Instruction
The institution’s programs are consistent with and serve to fulfill its mission and purposes. Each educational program demonstrates consistency through its goals, structure, and content; policies and procedures for admission and retention; instructional methods and procedures; and the nature, quality, and extent of student learning and achievement. The institution provides sufficient resources to sustain and improve programs and instruction.

Faculty
Faculty qualifications, numbers, and performance are sufficient to accomplish the institution’s mission and purposes. Faculty competently deliver the institution’s academic programs and fulfill those tasks appropriately assigned them.

Student Services
The institution provides an environment that fosters the intellectual and personal development of its students consistent with its mission and purposes and mode of educational delivery. It is sensitive to the non-academic needs of its students and recognizes that their educational experience consists of an academic component and interrelated developmental opportunities provided through a co-curricular program of student services. These services are guided by a philosophy, disseminated and reviewed on a regular basis, which is conducive to the development of a shared learning community and which prepares students to become responsible members of society.
Library and Information Resources
The institution makes available the library and information resources necessary for the fulfillment of its mission and purposes. These resources support the academic and research program and the intellectual and cultural development of students, faculty, and staff. Library and information resources may include the holdings and necessary services and equipment of libraries, media centers, computer centers, language laboratories, museums, and any other repositories of information or technological systems required for the support of institutional offerings. Clear and disseminated policies govern access, usage, and maintenance of the library, information resources, and services. The institution ensures that students use these resources as an integral part of their education.

Physical Resources
The institution has sufficient and appropriate physical resources, including laboratories, network infrastructure, materials, equipment, and buildings and grounds, whether owned or rented; these are designed, maintained, and managed at both on- and off-campus sites to serve institutional needs as defined by its mission and purposes. Classrooms and laboratories, real or virtual, and other facilities are appropriately equipped and adequate in capacity. Proper management, maintenance, and operation of all physical facilities and virtual environments, are accomplished by adequate and competent staffing.

Financial Resources
The institution’s apparent financial stability is not achieved at the expense of educational quality. The institution’s financial resources are sufficient to sustain the achievement of its educational objectives and to further institutional improvement now and in the foreseeable future. The institution reallocates resources as necessary to achieve its purposes and objectives. All or substantially all of the institution’s revenue is devoted to the support of its educational purposes and programs. The institution has the ability to respond to financial emergencies and unforeseen circumstances.

Public Disclosure
In presenting itself to students and other members of the interested public, the institution provides information that is complete, accurate, and clear.

Integrity
The institution subscribes to, exemplifies, and advocates high ethical standards in the management of its affairs and in all of its dealings with students, faculty, staff, external agencies and organizations, and the general public.
Overall Objective
The organization shall provide for discipline and structure and promote integrity and ethical values to staff at all levels for the purpose of attaining its objectives and meeting its responsibilities.

Specific Objectives

1. The organization has a statement of mission (Appendix 3)
2. There is a current organizational chart in use, which defines authority and responsibility and appropriate lines of reporting for all employees. (Original maintained in Human Resources)
3. The organization has established an official code of conduct or an official set of policies governing employee conduct.
4. The organization has established and maintains up-to-date job descriptions for all employees.
5. The organization follows appropriate hiring policies.
6. Authority and responsibility are assigned in an appropriate manner.
7. Employees are properly trained.
8. Employees are periodically reviewed and performance is documented.
9. The organization has established performance goals and criteria for promotion.
10. The organization has developed and maintains a formalized policies and procedures manual.
11. The organization has established a budgetary control system.
12. The governing board has established an Audit & Finance Committee.
14. The college will adhere to its developing enterprise wide risk management program.
Overall Objective
Management shall continually identify and analyze potential risks that could hinder or prevent the organization from achieving its objectives.

