

The University of Massachusetts

**Report on Federal Financial Assistance Programs
In Accordance With OMB Circular A-133
June 30, 2002**

The University of Massachusetts

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June 30, 2002

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**Report of Independent Accountants on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed
In Accordance With Government Auditing Standards**

To the Board of Trustees of
The University of Massachusetts

We have audited the combined financial statements of the University of Massachusetts ((exclusive of the University of Massachusetts Building Authority and the University of Massachusetts Dartmouth Foundation, Inc.) “the University”) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 17, 2002 which references the work of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the University’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Report of Independent Accountants on Compliance With
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance
In Accordance With OMB Circular A-133**

To the Board of Trustees of
The University of Massachusetts

Compliance

We have audited the compliance of the University of Massachusetts ((exclusive of the University of Massachusetts Building Authority and the University of Massachusetts Dartmouth Foundation, Inc.) “the University”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. The University’s major federal programs are identified in the summary of independent accountant’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University’s management. Our responsibility is to express an opinion on the University’s compliance based on our audit.

We did not audit the University’s compliance with the following compliance requirements specified by the Federal Perkins Loan Program and described in the OMB Circular A-133 Compliance Supplement:

- ▶ Contact with the borrower during the grace period
- ▶ Billing and collection procedures
- ▶ Reporting accounts in default to the credit bureau
- ▶ Processing payments
- ▶ Maintaining repayment records

Compliance with these requirements was examined by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the University’s compliance with those requirements, is based solely on the reports of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, based on our audit and the reports of the other auditors, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs and are identified as findings 02-01 through 02-04.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, except as noted in the following paragraph, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We did not consider internal control over compliance with the following compliance requirements specified by the Federal Perkins Loan Program and described in the OMB Circular A-133 Compliance Supplement:

- ▶ Contact with the borrower during the grace period
- ▶ Billing and collection procedures
- ▶ Reporting accounts in default to the credit bureau
- ▶ Processing payments
- ▶ Maintaining repayment records

Internal control over these compliance requirements was considered by the other auditors referred to above; and our report, insofar as it relates to the University's internal control over those compliance requirements, is based solely upon the reports of the other auditors.

**The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>		
Research and Development:		
<i>Department of Agriculture</i>		
Department of Agriculture - Miscellaneous	10.000	\$ 833
Agricultural Research - Basic and Applied Research	10.001	149,970
Plant and Animal Disease, Pest Control, and Animal Care	10.025	129,292
Department of Agriculture - Miscellaneous	10.026	89,480
Department of Agriculture - Miscellaneous	10.035	11,005
Water Bank Program	10.062	67,952
Grants for Agricultural Research, Special Research Grants	10.200	2,848,291
Payments to Agricultural Experiment Stations Under The Hatch Act	10.203	2,637,797
Grants for Agricultural Research - Competitive Research Grants	10.206	1,123,866
Biotechnology Risk Assessment Research	10.219	42,801
Agricultural and Rural Economic Research	10.250	5,000
Initiative for Future Agriculture and Food Systems	10.302	13,758
Integrated Programs	10.303	65,771
Department of Agriculture - Miscellaneous	10.363	39,857
Crop Insurance	10.450	76,735
Forestry Research	10.652	428,559
Cooperative Forestry Assistance	10.664	134,609
Scientific Cooperation and Research	10.961	4,978
		<u>7,870,554</u>
<i>Department of Commerce</i>		
Trade Development	11.110	127,543
Economic Development - Technical Assistance	11.303	111,893
Sea Grant Support	11.417	77,913
Coastal Zone Management Administration Awards	11.419	20,521
Coastal Zone Management Estuarine Research Reserves	11.420	9,000
Fisheries Development & Utilization R&D Grants and Cooperative Agreements	11.427	68,355
Undersea Research	11.430	61,821
Climate and Atmospheric Research	11.431	4,957
Marine Fisheries Initiative	11.433	31,452
Cooperative Fishery Statistics	11.434	74,316
Marine Mammal Data Program	11.439	36,683
Department of Commerce - Miscellaneous	11.442	69,280
Cooperative Science and Education Program	11.455	94,016
Public Telecommunications Facilities, Planning and Construction	11.550	71,712
Technology Opportunities	11.552	38,947
Measurement and Engineering Research and Standards	11.609	195,506
Manufacturing Extension Partnership	11.611	959,994
Advanced Technology Program	11.612	172,834
		<u>2,226,743</u>

