

# Meeting of the Advisory Board to the Comptroller

October 25, 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
- ★ **Deborah B. Goldberg**, Treasurer and Receiver General
- ★ **Andrea Joy Campbell**, 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. Call to order; authorization for remote meeting**  
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. Outlook for Fiscal Year 2023 Reporting**  
William McNamara, Comptroller of the Commonwealth
- V. Update on the Office of the Comptroller**  
Thomas Smith-Vaughan, Chief Operating Officer
- VI. Items not reasonably anticipated by the Chair**  
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- VII. Next meeting**  
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance

# 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 Information	
Date and Time:	October 25, 2023 at 1:30PM
Location:	Zoom
Meeting ID:	841 0842 7372
Passcode:	452074
Link:	<a href="https://macomptroller.zoom.us/j/84108427372?pwd=WTFHK1N5Rnd0V3FISEx2WUZRQXZEQT09">https://macomptroller.zoom.us/j/84108427372?pwd=WTFHK1N5Rnd0V3FISEx2WUZRQXZEQT09</a>
Dial-in:	1-929-205-6099

**Agenda Item I**  
**Call to order and**  
**Authorization for remote meeting**

**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**  
**Outlook for Fiscal Year 2023 Reporting**

**William McNamara**  
**Comptroller**



# Three major reporting requirements

SBFR	ACFR	Single Audit
<b>Statutory Basis Financial Report</b>	<b>Annual Comprehensive Financial Report</b>	<b>A step in a series of federal requirements</b>
<ul style="list-style-type: none"> <li>• Required under state law (M.G.L. c. 7A, § 12)</li> <li>• Most other states have similar reports</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> <li>• Key differences versus SBFR: Statements on a “modified accrual” basis; addition of multiple component units and other required information</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 across the state</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>• Reviewed by the independent CPA firm</li> </ul>	<ul style="list-style-type: none"> <li>• Audited by the independent CPA firm</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted by the independent CPA firm</li> </ul>



# Key dependencies in report timing

## ★ SBFR timing: 3-4 weeks required after Closing Supp to issue SBFR

- Closing Supp drives new transactions and transfers; potential for the set-up of new funds
- Completed document must be delivered to independent audit firm for review

## ★ Drivers of ACFR timing

- Timely delivery of accrual information by departments that are “on MMARS”
- Timely issuance of audited financial statements by separately-audited entities such as the State Universities and Community Colleges, the MBTA, and others
- Delivery of accurate financial statements by non-audited entities, such as Unemployment
- Work time to integrate all this information with the base provided by the SBFR, to draft the ACFR financial statements and accompanying schedules
- Sufficient audit review time for the independent CPA firm

## ★ Single Audit timing

- Conducted by independent CPA firm. Baseline work starts early; final work comes after ACFR.

# Outlook for Fiscal Year 2023 Reporting

## ★ **SBFR will miss its deadline. Timing of the Closing Supp is the key.**

- Given the 3-to-4 weeks required for accounting, report compilation, and audit, the best case is a mid- to late- November delivery.

## ★ **ACFR: based on FY2022 experience, we are monitoring and addressing risk factors**

- **Unemployment** was a major driver of the FY2022 ACFR delay. FY2023 Financials are not yet complete but are nearing completion. DUA internal and consulting resources have been increased and are working to deliver to our expectations.
- **MSCBA delivered its audited financials late.** We are monitoring all separately-audited units for timely delivery. The next few weeks will be determinative.
- **New GASB requirements.** GASB 94 (Public-Private Partnerships) and GASB 96 (Subscription-based Information Technology Arrangements) are new for FY2023. Tracking well in core state financial entities; we are monitoring separately-reported entities.

## ★ **Single Audit**

- No concerns at this time. Revisit based on ACFR timing.

