



Commonwealth of Massachusetts CTR Advisory Board – 2021 ACFR

April 5, 2022

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Agenda

ACFR Audit

- Objectives
- Scope
- Responsibilities
- Procedures Performed
- Conclusion
- Communications

Status Updates

- ACFR
- Single Audit



Objectives

Opine

- Express our opinions on the Annual Comprehensive Financial Report (ACFR) and its fair presentation in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP)
- No opinion or assurance on RSI
- Introductory and statistical sections not subject to audit procedures

Report

- Provide a Report on Internal Control over Financial Reporting and Compliance with Laws, Regulations and Grant Agreements that may impact the ACFR

Communicate

- Communicate significant audit matters required per Generally Accepted Auditing Standards (GAAS)
- Communicate other matters to management (management letter)



Scope

Governmental Funds and Governmental Activities

- General Fund
- Coronavirus Relief Fund
- Federal COVID-19 Response Fund
- Other Governmental Funds

Proprietary Funds and Business-Type Activities

- Unemployment Compensation Trust Fund
- Family and Employment Security Trust Fund

Fiduciary Funds

- Pension and OPEB Trust Funds
- Private Purpose Trust Funds
- Custodial Funds



Scope

- Activities and entities included in the ACFR audited by other auditors:
 - Massachusetts School Building Authority (MSBA)
 - Lotteries
 - University of Massachusetts
 - State Universities
 - Community Colleges
 - External Investment Trust Funds
 - Discretely Presented Component Units
- CLA will place reliance on the opinions of the auditors of these activities



Responsibilities

Management (Commonwealth)

- Preparation and fair presentation of ACFR in accordance with U.S. GAAP
- Design, implementation, and maintenance of internal control relevant to preparation and fair presentation of the ACFR that are free from material misstatement (whether due to fraud or error)
- Provide unrestricted access to information and personnel requested
- Representation letter at conclusion of audit

Independent Auditor (CLA)

- Opine on whether or not the ACFR is fairly presented, in all material aspects, in accordance with U.S. GAAP
- Provide report on internal control over financial reporting, compliance with laws, regulations, contracts and grants
- Conduct engagement in accordance with GAAS (promulgated by the AICPA) and *Government Auditing Standards*
- Comply with AICPA's Code of Professional Conduct, including ethical principals of integrity, objectivity, professional competence and due care



Procedures Performed

Risk Assessment and Internal Controls



Analytical Procedures



Inquiries of Management



Document Inspection



Process Observation

Substantive Testing



Tracing and Vouching



Recalculation



Confirmation



Analytical Procedures



Conclusion

- We anticipate issuing an “unmodified” opinion
 - Best opinion available; indicates the ACFR is fairly presented in accordance with GAAP
- Dependent on the results of testing related to the Unemployment Compensation and Family and Employment Security Trust funds



Other Required Communications

Significant Accounting Policies

- Management is responsible and are described in Note 1
- All significant transactions recognized in ACFR
- No transactions lacked authoritative guidance
- Prior year restatement related to lotteries

Note Disclosures

- Neutral, consistent and clear

Difficulties Encountered

- Significant delays in obtaining certain information for the Unemployment Compensation Trust and Family and Employment Security Trust funds

Uncorrected and Corrected Misstatements

- To be issued in a written governance communication

Disagreements with Management

- None

Management Representations

- Requested certain representations from management that are included in management representation letter

Management Consultations with Other Independent Accountants

- Certain consultations requested of Eide Bailly regarding the presentation of the Lotteries fund

Significant Issues Discussed with Management Prior to Engagement

- All within the normal course of our professional relationship



Status Updates

ACFR

Single
Audit



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