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**The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>		
Research and Development:		
<i><u>Department of Defense</u></i>		
Procurement Technical Assistance for Business Firms	12.002	\$ 372,169
Department of Defense - Miscellaneous	12.010	12,373
Emergency Rehab of Flood Control Works or Fed Auth Coastal Protection	12.102	650
State Memorandum of Agreement Program for the Reimb. Of Tech Svcs	12.113	74,126
Collaborative Research and Development	12.114	34,767
Department of Defense - Miscellaneous	12.199	116,444
Department of Defense - Miscellaneous	12.206	42,591
Basic and Applied Scientific Research	12.300	3,477,709
Basic and Applied Scientific Research	12.301	38,957
Military Construction, National Guard	12.400	72,657
Military Medical Research and Development	12.420	1,876,394
Department of Defense - Miscellaneous	12.430	1,209
Basic Scientific Research	12.431	1,483,065
Basic, Applied and Advanced Research in Science and Engineering	12.630	1,864,283
Air Force Defense Research Sciences Program	12.800	1,308,460
Research and Technology Development	12.901	8,261
Department of Defense - Miscellaneous	12.910	7,264,693
	12.999	5,297,292
		<u>23,346,100</u>
<i><u>Department of Housing and Urban Development</u></i>		
Housing Counselling Assistance Program	14.169	353,060
Mortgage Insurance Growing Equity Mortgages	14.172	21,141
Supportive Housing Program	14.235	32,813
Shelter Plus Care	14.238	153,884
General Research and Technology Activity	14.506	7,862
		<u>568,760</u>
<i><u>Department of the Interior</u></i>		
Indian Community Fire Protection	15.031	8,188
Fish and Wildlife Management Assistance	15.608	1,046
Coastal Wetlands Planning, Protection and Restoration Act	15.614	19,427
Wildlife Conservation and Appreciation	15.617	38,115
Department of the Interior - Miscellaneous	15.699	287,377
Assistance to State Water Resources Research Institutes	15.805	62,199
Department of the Interior - Miscellaneous	15.806	5,170
U.S. Geological Survey - Research and Data Acquisition	15.808	556,111
National Historic Landmark	15.912	75,434
Technical Preservation Services	15.915	525
National Maritime Heritage Grants	15.925	1,733
Department of the Interior - Miscellaneous	15.975	39,303
Department of the Interior - Miscellaneous	15.999	371,191
		<u>1,465,819</u>
<i><u>Department of Justice</u></i>		
Justice Research, Development, and Evaluation Project Grants	16.560	89,243
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	25,159
Rural Domestic Violence and Child Victimization Enforcement Grant Program	16.589	43,079
Department of Justice - Miscellaneous	16.999	10,203
		<u>167,684</u>

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**The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>		
Research and Development:		
<i><u>Department of Transportation</u></i>		
Aviation Research Grants	20.108	\$ 474,049
Highway Planning and Construction	20.205	69,901
Department of Transportation - Miscellaneous	20.206	22,295
Railroad Research and Development	20.313	99,132
Department of Transportation - Miscellaneous	20.600	413
University Transportation Centers Program	20.701	451,230
Department of Transportation - Miscellaneous	20.999	13,414
		<u>1,130,434</u>
<i><u>General Services Administration</u></i>		
Business Services	39.001	9,393
		<u>9,393</u>
<i><u>National Aeronautics and Space Administration</u></i>		
Technology Transfer	43.001	2,949,550
National Aeronautics & Space Administration - Miscellaneous	43.002	1,344,406
National Aeronautics & Space Administration - Miscellaneous	43.999	1,448,608
		<u>5,742,564</u>
<i><u>National Foundation on the Arts and the Humanities</u></i>		
Promotion of the Arts - Grants to Organizations and Individuals	45.024	186,690
National Foundation on the Arts and the Humanities - Miscellaneous	45.113	1,430
Promotion of the Humanities - Elementary & Secondary Ed in Humanities	45.127	8,079
Promotion of the Humanities - Division of Preservation and Access	45.149	7,500
Promotion of the Humanities - Seminars and Institutes	45.163	65,027
		<u>268,726</u>
<i><u>National Science Foundation</u></i>		
Engineering Grants	47.041	3,970,939
National Science Foundation - Miscellaneous	47.047	116,347
Mathematical and Physical Sciences	47.049	6,504,702
Geosciences	47.050	1,867,719
Computer and Information Science and Engineering	47.070	5,406,280
National Science Foundation - Miscellaneous	47.073	156,303
Biological Sciences	47.074	2,683,110
Social, Behavioral and Economic Sciences	47.075	736,650
Education and Human Resources	47.076	5,339,496
Academic Research Facilities and Instrumentation	47.077	163,224
Polar Programs	47.078	350,400
National Science Foundation - Miscellaneous	47.089	114,511
National Science Foundation - Miscellaneous	47.999	982,121
		<u>28,391,802</u>

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The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
MAJOR PROGRAMS		
Research and Development:		
<i>Environmental Protection Agency</i>		
State Underground Water Source Protection	66.433	\$ 18,766
Wetlands Grants	66.461	1,278
Environmental Protection - Consolidated Research	66.500	22,967
Environmental Protection Agency - Miscellaneous	66.502	16,026
Surveys, Studies, Investigations and Special Purpose Grants	66.606	170,691
Training and Fellowships for the Environmental Protection Agency	66.607	11,158
Environmental Protection Agency - Miscellaneous	66.609	1,240
Pesticide Environmental Stewardship - Regional Grants	66.714	6,864
Environmental Education and Training Program	66.950	4,559
Environmental Education Grants	66.951	166,746
Environmental Protection Agency - Miscellaneous	66.990	118,453
		<u>538,748</u>
<i>Department of Energy</i>		
State Energy Program	81.036	39,410
Office of Science Financial Assistance Program	81.041	125,692
Renewable Energy Research and Development	81.049	3,815,791
National Industrial Competitiveness through Energy, Environment, and Economics	81.105	58,718
University Nuclear Science and Reactor Support	81.114	42,581
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	37,915
Department of Energy - Miscellaneous	81.999	422,721
		<u>4,542,828</u>
<i>Department of Education</i>		
Adult Education State Grant Program	84.022	14,643
Fund for the Improvement of Postsecondary Education	84.116	240,396
Educational Research and Development	84.117	91,111
National Institute on Disability and Rehabilitation Research	84.133	9,674
Bilingual Education - Professional Development	84.195	422,970
Fund for the Improvement of Education	84.215	5,194
National Institute on Educational Governance, Finance, Policymaking and Management	84.308	870
Special Education - Research to Improve Services for Children With Disabilities	84.324	372,092
Special Education - Personnel Preparation to Improve Services for Children with Disabilities	84.325	453,219
Teacher Quality Enhancement Grants for States and Partnerships	84.336	197,635
		<u>1,807,804</u>