Specific Objectives
1. The organization has objectives that complement the statement of mission (Appendix 3).
2. Management has identified risks that could prevent the organization from reaching its objectives. (Appendix 4).
3. Identified risks are evaluated promptly.
4. Control activities are developed to minimize significant risks.
5. Control activities are periodically monitored to ensure controls are being enforced and that the controls are still appropriate for the identified risk.
6. Management carefully evaluates areas undergoing change (e.g., staff turnover) or areas with high inherent risk (e.g., cash receipts function), and updates accordingly.
Overall Objective
The authorized budget should reflect anticipated revenues and appropriations.

Specific Objectives
(a) Budget Preparation
1. Responsibilities for budget preparation, adoption, execution, and reporting are segregated, and match the mission and priorities of the college.
2. Budgets are prepared for all significant activities.
3. The budgeting system is integrated with the planning process, and match college priorities that are set biannually.
4. The budget is prepared in sufficient detail to provide a meaningful tool with which to monitor subsequent performance.
5. The type of budgeting performed is compatible with the accounting system.
6. Interfund and interdepartmental transfers are included in the budget.
7. Procedures have been adopted and communicated to establish authority and responsibility for transfers between budget categories.

(b) Budget Approval
1. Original budget and increases (decreases) in trust fund budgets are submitted to the governing body for approval.
2. Approval for budget transfers may be delegated by the Board to the President (and the President’s designee) annually.
3. A budget calendar is used for the orderly submission and approval of the budget.

(c) Budget Accounting and Reporting
1. Estimated revenues and appropriations are recorded for later comparison to actual amounts realized or incurred.
2. Actual expenditures are compared to the budget on a continual basis. Budget reviews with cost centers are performed as requested.
3. Reports are discussed with departmental personnel and significant variations from budget are documented.
4. Management reviews actual verse budget data on a monthly basis. The governing body is given quarterly reports for their review, and is notified of any projected shortfalls to budget.
Overall Objective
Revenue controls should be designed to ensure that College funds are collected, deposited, and accurately reported.

Specific Objectives
(a) Revenue and Accounts Receivable

1. Tuition and fees are authorized and periodically reviewed by the governing board.
2. An accounts receivable event is established whenever goods or services have been provided and corresponding earnings are measurable.
3. The responsibility of billing revenues is segregated from collections and general ledger posting.
4. Procedures exist for the timely billing of amounts due.
5. Balances of individual receivable accounts are periodically reconciled with general ledger control accounts.
6. Delinquent accounts are reviewed and considered for charge-off on a timely basis.
7. Write-offs and other reductions of receivables and refunds of amounts previously collected follow prescribed policies and procedures.
8. Tuition and fee waivers, bad debt write-offs, credit memos and allowances are approved independently of processing, recording, and collecting the charge.
9. Accounts receivables are established when expenditure reimbursement claims are submitted to Federal and State granting agencies and private contracts.

(b) Cash Receipts

1. Receipts are accounted for and balanced to reported collections on a daily basis.
2. Year-end cash/revenue cut off to ensure accurate closing of the administrative accounting system is 11:30 A.M. of the last business day of the fiscal year.
3. Receipts are deposited intact on a daily basis.
4. Facilities exist for protecting un-deposited cash receipts.
5. The responsibility for collecting, controlling, and depositing funds is segregated from maintaining accounting records.
6. Responsibilities for cash receipts are segregated from those for cash disbursements.
7. Timely bank reconciliations are prepared and reviewed by someone independent of the cash receipts function.
Overall Objective
Acquisition of goods and services is properly controlled, accounted for, and in compliance with the institution’s purchasing regulations.

Specific Objectives

(a) Purchases and Accounts Payable

1. Purchases of goods and services are initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions.

2. The accounting department verifies that there are sufficient un-obligated funds available to meet the proposed expenditure.

3. Encumbrance entries are recorded only on the basis of approved purchase orders.

4. Competitive bidding procedures are used at the determined threshold.

5. Purchase orders and contracts are issued under numerical control.

6. Changes to purchase orders and contracts are subjected to the same controls and approvals as the original agreement.

7. An adequate record of open purchase orders and purchase agreements is maintained to ensure knowledge of outstanding commitments.

