

# Comptroller Advisory Board Meeting

September 8, 2022



OFFICE OF THE COMPTROLLER  
COMMONWEALTH OF MASSACHUSETTS



# Comptroller Advisory Board

## Statutory Members

- ★ **Michael Heffernan**, Secretary of Administration and Finance (Chair)
- ★ **Suzanne M. Bump**, State Auditor
- ★ **Deborah Goldberg**, Treasurer
- ★ **Maura Healey**, Attorney General
- ★ **John Bello**, Court Administrator of Massachusetts Trial Court

## Appointed Members

- ★ **Michael Esmond**, Chief Fiscal Officer of Massachusetts Convention Center Authority
- ★ **Natalie Monroe**, First Assistant Inspector General

# Agenda

## **I. Administrative Matters**

Michael Heffernan, Secretary, Executive Office for Administration and Finance

- a. Call to order / Authorization for remote meeting
- b. Roll call
- c. Review and approval of the April 28, 2022 meeting minutes

## **II. Comptroller Remarks**

William McNamara, Comptroller of the Commonwealth

## **III. Review of the Single Audit Report**

Peter Scavotto, Assistant Comptroller for Risk, Office of the Comptroller

## **IV. CLA Report to the Board**

Chris Rogers, Managing Principal of Industry, CLA

## **V. Items not reasonably anticipated by the Chair**

Michael Heffernan, Secretary, Executive Office for Administration and Finance

## **VI. Next Meeting Date**

Michael Heffernan, Secretary, Executive Office for Administration and Finance

## **VII. Adjournment**

Michael Heffernan, Secretary, Executive Office for Administration and Finance

# Meeting Information

- ★ Due to the outbreak of the 2019 novel coronavirus (“COVID-19”), the Governor issued an Executive Order on March 10, 2020, that, among other things, allowed all members of public bodies to participate in deliberations remotely. Thus, the requirement that a quorum of the Advisory Board be physically present at a meeting was suspended. On July 16, 2022, Chapter 107 of the Acts of 2022 extended certain state of emergency accommodations, including the remote meeting provisions, until March 31, 2023.
- ★ Accordingly, this meeting will be held using Zoom and may be accessed by the public as either a video conference or as a telephone conference call using the following contact information:

**Date and Time:** September 8, 2022 at 12:00pm

**Location:** Zoom (website: [www.zoom.us](http://www.zoom.us))

**Meeting ID:** 889 3201 1538

**Passcode:** 413802

**Link:** <https://macomptroller.zoom.us/j/88932011538?pwd=dzA2bVUwODd4YWFLeURJSGF1UGg3UT09>

**Dial-In:** 929-205-6099

# Review and approval of the April 28, 2022 Meeting Minutes

**Michael Heffernan**  
Secretary of Administration and Finance (Chair)

# Remarks from the Comptroller

**William J. McNamara**  
Comptroller of the Commonwealth

# Three major reporting requirements

SBFR	ACFR	“Single Audit”
<b>Statutory Basis Financial Report</b>	<b>Annual Comprehensive Financial Report</b>	<b>Term for set of federal requirements</b>
<ul style="list-style-type: none"> <li>• Massachusetts-specific requirement under M.G.L. c. 7A, § 12</li> <li>• Some other states have similar requirements</li> <li>• Present the results of the prior fiscal year activity in the Commonwealth’s funds primarily on a cash, non-GAAP basis</li> <li>• Compute and certify the annual budget balance and end of fiscal year transfer to the Stabilization Fund</li> <li>• Disclose and report certain aspects of financial performance as directed by statute or judged relevant by the Comptroller</li> </ul>	<ul style="list-style-type: none"> <li>• 50-state requirement (plus other local government entities)</li> <li>• Financial statements of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB), which sets Generally Accepting Accounting Principles (GAAP) for those governments and entities</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Uniform Guidance:</b> authoritative set of administrative and financial requirements for recipients of federal grants &amp; funds</li> <li>• <b>SEFA:</b> Schedule of Expenditure of Federal Awards; details the use of federal funds</li> <li>• <b>Single Audit:</b> Organization-wide financial statement and federal awards’ audit of entities that expend \$750,000 or more in federal funds. Focused on internal controls and compliance with program requirements.</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Report created by Office of the Comptroller; review by independent CPA firm</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Report created by Office of the Comptroller; audit opinion by independent CPA firm</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Conducted primarily by independent CPA firm. Comptroller facilitates process and filing</i></li> </ul>

# CLA Report to the Board

**Chris Rogers**

Managing Editor of Industry, CLA



# Addressing EOLWD financial controls & reporting

## ★ **FY21 revealed structural and situational concerns in EOLWD's operation of the Unemployment Assistance program on a delegated financial system**

- Unemployment Assistance is the only large-scale state entity operating through a delegated financial system that does not issue comprehensive annual financial statements
- Staff turnover impacted the department's financial reporting capabilities

## ★ **New requirements issued by the Office of the Comptroller for FY22 onward**

- **Complete annual financial statements** to be issued every year beginning FY22
- **Quarterly interim statements to be provided beginning in FY23**, allowing reconciliation to balances on the MMARS system and to cash positions
- All statements to be based on **auditable sources and documentation**
- Requirement applies both to **Unemployment** and to **Paid Family Medical Leave**
- Permission for EOLWD to operate on delegated basis is contingent on full compliance

# EOLWD embracing new Comptroller requirements

## ★ Integrated into major effort to transform EOLWD Finance

- Priority project for EOLWD management, with Executive Steering Committee including Secretary Heffernan of A&F, the Comptroller, and the Office of the Governor
- Integrates financial control and reporting efforts required for effective program management, for federal Department of Labor requirements, and for Comptroller requirements
- Committed resources: management, finance, and IT staff from EOLWD; team from KMPG; professional hires including high-qualified CPA as interim CFO; and growing base of hires
- Weekly meeting of Executive Steering Committee with detailed report against action plan

## ★ Timing outlook: three phases

- FY22 reports due by October 15, with draft by September 30
- Quarterly reports for FY23 to commence by Q2 FY23 (period ending 12/31/2022)
- Plan to operate through an integrated, real-time general ledger approach by FY24 to follow

# Items not reasonably anticipated by the Chair

**Michael Heffernan**  
Secretary of Administration and Finance (Chair)

# Next Meeting Date

**Michael Heffernan**

Secretary of Administration and Finance (Chair)

# Adjournment

**Michael Heffernan**  
Secretary of Administration and Finance (Chair)