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**The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>		
Research and Development:		
<i>Department of Health and Human Services</i>		
Public Health Service - I		
Public Health and Social Services Emergency Fund	93.003	\$ 8,719
Prevention of Elder Abuse, Neglect and Exploitation	93.041	27,967
Special Programs for the Aging - Title IV-Training and Research Projects and Programs	93.048	135,314
Food and Drug Administration - Research	93.103	183,067
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	250,397
Area Health Education Centers - Model Programs	93.107	548,790
Maternal and Child Health Federal Consolidated Programs	93.110	655,218
Biological Response to Environmental Health Hazards	93.113	1,005,720
Applied Toxicological Research and Testing	93.114	816,682
Grants for Preventive Medicine Residency Training	93.117	89,113
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	271,528
Oral Diseases and Disorders Research	93.121	760,768
Primary Care Services - Resource Coordination and Development - Primary Care Offices	93.130	9,889
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	42,061
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	230,402
National AIDS Education and Training Centers	93.145	1,270,843
Research Related to Deafness and Communication Disorders	93.173	1,108,825
Medical Treatment Effectiveness Research	93.180	28,844
National Research Services Awards	93.186	6,550
Health Education and Training Centers	93.189	74,390
Allied Health Projects	93.191	84,065
Human Health Studies - Applied Research and Development	93.206	37,579
Research on Healthcare Costs, Quality and Outcomes	93.226	866,282
Consolidated Knowledge Development and Application Program	93.230	611,184

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**The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>		
Research and Development:		
<i>Department of Health and Human Services</i>		
Public Health Service - I, Continued		
Mental Health Research Grants	93.242	\$ 4,797,028
Advanced Education Nursing Grant Program	93.247	31,223
Occupational Safety and Health - Research Grants	93.262	1,423,643
Occupational Safety and Health - Training Grants	93.263	16,843
Alcohol National Research Service Awards for Research Training	93.272	71,303
Alcohol Research Programs	93.273	2,092,360
Drug Abuse Scientist Development Awards, Research Scientist Development Awards and Research Scientist Awards	93.277	67,199
Drug Abuse Research Programs	93.279	1,032,193
Mental Health Research Career/Scientist Development Award	93.281	380,238
Mental Health National Research Service Awards for Research Training	93.282	306,084
Centers for Disease Control - Investigations and Technical Assistance	93.283	878,709
Nurse Practitioner and Nurse - Midwifery Education Programs	93.298	9,250
Comparative Medicine Program	93.306	839,793
Advanced Education Nursing Traineeships	93.358	164,225
Basic Nurse Education and Practice Grants	93.359	13,713
Nursing Research	93.361	112,635
Biomedical Research Technology	93.371	373,872
Grants for Graduate Training in Family Medicine	93.379	318,076
Research Infrastructure	93.389	161,125
Academic Research Enhancement Award	93.390	32,888
Cancer Cause and Prevention Research	93.393	2,280,842
Cancer Detection and Diagnosis Research	93.394	1,637,889
Cancer Treatment Research	93.395	2,169,550
Cancer Biology Research	93.396	4,895,442
Cancer Research Manpower	93.398	215,767
Cancer Control	93.399	3,274,198
Head Start	93.600	24,366
Developmental Disabilities Basic Support and Advocacy Grants	93.630	22,068
Developmental Disabilities Projects of National Significance	93.631	276,518
Developmental Disabilities University Affiliated Programs	93.632	259,571
Social Services Research and Demonstration	93.647	20,293
Medicaid Infrastructure Grants to Support Competitive Employment of People with Disabilities	93.768	777,091
Medicare - Hospital Insurance	93.773	13,986
Health Care Financing Research Demonstration and Evaluations	93.779	35,787
Public Health Service - II		
Cell Biology and Biophysics Research	93.821	7,754,401
Heart and Vascular Diseases Research	93.837	5,823,851
Lung Disease Research	93.838	667,010
Blood Diseases and Resources Research	93.839	1,411,875
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	2,691,997
Diabetes, Endocrinology and Metabolism Research	93.847	8,017,920
Digestive Diseases and Nutrition Research	93.848	1,939,009
Kidney Disease, Urology and Hematology Research	93.849	1,316,041
Extramural Research Programs in Neurosciences and Neurological Disorders	93.853	3,865,359
Biological Basic Research in the Neurosciences	93.854	2,773,108
Allergy, Immunology and Transplantation Research	93.855	5,502,224

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**The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>		
Research and Development:		
<i>Department of Health and Human Services</i>		
Public Health Service - II, Continued		
Microbiology and Infectious Diseases Research	93.856	\$ 10,861,485
Pharmacology, Physiology, and Biological Chemistry Research	93.859	2,118,533
Genetics and Developmental Biology Research	93.862	6,044,333
Population Research	93.864	1,566,128
Center for Research for Mothers and Children	93.865	7,179,495
Aging Research	93.866	1,739,694
Retinal and Choroidal Diseases Research	93.867	534,032
Medical Library Assistance	93.879	741,076
Grants for Faculty Development in Family Medicine	93.895	625,302
Grants for Predoctoral Training in Family Medicine	93.896	163,048
Grants for Faculty Development in General Internal Medicine/ General Pediatrics	93.900	26,587
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	255,182
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	185,860
Fogarty International Research Collaboration Award	93.934	176,041
Public Health Traineeships	93.964	19,769
Grants for Geriatric Education Centers	93.969	47,729
Academic Administrative Units in Primary Care	93.984	388,950
Department of Health and Human Services - Miscellaneous	93.989	49,720
Preventive Health and Health Services Block Grant	93.991	12,236
Adolescent Family Life - Demonstration Projects	93.995	291,881
Department of Health and Human Services - Miscellaneous	93.999	8,301,334
		<u>121,241,175</u>
Total Research and Development		<u>199,319,134</u>
Student Financial Assistance:		
<i>Department of Education</i>		
Federal Supplemental Education Opportunity Grants	84.007	2,070,958
Federal Work-Study Program	84.033	6,124,850
Federal Pell Grant Program	84.063	23,229,385
		<u>31,425,193</u>
<i>Department of Health and Human Services</i>		
Health Professions Student Loans	93.342	150,300
		<u>150,300</u>
Total Student Financial Assistance		<u>\$ 31,575,493</u>