8. Receiving is documented for all purchased goods.

9. Procedures exist to verify that goods and services have been received, prices are as ordered, and the goods and services meet quality standards.

10. Procedures exist to record and follow up on partial deliveries.

11. The accounting and purchasing department are promptly notified of returned purchases, and such purchases are correlated with vendor credit advices.

12. Controls exist for submission and approval of reimbursements to employees for travel and other expenses.

13. Controls exist for processing invoices not involving materials or supplies, e.g., lease or rental payments and utility bills.

14. Access to the master vendor file is limited to employees authorized to make changes.

15. Responsibilities for the requisitioning and receiving functions are segregated from the purchasing, invoice processing, accounts payable, and general ledger functions.
Specific Objectives

(b) Cash Disbursements

1. Procedures exist for disbursement approval and check signing.
2. Responsibilities for the disbursement approval function are segregated from those for the disbursement, voucher preparation, and purchasing functions.
3. Controls are maintained over the supply of unused and voided checks.
4. The drawing of warrants or checks to cash or bearer is prohibited.
5. Controls exist over check signing.

(c) Grants and Contracts

1. Grant disbursements are processed under the same degree of controls applicable to the organization’s other transactions, i.e., budget, procurement, etc.
2. Procedures are modified when funds are disbursed under grant or loan agreements and related regulations impose requirements that differ from the entity’s normal policies.
3. Procedures and controls exist to provide reasonable assurance that only eligible individuals receive assistance under Federal award programs and that amounts provided to or on behalf of eligible individuals were calculated in accordance with program requirements.
4. Procedures and controls exist to provide reasonable assurance that the draw down of Federal cash is only for immediate needs.
5. Controls exist to provide reasonable assurance that Federal funds are used only during the authorized period of availability.
6. Controls exist to ensure that costs charged to grants are in compliance with grant agreements.
7. Procedures exist for obtaining grantor approval when required before incurring expenditures in excess of budgeted amounts or for unbudgeted expenditures.
8. Procedures exist to identify, before order entry, costs and expenditures that are not allowable under grant programs.
9. The college has an indirect rate negotiated with the Department of Health and Human Services. Some sponsors may limit allowable indirect costs with which the college complies. Grant activity is accounted for separately in the financial system.
10. Procedures exist to monitor compliance with grant requirements.
11. The level of authority for approval is specific to the individual grant or contract.
Overall Objective
All payrolls should be supported by appropriate evidence for authorized work actually performed and properly reflected in the accounting records.

Specific Objectives
(a) Initiating Payroll Transactions

1. Salaries and other employee benefit costs are approved in total by the governing board as part of the budget process.

2. All changes in employment (additions and terminations), salary and wage rates, and payroll deductions are properly authorized, approved, and documented.

3. Notices of additions, separations, and changes in salaries, wages, and deductions are promptly reported to the payroll-processing function.

4. Changes to the master payroll file are approved and documented.

5. Access to the master payroll file is limited to employees who are authorized to make changes.

6. Responsibilities for supervision and timekeeping functions are segregated from personnel, payroll processing, disbursement, and general ledger functions.

7. Records exist for timekeeping and attendance. Supervisors are responsible for monitoring and approving timekeeping and attendance.

8. Hours worked, overtime hours, and other special benefits are reviewed and approved by the employee’s supervisor.

9. Appropriate payroll records are maintained for accumulated employee benefits, i.e., sick leave, vacations, and pensions.


(b) Processing Payroll

1. Payroll is calculated using authorized pay rates, payroll deductions, and time records.

2. Account coding procedures exist to ensure proper classification of employee compensation and benefit costs in general ledger accounts.

