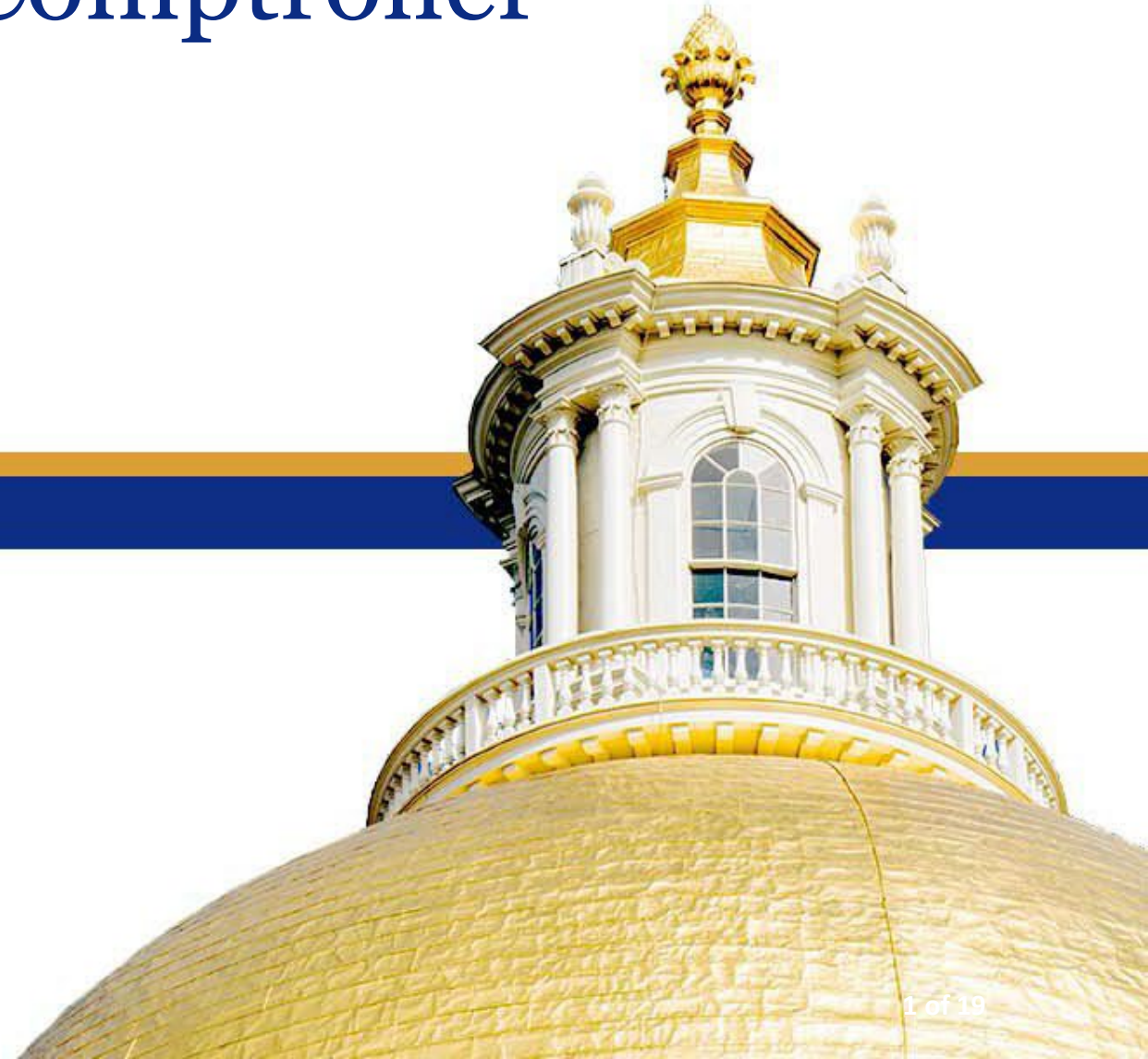


Meeting of the Advisory Board to the Comptroller

June 30, 2023



OFFICE OF THE COMPTROLLER
COMMONWEALTH OF MASSACHUSETTS



Advisory Board to the Comptroller

Statutory Members

- ★ **Matthew Gorzkowicz**, Secretary of Administration and Finance (Chair)
- ★ **Diana DiZoglio**, State Auditor
Designee: Meredith K. Barrieau, First Deputy Auditor
- ★ **Deborah B. Goldberg**, Treasurer and Receiver General
Designee: Kathleen McNamara, Internal Auditor
- ★ **Andrea Joy Campbell**, Attorney General
Designee: M. Patrick Moore, Jr., First Assistant Attorney General
- ★ **Thomas G. Ambrosino**, Court Administrator of Massachusetts Trial Court