**The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>		
Other Major Program:		
<i>Department of Agriculture</i>		
Cooperative Extension Service (Smith Lever Act)	10.500	\$ 3,811,875
Total Other Major Program		<u>3,811,875</u>
Total Major Programs		<u>234,706,502</u>
<u>OTHER FEDERAL ASSISTANCE</u>		
<i>Department of Commerce</i>		
Special Oceanic and Atmospheric Projects	11.460	282,638
Minority Business Resource Development	11.802	<u>57,370</u>
		<u>340,008</u>
<i>Department of Justice</i>		
Community Relations Service	16.200	17,670
Citizenship Education and Training	16.400	1,749
Police Corps	16.712	<u>26,499</u>
		<u>45,918</u>
<i>Department of Labor</i>		
Productivity and Technology Data	17.004	4,830
Compensation and Working Conditions	17.005	415,760
Employment Service	17.207	520,733
Employment and Training Assistance - Dislocated Workers	17.246	426,471
Employment Services and Job Training - Pilot and Demonstration Programs	17.249	2,325
Welfare-to-Work Grants to States and Localities	17.253	249,186
Workforce Investment Act	17.255	<u>846,697</u>
		<u>2,466,002</u>

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The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>OTHER FEDERAL ASSISTANCE</u>		
<i>Department of State</i>		
Special Domestic Assignments	19.202	\$ 798,026
Educational Partnerships Program	19.406	16,721
Department of State - Miscellaneous	19.995	5,536
Department of State - Miscellaneous	19.999	29,669
		<u>849,952</u>
<i>Federal Communications Commission</i>		
Communications Information and Assistance and Investigation of Complaints	32.001	117,763
		<u>117,763</u>
<i>Small Business Administration</i>		
Library of Congress	42.006	10,000
		<u>10,000</u>
<i>Small Business Administration</i>		
Business Development Assistance to Small Business	59.005	115,831
Small Business Development Center	59.037	1,393,251
		<u>1,509,082</u>
<i>Department of Veterans Affairs</i>		
Veterans Medical Care Benefits	64.009	62,071
Department of Veterans Affairs - Miscellaneous	64.999	482,762
		<u>544,833</u>
<i>Action</i>		
Miscellaneous	72.003	18,033
		<u>18,033</u>
<i>Nuclear Regulatory Commission</i>		
Nuclear Regulatory Commission - Miscellaneous	77.003	14,345
		<u>14,345</u>
<i>United States Information Agency</i>		
Professional Development - International Education/Administrators	82.009	31,377
College and University Partnerships Programs	82.010	85,561
		<u>116,938</u>

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**The University of Massachusetts
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

-	CFDA Number	Expenditures
<u>OTHER FEDERAL ASSISTANCE</u>		
<i>Department of Education</i>		
Adult Education - State Grant Program	84.002	\$ 1,253
TRIO-Student Support Services	84.042	587,841
TRIO-Talent Search	84.044	540,368
TRIO-Upward Bound	84.047	1,433,987
Department of Education - Miscellaneous	84.048	12,272
Department of Education - Miscellaneous	84.055	85
Higher Education - TRIO Staff Training Program	84.103	378,169
Rehabilitation Long-Term Training	84.129	146,785
Department of Education - Miscellaneous	84.164	24,965
Eisenhower Professional Development - Federal Activities	84.168	24,501
Jacob K. Javits Fellowships	84.170	93,000
Safe and Drug-Free Schools and Communities - National Programs	84.184	145,825
Graduate Assistance in Areas of National Need	84.200	203,696
Ronald E. McNair Post-Baccalaureate Achievement	84.217	222,045
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	5,050
Department of Education - Miscellaneous	84.287	2,773
Technology Innovation Challenge Grants	84.303	29,915
National Institute on Student Achievement, Curriculum, and Assessment	84.305	132,325
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	1,540,509
Learning Anytime Anywhere Partnerships	84.339	265,146
		<u>5,790,510</u>
<i>Department of Health and Human Services</i>		
Architectural and Transportation Banners Compliance Board	88.001	<u>5,179</u>
		<u>5,179</u>
<i>Department of Health and Human Services</i>		
Public Health Service - I		
Childhood Lead Poisoning Prevention Projects	93.197	372,077
Community Services Block Grant	93.569	48,364
Public Health Service - II		
Health Careers Opportunity Program	93.822	<u>121,095</u>
		<u>541,536</u>
<i>Corporation for National and Community Service</i>		
Learn and Service America - Higher Education	94.005	119,181
Training and Technical Assistance	94.009	74,012
Volunteers in Service to America	94.013	<u>639,069</u>
		<u>832,262</u>
<i>Miscellaneous</i>		
Miscellaneous	99.000	<u>691,939</u>
Total Other Federal Assistance		<u>13,894,300</u>
Total Federal Assistance		<u>\$ 248,600,802</u>

The University of Massachusetts

Notes to Schedule of Expenditures of Federal Awards

June 30, 2002

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the Federal grant or award transactions of the University of Massachusetts' Amherst, Boston, Dartmouth, Lowell and Worcester Medical School campuses and the Office of Central Administration ((exclusive of the University of Massachusetts Building Authority and the University of Massachusetts Dartmouth Foundation, Inc.) "the University") for the year ended June 30, 2002 recorded on the accrual basis of accounting.