3. Responsibilities for the payroll processing function are segregated from personnel and general ledger functions.
Specific Objectives

(b) Processing Payroll

4. Controls exist to ensure that employee benefit and compensation costs do not exceed appropriated or budgeted amounts.

5. Accrued liabilities for unpaid employee compensation and benefit costs are properly recorded and disclosed.

6. A separate, impress-basis, payroll account is maintained.

7. The Senior Accountant reconciles the payroll accounts every month, which is independent of the payroll cycle.

8. Responsibilities for payroll distribution are segregated from Human Resource (creation/deletion of employees).
Overall Objective
Cash, investments, and fixed assets should be supported by appropriate evidence for authorization, physically safeguarded, and properly reflected in the accounting records.

Specific Objectives
(a) Cash
1. Bank accounts are properly authorized.
2. Procedures exist to review bank balances for appropriate insurance and collateral on a periodic basis.
3. Procedures exist for steps essential to effective bank statement reconciliation.
4. Responsibilities for preparing and approving bank account reconciliations are segregated from those for other cash receipt or disbursement functions.
5. Cancelled checks are subject to appropriate escheat procedures.
6. Controls and physical safeguards exist for petty cash funds.

(b) Investments
1. Investment policies are formally established and periodically reviewed.
2. Authority and responsibility has been established for investment opportunity evaluation and purchase.
3. Procedures have been established governing the level and nature of approvals required to purchase or sell investments.
4. Responsibilities for initiating, evaluating, and approving investment transactions are segregated from those for detail accounting, general ledger, and other related functions.
5. Adequate physical safeguards and custodial procedures exist over (a) negotiable and nonnegotiable securities owned and (b) legal documents or agreements evidencing ownership or other rights.
6. All securities are registered or held in the name of the entity.
7. Securities are periodically inspected or confirmed with safekeeping agents.
8. Detailed accounting records are maintained for investments.
9. Procedures exist to ensure that transactions arising from investments are properly processed, including income and amortization entries.
Specific Objectives

(b) Investments

10. Detailed accounting records for investments are periodically agreed to the general ledger.

11. Appropriate procedures exist to determine the fair value of investments.

12. The entity has an established policy for reporting investments as cash and cash equivalents.

(c) Fixed Assets

1. Written executive or legislative approval is required for significant fixed asset projects or acquisitions.

2. Responsibilities for initiating, evaluating, and approving capital expenditures, leases, and maintenance or repair projects are segregated from those for project accounting, property records, and general ledger functions.

3. Those individuals authorized to initiate fixed asset transactions are identified and there is clear definition of the limits of their authority.

4. Controls exist to:
   (a) Distinguish between capital and operating budget expenditures
   (b) Identify operating budget expenditures to be capitalized as fixed assets
   (c) Distinguish between capital and operating leases.

5. Controls exist ensuring that purchased materials and services for capital expenditure and repair projects are subject to the same levels of controls as exist for all other procurements.

6. Controls exist providing for obtaining grantor approval, if required, for the use of grant funds for fixed asset acquisitions.

7. Grant-funded authorizations are subject to the same controls as internally funded acquisitions.

8. The general ledger and detailed fixed asset records are updated for fixed asset transactions on a timely basis.

9. Physical safeguards over assets exist.

10. Periodic inventories of fixed assets are taken and inventory results are compared to detailed property records and general ledger control accounts.

11. Controls exist to govern depreciation methods and practices.

12. Controls exist for authorizing, approving, and documenting sales or other dispositions of fixed assets.
Information and Communication

Overall Objective

Information is current, accurate, and appropriate in content and made available on a timely basis at all staff levels to permit management to achieve its objectives.

Specific Objectives

1. Accounts are maintained to ensure observance and limitations placed on the use of available resources.

2. Adequate source documentation exists to support amounts and items reported.

3. Assigned authorization levels and approvals exist for posting transactions to the general ledger.

4. A recordkeeping system is established to ensure that accounting records and documentation are retained for the time period required in accordance with the provisions of laws, regulations, contracts and grant agreements.

