

Commonwealth of Massachusetts CTR Advisory Board – 2021 ACFR

April 5, 2022

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

Substantive Testing



Analytical Procedures



Tracing and Vouching



Inquiries of Management



Recalculation



Document Inspection



Confirmation



Process Observation

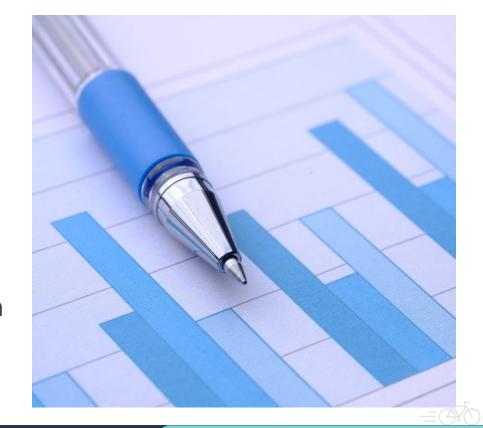


Analytical Procedures



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

Disagreements with Management

None

Note Disclosures

Neutral, consistent and clear

Management Representations Requested certain representations from management that are included in management representation letter

Difficulties Encountered Significant delays in obtaining certain information for the Unemployment Compensation Trust and Family and Employment Security Trust funds Management
Consultations with
Other Independent
Accountants

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

Uncorrected and Corrected Misstatements

•To be issued in a written governance communication

Significant Issues
Discussed with
Management Prior
to Engagement

All within the normal course of our professional relationship







Status Updates



Single Audit





Chris Rogers, CPA

Managing Principal of Industry, State and Local Government

Chris.Rogers@claconnect.com

Bill Early, CPA

Principal, State and State Agencies Leader

Bill.Early@claconnect.com

Jim Kreiser

Principal, IT and Business Risk Services

James.Kreiser@claconnect.com

Jim Piotrowski, CPA, CGFM

Principal

Jim.Piotrowski@claconnect.com



CLAconnect.com











Aires Coleman, CPA

Director

Aires.Coleman@claconnect.com

Jennifer Cook, CPA

Director

Jennifer.Cook@claconnect.com

Shana Doiron, CPA

Director

Shana.Doiron@claconnect.com