Subrecipient

The University is the subrecipient of Federal funds which have been subjected to testing and are reported as expenditures and listed as pass-through funds on the schedule of expenditures of federal awards (see Note 3).

CFDA Numbers Not Assigned

The University groups by grantor agency under a miscellaneous "999" account number all individual grants received and expended for which no CFDA number is provided for internal accounting purposes and on the schedule of expenditures of federal awards.

Administrative Cost Allowance

The University received \$757,077 in administrative cost allowances from the Department of Education for its use in administering student financial assistance programs. This amount is included in amounts reported as expenditures on the schedule of expenditures of federal awards.

2. Nature of Program

By definition, the programs are Federally funded. As such, funding is at the discretion of the Federal government. However, management has received no indication of discontinuance other than normal completion.

3. Pass-Through Funds

Pass-through funds are funds received by the University indirectly from the federal government through a primary recipient. Included in the total Federal assistance of \$248,600,802 on the schedule of expenditures of federal awards for the year ended June 30, 2002 is \$21,367,456 of pass-through funds. The following is a summary of the primary (those which exceed \$150,000) pass-through funds expended by the University for the fiscal year ended June 30, 2002:

The University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2002

	CFDA Number	Expenditures
<u>PASS-THROUGH GRANTOR</u>		
<u>MAJOR PROGRAMS</u>		
Research and Development		
<i>Department of Agriculture</i>		
Commonwealth of Massachusetts	10.200	\$ 1,698,054
<i>Department of Commerce</i>		
Engelhard Corporation	11.612	172,834
<i>Department of Defense</i>		
Science Application International Corporation; DLAMP Course Delivery	12.650	1,486,537
Brigham & Women's Hospital	12.910	192,629
Dyn/Damd (Army);	12.999	1,392,908
		<u>3,072,074</u>
<i>Department of Housing and Urban Development</i>		
Apen	14.169	330,633
Department of Public Facilities - HUD	14.238	153,884
		<u>484,517</u>
<i>Department of Transportation</i>		
State of Massachusetts	20.701	315,089
<i>National Aeronautics and Space Administration</i>		
Oregon State University	43.001	139,570
Southwest Research Institute	43.999	555,091
		<u>694,661</u>
<i>National Science Foundation</i>		
Foundation Coalition	47.041	412,338
University Corp for Atmospheric Research	47.050	231,829
		<u>644,167</u>
<i>Department of Energy</i>		
Rutgers University	81.087	250,405
<i>Department of Health and Human Services</i>		
Massachusetts General Hospital	93.030	284,697
Center for Survey Research - B.I.	93.103	175,501
Commonwealth of Massachusetts	93.104	250,397
Lead-HUD#2	93.197	225,761
Center for Survey Research - UMW	93.262	194,348
Beth Israel Deaconess Medical Center	93.395	223,730
Group Health	93.399	335,356
Biomedical Research Models, Inc.	93.847	154,324
Brown University	93.854	452,652
Therion Antigen; Social & Scientific Systems, Inc.; Duke University	93.856	1,285,086
Children's Hospital Medical Center	93.865	166,748
Advanced Bioscience Labs; Massachusetts General Hospital; New England Medical Center	93.999	1,517,638
		<u>5,266,238</u>
Total Research and Development		<u>12,598,039</u>

The University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2002

	CFDA Number	Expenditures
<u>PASS-THROUGH GRANTOR</u>		
<u>OTHER FEDERAL ASSISTANCE</u>		
<i>Department of Labor</i>		
Careerworks	17.207	\$ 499,913
Shaws Energy	17.246	291,075
Careerworks	17.253	246,631
Careerworks	17.255	832,390
		<hr/>
		1,870,009
<i>Environmental Protection Agency</i>		
City of Springfield	66.606	161,744
<i>Department of Education</i>		
Boston College	84.103	161,816
		<hr/>
Total Other Federal Assistance		2,193,569
		<hr/>
Pass-Through Awards Exceeding \$150,000		\$ 14,791,608
		<hr/>

The University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2002

4. Subrecipients

Included in the total federal assistance of \$248,600,802 on the schedule of expenditures of federal awards for the year ended June 30, 2002 is \$13,870,579 of federal awards provided to subrecipients. The following is a summary of the primary (those which exceed \$150,000) subrecipient amounts passed through the University for the fiscal year ended June 30, 2002:

	CFDA Number	Amount Provided to Subrecipients
<u>MAJOR PROGRAMS</u>		
Research and Development		
Grants for Agricultural Research, Special Research Group	10.200	\$ 1,548,576
Manufacturing Extension Partnership	11.611	160,575
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261	864,411
University Transportation Centers Program	20.701	346,935
NASA Technology Transfer	43.002	214,490
Mathematical and Physical Sciences	47.049	341,598
Geosciences	47.050	175,223
Renewable Energy Research and Development	81.087	186,850
Area Health Education Centers	93.107	413,047
Maternal and Child Health Federal Consolidated Programs	93.110	158,858
Biological Response to Environmental Health Hazards	93.113	171,234
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	291,476
National AIDS Education and Training Centers	93.145	841,394
Research on Healthcare Costs, Quality and Outcomes	93.226	253,576
Mental Health Research Grants	93.242	466,565
Centers for Disease Control - Investigations and Technical Assistance	93.283	226,187
Cancer Cause and Prevention Research	93.393	157,488
Cancer Detection and Diagnosis Research	93.394	390,316
Heart and Vascular Disease Research	93.837	977,317
Blood Diseases and Resources Research	93.839	531,965
Diabetes, Endocrinology and Metabolism Research	93.847	312,630
Kidney Disease, Urology, and Hematology Research	93.849	306,308
Microbiology and Infectious Diseases Research	93.856	1,432,659
Department of HHS - Miscellaneous	93.999	190,262
		<hr/>
Total Research and Development		10,959,940
		<hr/>
<u>OTHER FEDERAL ASSISTANCE</u>		
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334	219,510
TRIO - Upward Bound	84.047	159,970
		<hr/>
Total Other Federal Assistance		379,480
		<hr/>
Subrecipient Amounts Exceeding \$150,000		\$ 11,339,420
		<hr/>

The University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2002

5. Loan Advances

The following schedule presents new loans processed by the University for eligible students under federal student loan programs and federally guaranteed loan programs for the year ended June 30, 2002:

Direct Loan Programs:	
Perkins Loan	<u>\$ 6,113,723</u>
William D. Ford Federal Direct Loan Programs:	
Stafford/Ford Loans	48,726,904
Parent Loans for Undergraduate Students	<u>8,894,393</u>
	<u>57,621,297</u>
Family Education Loan Programs:	
Stafford Loans	2,790,920
Parent Loans for Undergraduate Students	<u>-</u>
	<u>2,790,920</u>
	<u>\$ 66,525,940</u>

The Perkins Loan Program is administered directly by the University and balances and transactions are included in the University's financial statements. The balance of loans outstanding under the Perkins Loan Program at June 30, 2002 was \$38,881,022.

The University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2002

Part I – Summary of Auditors’ Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Reportable condition(s) identified that are not considered to be material weaknesses? _____ x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? x yes _____ no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
<u>See listing on pages 6 through 12</u>	Research and Development
<u>See listing on page 12</u>	Student Financial Assistance
<u>See listing on page 13</u>	Cooperative Extension Service (Smith Lever Act)

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? x yes _____ no

Part II – Financial Statement Findings Section

There were no instances of noncompliance related to the financial statements which were required to be reported in accordance with Government Auditing Standards.

The University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2002

Part III – Federal Award Findings and Questioned Costs Section

The following section identifies instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by Circular A-133, Section 510.

RESEARCH AND DEVELOPMENT CLUSTER OF PROGRAMS

Compliance Requirements

II. Allowable Costs and Cost Principles

Worcester Campus

Finding

(CFDA Nos. 93.854, 93.856 and 93.865)

Finding

02-01 OMB Circular A-21, Part G(7)(a), requires that Federal agencies use the negotiated fringe benefit rates in effect at the time of the initial award throughout the life of the sponsored agreement. The negotiated rates between the Department of Health & Human Services and the campus are effective for the period July 1, 2000 through June 30, 2003, and provide for a worker's compensation rate of \$0.0075 per every \$1 of qualifying costs. In five out of five grants selected for testing, we noted that the workers' compensation rate charged to federal grants was \$0.01 for every \$1 of qualifying costs.

We further noted that the 1.00% rate was charged for all worker's compensation expense reimbursed by the federal agencies in fiscal 2002. This variance in rate is 0.25 points higher and resulted in an overcharge of \$116,910 in fiscal year 2002.

We understand that the 1.00% rate has been used since fiscal year 1999, and that it represents anticipated actual workers' compensation expense for the period.

Total questioned costs are the difference between workers compensation rate amounts charged to federal grants and the related incremental charge recovered through the overhead rate for the period compared to the allowed negotiated workers' compensation rate for the period. The total questioned cost for the four-year period ended June 30, 2002 is \$338,877.

We understand that management has since contacted the University's cognizant agency to obtain instructions regarding refunding the overcharge. We recommend that the campus continue to communicate with the Department of Health and Human Services and ensure that negotiated rates charged to the grants for the rate period are within the specified guidelines and agreements with the cognizant agency.

The University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2002

VI. Equipment and Real Property Management

Dartmouth Campus

Finding

02-02 Per OMB Circular No. A-110, Section 34(f)3 and A-21, Section J-12e, a physical inventory of property purchased under a Federal award shall be taken at least every two years. We noted that the last physical inventory conducted on the campus was completed in August 2000. Therefore, in accordance with Federal Regulations, the campus should have completed a physical inventory by August 2002.

We recommend that the campus perform a physical inventory every two years in accordance with federal regulations.

XIII. Subrecipient Monitoring

Worcester Campus

Finding

02-03 We noted that the campus policy does not include methods to monitor subrecipients that receive \$50,000 or less in federal funds from the campus to ensure they are complying with the compliance requirements. OMB Circular A-133, 400(d) requires that pass-through entities ensure that subrecipients expending \$300,000 or more in Federal awards during the subrecipient's fiscal year have met the applicable audit requirements.

We recommend that the campus revise its policies and procedures to be in accordance with federal regulations.