5. Procedures exist to ensure that reports are provided timely to managers for review and appropriate action.

6. Procedures exist for review and reconciliation of control accounts in the general ledger to subsidiary ledgers.

7. Computer and program controls exist and include:
   a. Data entry controls, i.e., edit checks.
   b. Exception reporting.
   c. Access controls.
   d. Reviews of input and output data.
   e. Computer general controls and security controls.

8. Operating policies and procedures are clearly written and communicated.

9. Staff meetings are regularly scheduled.

10. The governing Board conducts regular meetings where financial information is reviewed and the results of program activities and accomplishments are discussed. Written documentation is maintained of the matters addressed at such meetings.

11. The governing Board has established an Audit Committee that meets with the auditors to review the year-end audit and any findings that may have resulted during the audit.
Monitoring

Overall Objective

Ongoing monitoring occurs in the ordinary course of operations, and includes regular management and supervisory activities, and other actions personnel take in performing their duties that assess the quality of internal control system performance.

Specific Objectives

1. Operating management obtains evidence that the system of internal control continues to function through independent reconciliations and management review of reports.

2. Communications from external parties corroborate internally generated information or indicate problems.

3. Appropriate organizational structure and supervisory activities provide oversight of control functions and identification of deficiencies.

4. Physical assets are examined periodically and compared to data recorded by information systems.

5. Irregularities and deficiencies, once identified, are promptly and effectively corrected.

6. The governing Board reviews and monitors audit findings and assess the adequacy of corrective action plans.


Appendix 1

Commonwealth of Massachusetts
Office of the State Comptroller:
Internal Control Legislation

Chapter 647 of the Acts of 1989

Chapter 647   THE COMMONWEALTH OF MASSACHUSETTS

In the Year One Thousand Nine Hundred and Eighty-nine

AN ACT RELATIVE TO IMPROVING THE INTERNAL CONTROLS WITHIN STATE AGENCIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

Notwithstanding any general or special law to the contrary, the following internal control standards shall define the minimum level of quality acceptable for internal control systems in operation throughout the various state agencies and departments and shall constitute the criteria against which such internal control systems will be evaluated. Internal control systems for the various state agencies and departments of the commonwealth shall be developed in accordance with internal control guidelines established by the office of the comptroller.

(A) Internal control systems of the agency are to be clearly documented and readily available for examination. Objectives for each of these standards are to be identified or developed for each agency activity and are to be logical; applicable and complete. Documentation of the agency's internal control systems should include (1) internal control procedures, (2) internal control accountability systems and (3), identification of the operating cycles. Documentation of the agency's internal control systems should appear in management directives, administrative policies, procedures and manuals.

(B) All transactions and other significant events are to be promptly recorded, clearly documented and properly classified. Documentation of a transaction or event should include the entire process or life cycle of the transaction or event, including (1) the initiation or authorization of the transaction or event, (2) all aspects of the transaction while in process and (3), the final classification in summary records.

(C) Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority. Authorizations should be clearly communicated to managers and employees and should include the specific conditions and terms under which authorizations are to be made.
Appendix 1

Commonwealth of Massachusetts
Office of the State Comptroller:
Internal Control Legislation

Chapter 647 of the Acts of 1989

(D) Key duties and responsibilities including (1) authorizing, approving, and recording transactions, (2) issuing and receiving assets, (3) making payments and (4), reviewing or auditing transactions, should be assigned systematically to a number of individuals to insure that effective checks and balances exist.

(E) Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved. The duties of the supervisor in carrying out this responsibility shall include (1) clearly communicating the duties, responsibilities and accountabilities assigned to each staff member, (2) systematically reviewing each member's work to the extent necessary and (3), approving work at critical points to ensure that work flows as intended.

(F) 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 resource and the perceived risk of loss, both of which shall be periodically assessed. The agency head shall be responsible for maintaining accountability for the custody and use of resources and shall assign qualified individuals for that purpose. 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.