**Agenda Item V**  
**Update on the Office of the Comptroller**

**Thomas Smith-Vaughan**  
**Chief Operating Officer**

# The Office of the Comptroller



STATEWIDE  
FINANCIAL  
REPORTING



STATEWIDE  
GENERAL  
ACCOUNTING



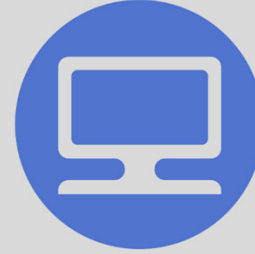
STATEWIDE  
PAYROLL



STATEWIDE  
PAYMENTS  
AND TAX REPORTING



STATEWIDE CONTRACTS,  
VENDOR REGISTRATION,  
AND NON-TAX REVENUE



ENTERPRISE SYSTEMS  
SERVICES



STATEWIDE  
RISK MANAGEMENT



EXECUTIVE AND  
ADMINISTRATION

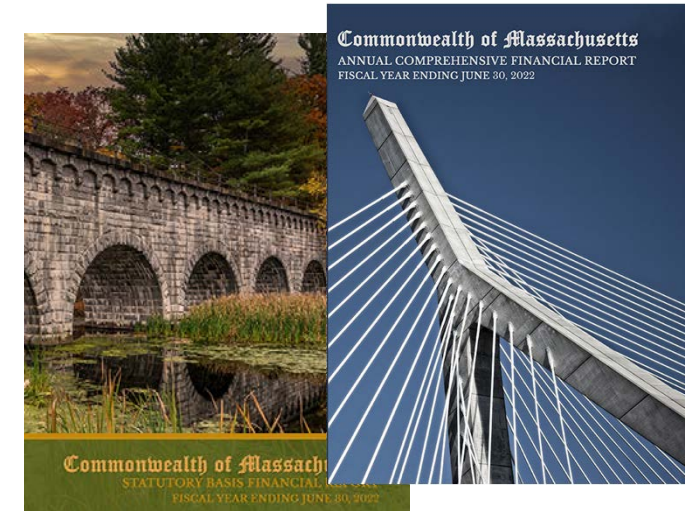
# Statewide Financial Reporting

Pauline Lieu, Assistant Comptroller

Team Size: 11

## ★ Produces the Financial Reports of the Commonwealth

- Statutory Basis Financial Report (SBFR)
- Annual Comprehensive Financial Report (ACFR)
- GASB Reporting
- Legislatively Mandated Reporting



## ★ Manages Commonwealth's relationship with independent external auditor

## ★ Prepares information required for Commonwealth bond issues

# Statewide General Accounting

Kristin Lacroix, Assistant Comptroller

Team Size: 14



- ★ Ensures accuracy and integrity in the General Ledger
- ★ Oversees chart of account management in accounting systems
- ★ Oversees annual accounts receivable process
- ★ Sets up funds in accordance with General Appropriations Act and supplemental budgetary legislation
- ★ Executes transfers and other transactions
- ★ Sets up federal grant funds, accounting, and drawdown management



# Statewide Payroll

Tryntje Bumgardner, Assistant Comptroller  
Team Size: 26



- ★ **Conducts Bi-Weekly Payroll Run**
- ★ **Ensures that agencies timely, accurately, properly code transactions into HR/CMS**
- ★ **Conducts Quarterly HR/CMS User Group Meeting**
- ★ **Monitors Payroll Funding Levels**

# Statewide Payments and Tax Reporting

Tryntje Bumgardner, Assistant Comptroller

Team Size: 9

- ★ Provides Forms W-2 and 1095-C to all Commonwealth of Massachusetts employees
- ★ Provides Forms 1099 to Commonwealth of Massachusetts vendors
- ★ Administers statewide procurement card program
- ★ Administers Prompt Payment Discounts
- ★ Issues tax reports to Massachusetts Department of Revenue and U.S. Internal Revenue Service
- ★ Coordinates statewide payments of Settlements and Judgments, Liability Management Reduction Fund

# Statewide Contracts, Vendor Registration, and Non-Tax Revenue

Kristine Hill-Jones, Assistant Comptroller

Team Size: 17



- ★ **Intakes vendor Forms W-9 and Electronic Funds Transfer Authorization Forms**
- ★ **Oversees and processes Commonwealth of Massachusetts contracts with state vendors**
- ★ **Oversees and provide guidance on Interdepartmental Service Agreements**
- ★ **Manages statewide contracts for payment card processing, electronic revenue and debt collection**
- ★ **Administers Commonwealth Intercept Program**

# Statewide Risk Management

Peter Scavotto, Assistant Comptroller

Team Size: 11



- ★ Publishes Internal Control Guide
- ★ Works with Department Security Officers to manage access to Enterprise Systems
- ★ Coordinates emergency response to cyber breaches at departments
- ★ Cybersecurity Awareness
- ★ Coordinates Statewide Single Audit



# Enterprise Systems Services

Peter Murphy, Assistant Comptroller

Team Size: 23

- ★ Maintains and Operationally Supports MMARS, HR/CMS and other related enterprise applications
- ★ Manages the electronic interface to agencies statewide, which automates thousands of payments to residents in social safety net programs
- ★ Provides transparency on CTHRU



# CTR Executive & Administration

Thomas Smith-Vaughan, Chief Operating Officer

Team Size: 27

★ Finance

★ Operations

★ Human Resources

★ Learning & Development

- Statewide training
- Office of the Comptroller

★ Communications

★ Solution Desk (statewide support)

★ Legal

Amy Nable, General Counsel

Team size: 3

*(Direct report to the Comptroller)*

# Key Relationships

<b>Executive Office for Administration &amp; Finance</b>	<b>Joint Committee on Ways &amp; Means</b>	<b>Office of the Treasurer and Receiver-General</b>
<b>Governor's Council (Warrant process)</b>	<b>Human Resources Division</b>	<b>Office of the State Auditor</b>
<b>Executive Office of Technology Services &amp; Security</b>	<b>CliftonLarsonAllen (independent auditors)</b>	<b>Department of Revenue</b>
<b><u>Departments statewide</u> Executive leadership, CFOs &amp; financial professionals, Payroll &amp; HR teams, IT professionals</b>		

**Agenda Item VI**  
**Items not reasonably anticipated by the Chair**

**Matthew Gorzkowicz**  
**Secretary, Executive Office for Administration and Finance**



# Agenda Item VII

## Next meeting

**Matthew Gorzkowicz**  
**Secretary, Executive Office for Administration and Finance**