The University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2002

STUDENT FINANCIAL ASSISTANCE CLUSTER OF PROGRAMS

Student financial assistance programs tested as part of the Office of Management and Budget (OMB) Circular A-133 audit are:

	CFDA Number	Number of Recipients	Amount
. Federal Pell Grant Program	84.063	6,990	\$ 16,941,195
. Federal Perkins Loan Program	84.038	3,141	6,113,723
. Federal Work Study Program	84.033	3,612	3,372,185
. Federal Supplemental Education Opportunity Grants	84.007	4,476	1,918,634
. Family Education Loan Program/William D. Ford Federal Direct Loan Program:			
. Stafford and Stafford/Ford Student Loan Programs	84.268	25,969	95,890,922
. Parent Loans for Undergraduate Students	84.268	1,413	8,894,393

Compliance Requirements

V. Special Tests and Provisions - Refunds

Dartmouth Campus

Finding

(CFDA No. 84.268)

02-04 Federal Regulation 668.22(j)(1) requires that an institution return the Title IV funds distributed under the Federal Direct Loan (FDL) program no later than 30 days after the date of the institution's determination that a student withdrew. We noted that for one out of ten students selected for testing who withdrew during the current fiscal year, the Federal Direct Loan refund of \$963 was paid two days late.

We recommend that the campus refund the program amounts within the required time frame.

Report of Independent Accountants

To the Board of Trustees of the
University of Massachusetts

In our opinion, based on our audit and the reports of other auditors, the accompanying combined statement of net assets and, the combined related statements of revenues, expenses, and changes in net assets, and of cash flows, present fairly, in all material respects, the combined financial position of the University of Massachusetts (the "University") at June 30, 2002 and its combined revenues, expenses and changes in net assets and combined cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Massachusetts Building Authority or the University of Massachusetts Dartmouth Foundation Inc., which statements reflect total net assets of \$69.0 million as of June 30, 2002 and total revenue of \$53.8 million for the year then ended. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these components of the University, is based solely on the reports of the other auditors. We conducted our audit of these statements in accordance auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, as of July 1, 2001, the University adopted Governmental Accounting Standards Board Statement No. 35 "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities", an amendment to Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", as well as Statement No. 37 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures."

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2002 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended June 30, 2002. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2002 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

December 17, 2002

February 5, 2003

The University of Massachusetts is pleased to submit our corrective action plan responses to the Fiscal Year ended June 30, 2002 Schedule of Findings and Questioned Costs, for the Report on Federal Financial Assistance Programs In Accordance With OMB Circular A-133.

Sincerely,

Robert M. Harrison
Interim Director

(413) 587-2071

Encl.

University of Massachusetts
2002 Corrective Action Plan

OMB Circular A-133 Audit
Schedule of Findings and Questioned Costs
For the year ended June 30, 2002

RESEARCH AND DEVELOPMENT CLUSTER OF PROGRAMS

II. Allowable Cost and Cost Principles

Worcester Campus

Finding 02-01

The Campus has noted the responsibility of adhering to compliance requirements of OMB Circular A-21, Part G (7)(a). Accordingly, the Campus has changed its rates to the negotiated rates with the Department of Health & Human Services, which were and are in effect for the period July 1, 2000 through June 30, 2003. The Campus has instituted a management review policy to ensure that negotiated rates charged to grants for the rate period are continuously monitored to ascertain that they are within the specified guidelines and agreements with the cognizant agency. The Campus has refunded to the appropriate cognizant agency the questioned costs identified in this finding.

Contact Person:

George Bynoe, Manager Grant Accounting (508) 856-4145

VI. Equipment and Real Property Management

Dartmouth Campus

Finding 02-02

A physical inventory will be completed before the end of Fiscal Year 2003. Several of the campus's vacant inventory control personnel positions have remained unfilled due to inadequate funding and budget reductions. In addition, the campus's Inventory Director's position was vacated in early May of Fiscal Year 2002, and a search committee has been actively reviewing current applications to fill this vacated position. We anticipate this position will be filled before the end of the current calendar year. All federal physical inventories for all campus assets will be completed before the end of Fiscal Year 2003.

Contact Person:

Jeffrey L. Robinson, Controller (508) 999-9180

XIII. Subrecipient Monitoring

Worcester Campus

Finding 02-03

The Campus has noted the responsibility of adhering to the compliance requirements of OMB Circular A-133. Therefore all subrecipients receiving federal funds, regardless of amount, from the Campus will be requested to provide a copy of their most recent issued A-133 Audit Report. We have established a checklist procedure to monitor all requests and will follow-up where necessary.

Contact Person:

George Bynoe, Manager Grant Accounting (508) 856-4145

STUDENT FINANCIAL ASSISTANCE CLUSTER OF PROGRAMS

V. Special Tests and Provisions – Refunds

Dartmouth Campus

Finding 02-04

Quality controls will be enhanced to include: a.) implementation of usage of Federal R2T4 software rather than Federal paper R2T4 document; b.) each R2T4 calculation will be reviewed by a second staff person (the Director of Financial Aid) utilizing a new sign-off form, c:) new internal processing deadlines to ensure R2T4 funds are returned before 30 day timeframe.

Contact Person:

Bruce Palmer, Director of Financial Aid (508) 999-8632

University of Massachusetts
Summary Schedule of Prior Year Audit Findings

OMB Circular A-133 for fiscal year 2002
(For the prior year ended June 30, 2001 findings)

RESEARCH AND DEVELOPMENT CLUSTER OF PROGRAMS

Finding 01-1

Status

All expenditures are reviewed for the authorized signature of the responsible Principal Investigator prior to submission for payment. Seminars and learning sessions are conducted on an ongoing basis to educate Faculty and staff of their responsibility to approve all grant expenditures.

Finding 01-2

Status

All salaries charged to Federal Grants are reviewed by the Manager of Grant Accounting to ensure that salaries do not exceed Executive Level I.