Within each agency there shall be an official, equivalent in title or rank to an assistant or deputy to the department head, whose responsibility, in addition to his regularly assigned duties, shall be to ensure that the agency has written documentation of its internal accounting and administrative control system on file. Said official shall, annually, or more often as conditions warrant, evaluate the effectiveness of the agency's internal control system and establish and implement changes necessary to ensure the continued integrity of the system. Said official shall in the performance of his duties ensure that: (1) the documentation of all internal control systems is readily available for examination by the comptroller, the secretary of administration and finance and the state auditor, (2) the results of audits and recommendations to improve departmental internal controls are promptly evaluated by the agency management, (3) timely and appropriate corrective actions are effected by the agency management in response to an audit and (4), all actions determined by the agency management as necessary to correct or otherwise resolve matters will be addressed by the agency in their budgetary request to the general court.
Appendix 1

Commonwealth of Massachusetts
Office of the State Comptroller:
Internal Control Legislation

Chapter 647 of the Acts of 1989

All unaccounted for variances, losses, shortages or thefts of funds or property shall be immediately reported to the state auditor's office, who shall review the matter to determine the amount involved which shall be reported to appropriate management and law enforcement officials. Said auditor shall also determine the internal control weakness that contributed to or caused the condition. Said auditor shall then make recommendations to the agency official overseeing the internal control system and other appropriate management officials. The recommendations of said auditor shall address the correction of the conditions found and the necessary internal control policies and procedures that must be modified. The agency oversight official and the appropriate management officials shall immediately implement policies and procedures necessary to prevent a recurrence of the problems identified.

Passed to be enacted, George Keverian, Speaker.

In Senate, December 22, 1989.
Passed to be enacted, William M. Bulger, President.

Approved,
Michael Dukakis
Governor.

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Appendix 2

Commonwealth of Massachusetts
Office of the State Comptroller:
Internal Control Legislation

Chapter 647 of the Acts of 1989 - Report on Unaccounted for Variances, Losses, Shortages, or Thefts of Funds or Property

TO: Agency Heads
FROM: Robert A. Powilatis, Deputy for Auditor and Investigative Services
DATE: January 18, 1996
RE: Law Relative to Improving the Internal Controls Within State Agencies

Chapter 647 of the Acts of 1989 was passed on January 3, 1990 and became effective on April 3, 1990. The law establishes the minimum level of quality acceptable for internal control systems for state agencies of the Commonwealth. Internal control systems for state agencies should be developed in accordance with internal control guidelines established by the Office of the State Comptroller. We will review compliance with the law during our audit engagements.

This law also requires that all unaccounted for variances, losses, shortages or thefts of funds or property be immediately reported to the Office of the State Auditor (OSA). The OSA is required to determine the amount involved and the internal control weaknesses that contributed to or caused the condition, make recommendations for corrective action, and make referrals to appropriate law enforcement officials. In order to comply with this law, we are requesting that all unaccounted for variances, losses, shortages or theft of funds or property be reported immediately to the OSA on the attached form.

Should you have any questions or desire additional information, please contact Howard Olsher, Director of State Audits at (617) 727-6200 (x25).

Attachments
Report on Unaccounted for Variances, Losses
Shortages, or Thefts of Funds or Property

TO: Office of the State Auditor

FROM: __________________________________________________________

DATE: __________________________________________________________

Agency: _________________________________________________________

Address: _________________________________________________________

Agency Contact Person: _____________________________________________
(Name, Title, and Telephone Number) ________________________________

Date Detected: ____________________________________________________

Explanation of Condition: __________________________________________

Cause of Condition: _______________________________________________

Amount of Funds Involved: _________________________________________

Appropriation Accounts, Trust Funds, Checking Accounts, etc. Involved (List all the particulars i.e., account numbers, banks, amounts etc.):

________________________________________________________________
________________________________________________________________
________________________________________________________________
Agency Division or Section Involved: ________________________________