Appointed Members

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

Agenda

- I. Administrative matters: Call to Order, Authorization for Remote Meeting, Notice of Recording**
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- II. Review and approval of the prior Advisory Board Meeting Minutes**
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- III. Remarks from the Chair of the Advisory Board**
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- IV. Comptroller's Update / Review of the Single Audit Process**
William McNamara, Comptroller of the Commonwealth / Peter Scavotto, Assistant Comptroller
- V. CliftonLarsonAllen (CLA) Report to the Board**
- VI. Outlook for Fiscal Year 2023 Reporting**
William McNamara, Comptroller
- VII. Items not reasonably anticipated by the Chair**
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- VIII. Next meeting**
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- IX. Adjournment**

Meeting Information

On March 29, 2023, Governor Healey signed into law a supplemental budget bill which, among other things, extends certain temporary provisions pertaining to the Open Meeting Law until March 31, 2025. Specifically, this further extension allows public bodies to continue holding meetings remotely without a quorum of the public body physically present at a meeting location, and to provide "adequate, alternative" access to remote meetings.

In accordance with that law, all members of the Advisory Board and members of the public are participating remotely in today's meeting.

Because members of the Board are participating remotely, all votes today will be taken by roll call.

Meeting:	Advisory Board to the Comptroller
Date:	June 30, 2023
Time:	10:30am
Format:	Meeting will be held virtually on Zoom
URL to join online:	https://macomptroller.zoom.us/j/84955504255?pwd=bEQxODRIOW1icmZERG54RkhpM21rdz09
Meeting ID:	849 5550 4255
Passcode:	949011
Dial-in (alternative to Zoom)	(929) 205-6099

Agenda Item I
Call to Order,
Authorization for Remote Meeting,
Notice of Recording

Matthew Gorzkowicz
Secretary, Executive Office for Administration and Finance

Agenda Item II

Review and approval of minutes

Matthew Gorzkowicz
Secretary, Executive Office for Administration and Finance

Agenda Item III

Remarks from the Advisory Board Chair

Matthew Gorzkowicz
Secretary, Executive Office for Administration and Finance

Agenda Item IV

Comptroller's Update / Review of the Single Audit Process

William McNamara, Comptroller of the Commonwealth
Peter Scavotto, Assistant Comptroller

Three major reporting requirements

SBFR	ACFR	Single Audit
Statutory Basis Financial Report	Annual Comprehensive Financial Report	A step in a series of federal requirements
<ul style="list-style-type: none"> • Required under state law (M.G.L. c. 7A, § 12) • Most other states have similar reports • Present the results of the prior fiscal year activity in the Commonwealth’s funds primarily on a cash, non-GAAP basis • Compute and certify the annual budget balance and end of fiscal year transfer to the Stabilization Fund • Disclose and report certain aspects of financial performance as directed by statute or judged relevant by the Comptroller 	<ul style="list-style-type: none"> • 50-state requirement (plus other local government entities) • 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 	<ul style="list-style-type: none"> • Uniform Guidance: authoritative set of administrative and financial requirements for recipients of federal grants & funds • SEFA: Schedule of Expenditure of Federal Awards; details the use of federal funds across the state • Single Audit: Organization-wide financial statement of federal awards. All programs over a dollar threshold and sample of smaller programs are audited. Focused on internal controls and compliance with program requirements.
<ul style="list-style-type: none"> • Reviewed by the independent CPA firm 	<ul style="list-style-type: none"> • Audited by the independent CPA firm 	<ul style="list-style-type: none"> • Conducted by the independent CPA firm

FY22 Single Audit Cycle

- ★ The Single Audit builds on information from the SBFR and ACFR processes, but moves on to in-depth audit of federally-funded programs for compliance with OMB rules and requirements.
- ★ Starting in May/June 2022, the IT (tech) aspect of the Single Audit begins
- ★ CLA works directly with departments under audit, with Comptroller's Office facilitating, tracking, and addressing issues.
- ★ Comptroller's Office engages with departments to focus on resolution of prior year issues. Fifteen FY21 issues were resolved, including 7 at EOLWD and 4 at EOHSS.
- ★ Total number of findings in FY22 is substantially lower than FY21. Increase of 2 in Material Weaknesses.