Finding 01-3

Status

The one item of improperly titled equipment was corrected and is now federally titled. The campus Office of Grants and Contracts informs the Principal Investigator and the Controller's Office of the requirement to properly title in accordance with federal guidelines.

University of Massachusetts - Summary Schedule of Prior Year Audit Findings

Finding 01-4

Status

The campus will send notices by December 31, 2002 to PIs and department heads/chairs, apprising them of the audit finding and reminding them that they are required to obtain disposition instructions from federal awarding agencies prior to disposal of federally funded equipment. The campus will continue striving to follow appropriate guidelines to adhere to disposal requirements for federal funded equipment.

Finding 01-5

Status

The campus continues to take steps to ensure that the disposal of federally funded property is in compliance with OMB A-110, Section 34(g). Special object codes have been in use for six years specifically for the purpose of identifying equipment purchased under grants or contracts. This allows the Property Control Office to track and monitor all equipment dispositions. All requests for the disposal of federally funded equipment must be approved by the Controller and/or the Associate Vice Chancellor for Finance. This will ensure that the appropriate guidelines will be followed.

The campus will not be in full compliance until such time as all federally funded equipment purchased prior to the implementation of this process has been removed from our inventory.

No further action appears to be warranted as more than two years have passed since the audit report in which the finding occurred was submitted to the federal clearinghouse, no federal agency or pass-through entity is following up with us on the finding, and no management decision was issued in the cognizant agency's final determination letter dated July 2, 2002.

Finding 01-6

Status

The campus Office of Grants and Contracts and Director of Cost Analysis are working with the Principal Investigators to notify the agency when the level of effort of key personnel changes. Beginning with Spring FY02, a memorandum is sent each semester to all principal investigators reminding them of their responsibility to report changes in level of effort in support of grants. Principal Investigators are to provide this information to the program officer via Office of Grants and Contracts Administration since it requires Authorized Representative approval prior to submission to the sponsor.

University of Massachusetts - Summary Schedule of Prior Year Audit Findings

Finding 01-7

Status

The campus Office of Grants and Contracts and Director of Cost Analysis are working with the Principal Investigators to notify the agency when the level of effort of key personnel changes. Beginning with Spring FY02, a memorandum is sent each semester to all principal investigators reminding them of their responsibility to report changes in level of effort in support of grants. Principal Investigators are to provide this information to the program officer via Office of Grants and Contracts Administration since it requires Authorized Representative approval prior to submission to the sponsor.

Finding 01-8

Status

Grant Accounting will review all Personnel Action Forms to ensure that the Level of Effort for an individual is in compliance with the Grant Award. Any noted discrepancies will be reported to the Office of Research for follow up and potential amendment and notification to the granting agency.

Finding 01-9

Status

Purchasing has incorporated into its manual the recommendations of the A-133 audit for the Fiscal Year 02.

Finding 01-10

Status

All A-133 reports received from subrecipients are now date stamped and initialed by the reviewer. Based on these reviews, the campus issues management decisions on audit findings within six months of receipt and ensures that the subrecipient takes appropriate and timely corrective action.

Finding 01-11

Status

The Campus has put in place a procedure to identify subrecipients who exceed \$300,000 and require that an A-133 report be sent to the Manager of Grant Accounting. The Manager of Grant Accounting will review the report for related findings and follow up with subrecipient to ensure timely and appropriate corrective action has taken place.

University of Massachusetts - Summary Schedule of Prior Year Audit Findings

Finding 01-12

Status

The campus has implemented procedures to ensure federal regulation sub-recipient compliance. New procedures require that all sub-recipients provide adequate documentation that they are fully compliant with those regulations.

STUDENT FINANCIAL ASSISTANCE CLUSTER OF PROGRAMS

Finding 01-13

Status

The campus has reconciled its internal record keeping with AFSA and its related bank account. Those differences are now in the process of being booked by the proper parties to bring the three functions into agreement. The reconciliation effort will adjust cumulative balances and will be continued on a monthly basis, as we go forward.

Please note that with the installation of PeopleSoft the dedicated bank account for the Perkins Loan Program will be rolled into a consolidated bank account for the University. The reconciliation will then become a two way (no longer three way) match.

Finding 01-14

Status

The campus has implemented a system to notify students timely if they have credit balances in their accounts. Effective for the Fall 2001 semester, a postcard notification form was created from a print option in the Billing & Receivable System with student name and address for each excess check created for a student. These cards are delivered to the Bursar's Office at the same time we receive the excess checks for distribution. These cards are immediately mailed to the student informing them of the availability of excess funds and proper pick up and distribution instructions.

Finding 01-15

Status

The campus has fully implemented a process to notify, distribute and document student refunds in accordance with the above regulations. We generate emails at the same time that refund checks are generated and we generate address labels to facilitate both the notification and mailing of those checks.

University of Massachusetts - Summary Schedule of Prior Year Audit Findings

When checks are picked up by students we require them to sign and date a roster as further evidence that the full cycle was completed within 14 days.

Finding 01-16

Status

The campus initiated weekly reports of students withdrawing during the year with Perkins Loans in order to expedite processing of exit interviews for these students. The campus continues to work to improve in this area.

Finding 00-22

Status

Management reminded staff of the minimum loan amounts and in the cited *instance the appropriate portion of the borrower's loan was converted to subsidized.

Finding 00-24

Status

A Satisfactory Academic Progress policy was developed in compliance with federal regulations. The policy was retroactively applied and the campus appropriately reimbursed certain financial aid funds to the U.S. Department of Education.

Submitted:
Robert M. Harrison
Interim Director of Audit
413-587-2071