_________________________________________________________________

Individual(s) Aware of Incident: ________________________________

_________________________________________________________________

No. of individuals having Access to Accounts/funds Affected: ______________

_________________________________________________________________

Other Pertinent Information: ________________________________________

_________________________________________________________________

_________________________________________________________________

_________________________________________________________________

Report Completed By: ____________________________________________
(Name, Title and Telephone Number) ______________________________

Send the Report to:
Office of the State Auditor
One Ashburton Place
Room 1819
Boston, MA 02108

Attn: Howard Olsher
Director of State Audits
(617) 727-6200 ext. 25
Appendix 3

MISSION STATEMENTS

Public Higher Education System Mission Statement
Massachusetts Public Higher Education is a SYSTEM with a distinguished past, increasing and measurable accomplishments, and dedicated to being recognized as having one of the nation’s most outstanding array of institutions. It comprises 15 community colleges, nine state colleges, and five campuses of the University of Massachusetts. The system exists to provide accessible, affordable, relevant, and rigorous programs that adapt to meet changing individual and societal needs for education and employment. The public system is committed to continuous improvement and accountability in all aspects of teaching and learning. The Board of Higher Education, together with each respective Board of Trustees, expects all students, faculty, and staff to be held to exacting standards in the performance of their roles and responsibilities.

Community College Mission Statement
The fifteen Massachusetts community colleges offer open access to high quality, affordable academic programs, including associate degree and certificate programs. They are committed to excellence in teaching and learning, and provide academic preparation for transfer to four-year institutions, career preparation for entry into high demand occupational fields, developmental coursework and lifelong learning opportunities.

Community colleges have a special responsibility for workforce development and through partnerships with business and industry, provide job training, retraining, certification, and skills improvement. In addition, they assume primary responsibility, in the public system, for offering developmental courses, programs and other educational services for individuals who seek to develop the skills needed to pursue college-level study or enter the workforce.

Rooted in their communities, the colleges serve as community leaders, identifying opportunities and solutions to community problems and contributing to the region’s intellectual, cultural and economic development. They collaborate with elementary and secondary education and work to ensure a smooth transition from secondary to post-secondary education. Through partnerships with baccalaureate institutions, they help to promote an efficient system of public higher education.

The community colleges offer an environment where the ideas and contributions of all students are respected. Academic and personal support services are provided to ensure that all students have an opportunity to achieve academic and career success. No eligible student shall be deprived of the opportunity for a community college education in Massachusetts because of an inability to pay tuition and fees.

Holyoke Community College Mission, Vision, Values and Student Experience

Mission: Educate. Inspire. Connect

Vision: Holyoke Community College aspires to be a college of academic excellence known for helping students overcome barriers to success.

Values: Kindness, inclusion and trust are the foundation of the work that we do together. Innovation
and collaboration enable us to explore and implement the ideas that will shape our future.

**Student Experience:** Holyoke Community College commits to delivering a transformational student experience characterized by:

- A "connection network" that draws people, services and knowledge together to address students' fundamental needs and thus ensure their readiness to succeed at HCC.

- An affordable, relevant education provided by talented faculty and resulting in career and transfer opportunities that enable students to thrive.

- An approach to educating the whole person that continuously meets students where they are—socially, financially, educationally and geographically—and engages them in real-world learning experiences.

- A vibrant, connected college community that enriches the learning experience, delivers relentless encouragement and builds life-long connections.

Faculty and staff of Holyoke Community College commit to support this transformative experience through:

- Accessible, guided, and intuitive services that support students and their families.

- Efficient and effective processes supported by contemporary technologies.

- Data and predictive analytics that enable HCC to deliver personalized, proactive and responsive programs and services.

- An agile and supportive culture that recognizes the importance of training and professional development to build knowledge, skills and abilities.
Appendix 4

RISK ASSESSMENT

Holyoke Community College has reviewed its mission statements, goals and objectives. Management has identified various risks that could prevent the College from meeting its objectives. Those risks are provided under separate cover:

Risk Assessment-Service-2015
Risk Assessment-Regulatory & Compliance-2015
Risk Assessment-Emergency Mgt-2015