	FY22	FY21	Change
Material Weaknesses	6	4	+2
Significant Deficiencies	13	24	-11
Total	19	28	-9

Agenda Item V
CLA Report to the Advisory Board

Christian Rogers, Managing Principal of Industry

William Early, Principal

Shana Doiron, Director



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Commonwealth of Massachusetts CTR Advisory Board - 2022 Single Audit

June 30, 2023

Agenda

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - Summary of Findings
- Single Audit
 - Reports Issued
 - Major Programs Audited
 - Summary of Findings
 - Final Steps



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

- Material weakness finding 2022-001, Accounting and Financial Reporting Unemployment Compensation Trust Fund



Uniform Guidance Single Audit Report

- Report on compliance for each major federal program
- Report on internal control over compliance
- Report on the Schedule of Expenditures of Federal Awards required by the Uniform Guidance
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs



Major Programs Audited

Major Program	Assistance Listing Number	Department
•Child and Adult Care Food Program	10.558	Department of Elementary & Secondary Education
•Child Nutrition Cluster	10.555, 10.559, 10.582	Department of Elementary & Secondary Education
•Moving to Work Demonstration Program	14.881	Executive Office of Housing & Livable Communities
•Crime Victim Assistance	16.575	Office for Victim Assistance
•Unemployment Insurance	17.225	Executive Office of Labor & Workforce Development
•WIOA Cluster	17.258, 17.259, 17.278	Executive Office of Labor & Workforce Development
•Highway Planning Cluster	20.205, 20.219	Department of Transportation
•Emergency Rental Assistance	21.023	Executive Office of Housing & Livable Communities
•Homeowner Assistance Fund	21.026	Executive Office for Administration & Finance
•Coronavirus State and Local Fiscal Recovery Funds	21.027	Executive Office for Administration & Finance
•Rehabilitation Services – Vocational Rehabilitation to States	84.126	Rehabilitation Commission / Commission for the Blind
•Education Stabilization Fund	84.425	Department of Elementary & Secondary Education
•Child Support Enforcement	93.563	Department of Revenue
•Low-Income Home Energy Assistance	93.568	Executive Office of Housing & Livable Communities
•Adoption Assistance	93.659	Department of Children & Families
•Children’s Health Insurance Program	93.767	Executive Office of Health & Human Services
•Medicaid Cluster	93.775, 93.777, 93.778	Executive Office of Health & Human Services
•Disability Insurance/SSI Cluster	96.001	Rehabilitation Commission



Summary of Findings

- Qualified opinions for the following:

Department	Program	Assistance Listing	Noncompliance	Finding Number
Department of Elementary & Secondary Education	Child and Adult Care Food Program	10.558	Eligibility, Subrecipient Monitoring	2022-004
Executive Office of Labor & Workforce Development	Unemployment Insurance	17.225	Matching	2022-005
Executive Office of Labor & Workforce Development	WIOA Cluster	17.258, 17.259, 17.278	Reporting - Financial	2022-010
Executive Office of Labor & Workforce Development	WIOA Cluster	17.258, 17.259, 17.278	Reporting - FFATA	2022-011
Department of Transportation	Highway Planning and Construction Cluster	20.205, 20.219	Suspension and Debarment	2022-014
Executive Office of Housing & Livable Communities	Low-Income Home Energy Assistance	93.568	Reporting - FFATA	2022-018

- Unmodified opinions on each of the other major federal programs
- Material Weaknesses - 6 reported
- Significant Deficiencies- 13 reported



Findings – Single Audit

Department Name	Program/Cluster Title	Federal Agency (Prefix)	Assistance Listing	Finding No.	Internal Control		Compliance	Compliance Requirement
					Material Weakness	Significant Deficiency		
Department of Elementary & Secondary Education	Child Nutrition Cluster	U.S.D.A. (10)	10.555, 10.559, 10.582	2022-002		X	X	Eligibility
Department of Elementary & Secondary Education	Child Nutrition Cluster	U.S.D.A. (10)	10.555, 10.559, 10.582	2022-003		X	X	Reporting - FFATA
Department of Elementary & Secondary Education	Child and Adult Care Food Program	U.S.D.A. (10)	10.558	2022-004	X		X	Eligibility, Subrecipient Monitoring
Executive Office of Labor & Workforce Development	Unemployment Insurance	U.S. DOL (17)	17.225	2022-005	X		X	Matching
Executive Office of Labor & Workforce Development	Unemployment Insurance	U.S. DOL (17)	17.225	2022-006		X	X	Eligibility
Executive Office of Labor & Workforce Development	Unemployment Insurance	U.S. DOL (17)	17.225	2022-007		X	X	Reporting - ETA 9130
Executive Office of Labor & Workforce Development	Unemployment Insurance	U.S. DOL (17)	17.225	2022-008		X	X	Special Tests & Provisions - Match with IRS 940 FUTA Tax Form
Executive Office of Labor & Workforce Development	Unemployment Insurance	U.S. DOL (17)	17.225	2022-009		X	X	Special Tests & Provisions - UI Benefit Payments
Executive Office of Labor & Workforce Development	WIOA Cluster	U.S. DOL (17)	17.258, 17.259, 17.278	2022-010	X		X	Reporting - Financial - ETA 9130
Executive Office of Labor & Workforce Development	WIOA Cluster	U.S. DOL (17)	17.258, 17.259, 17.278	2022-011	X		X	Reporting - FFATA



Findings – Single Audit (continued)

Department Name	Program/Cluster Title	Federal Agency (Prefix)	Assistance Listing	Finding No.	Internal Control		Compliance	Compliance Requirement
					Material Weakness	Significant Deficiency		
Executive Office of Labor & Workforce Development	WIOA Cluster	U.S. DOL (17)	17.258, 17.259, 17.278	2022-012		X	X	Allowable Costs/Cost Principles
Executive Office of Labor & Workforce Development	WIOA Cluster	U.S. DOL (17)	17.258, 17.259, 17.278	2022-013		X	X	Subrecipient Monitoring
Department of Transportation	Highway Planning and Construction Cluster	U.S. DOT (20)	20.205, 20.219	2022-014	X		X	Suspension and Debarment
Executive Office of Housing & Livable Communities	Emergency Rental Assistance	U.S DOE (84)	21.023	2022-015		X	X	Reporting
Department of Elementary & Secondary Education	Education Stabilization Fund	U.S DOE (84)	84.425	2022-016		X	X	Reporting
Department of Elementary & Secondary Education	Education Stabilization Fund	U.S DOE (84)	84.425	2022-017		X	X	Reporting - FFATA
Executive Office of Housing & Livable Communities	Low-Income Home Energy Assistance	U.S HHS (93)	93.568	2022-018	X		X	Reporting - FFATA
Executive Office of Housing & Livable Communities	Low-Income Home Energy Assistance	U.S HHS (93)	93.568	2022-019		X	X	Reporting
Executive Office of Health & Human Services	Children's Health Insurance Program Medicaid Cluster	U.S HHS (93)	93.767, 93.775, 93.777, 93.778	2022-020		X	X	Special Tests & Provisions - Provider Health and Safety Standards



Programs with no Findings

Major Program	Assistance Listing	Department
Moving to Work Demonstration Program	14.881	Executive Office of Housing and Livable Communities
Crime Victim Assistance	16.575	Office for Victim Assistance
Homeowner Assistance Fund	21.026	Executive Office for Administration & Finance
Coronavirus State and Local Fiscal Recovery Funds	21.027	Executive Office for Administration & Finance
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Rehabilitation Commission / Commission for the Blind
Child Support Enforcement	93.563	Department of Revenue
Adoption Assistance	93.659	Department of Children & Families
Disability Insurance/SSI Cluster	96.001	Rehabilitation Commission



Final Steps

- Management Representation Letters
- Final Report to be issued
- Data Collection Form Submission



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 Piotrowski, CPA, CGFM
Principal
Jim.Piotrowski@claconnect.com

Aires Coleman, CPA
Signing Director
Aires.Coleman@claconnect.com

Shana Doiron, CPA
Director
Shana.Doiron@claconnect.com



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Agenda Item VI
Outlook for Fiscal Year 2023 Reporting

William McNamara
Comptroller

Two significant new GASB requirements for FY23

	GASB 94	GASB 96
<i>Nickname</i>	PPP	SBITA
<i>Meaning</i>	Public-private and public-public partnerships	Subscription-based information technology arrangements
<i>Example</i>	Food concessionaire in a public facility or park	“SAS” software-as-a-service contracts (the emerging standard)
<i>Process</i>	<ul style="list-style-type: none"> • Work closely with departments • Leverage the financial systems: accounting classifications, contracts, payees, recurring inflows or payments, etc. • Review of written contracts, records, and facilities • Partner with experts (CPA consultants) to assess materiality and arrive at valuations. 	

Driving for timely FY23 ACFR and Single Audit

- ★ Continuous improvement in Office of the Comptroller tools, processes, and communication
- ★ Rigorous approach to GASB 94 and GASB 96
- ★ Strong engagement with “off MMARS” entities (component units and separately-audited departments)
 - Timing of final financial statement for all entities
 - Impact of GASB 94 and GASB 96, if any
- ★ Focus on departments with new leadership or financial staff
- ★ Continued engagement on Unemployment controls and reporting

Agenda Item VII
Items not reasonably anticipated by the Chair

Matthew Gorzkowicz
Secretary, Executive Office for Administration and Finance

Agenda Item VIII
Next meeting

Matthew Gorzkowicz
Secretary, Executive Office for Administration and Finance