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To: Department Heads, Chief Fiscal Officers, and Single Audit Liaisons
From: William McNamara, Comptroller
Date: August 8, 2023
Re: Audit Issues from the 2022 Single Audit - Preparation for 2023

Comptroller Memo FY#2023-27

Executive Summary

The Commonwealth's [FY2022 Uniform Guidance Single Audit Report](#) has been completed as required by The Office of Management and Budget's (OMB) Uniform Guidance. The Guidance can be found at [Title 2 CFR Subtitle A, Chapter II, Part 200](#). We are sharing some of the most common audit themes as identified by the Commonwealth's independent audit firm, CliftonLarsonAllen LLP (CLA). The issues identified are important for the agencies audited to address and for other Commonwealth agencies to review and consider as they evaluate their own procedures in preparation for the FY 2023 audit.

Overall, there were fewer findings for FY 2022 than in the previous year – 19 compared to 22 in FY 2021.

Areas of Improvement from the Prior Year (FY 2021) Single Audit

Earmarking

Earmarking compliance continues to improve. The findings are down from one in FY 2021 to no findings in FY 2022.

The Commonwealth has various earmarking requirements under different award programs, which each department must follow. Earmarking includes requirements that specify the minimum, and/or maximum, amount or percentage of the program's funding (approved by state or federal funding entity rules) that must/may be used for specified activities, including funds provided to subrecipients.

Invoice Approval and Timing

There were no findings with respect to invoice approval and timing in FY 2022, after such a finding in FY 2021.

Issues from the Fiscal Year 2022 Single Audit

The CLA auditors reported the observations, described below, as part of the FY 2022 Single Audit, which did include audit findings. The topics below are not specific to any department.

Reporting

A significant portion of the findings, 9 of 19, fall into this category. Specific reporting issues include timeliness, accuracy, and omissions.

Departments can contact their federal awarding agencies to make sure they are up to date on the latest reporting requirements. They can also review the OMB [2023 Compliance Supplement \(whitehouse.gov\)](#), which is the guide that auditors use to audit federal programs.

Special Tests and Provisions

While having shown improvement in past years, three special tests and provisions issues appeared again this year, with one example related to eligibility.

Each federal program is unique and has specific requirements for special tests and provisions which can be found in the statutes, regulations, and the provisions of contract or grant agreements pertaining to the program. Regardless of their unique and specific requirements, under the Uniform Guidance, departments must establish and maintain effective internal controls over federal awards that provide reasonable assurance that they are managing these awards in compliance with federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Documentation

As was the case in FY 2021, the FY 2022 audit showed that documentation of internal controls and procedures were, in some cases, incomplete. One example is the need for an improved procedure to ensure that all claimants receive eligibility determination letters.

If auditors have complete and accurate documentation of processes and controls, less sampling is required in order to determine the relevance and reliability of the evidence gathered.

Information Technology System Issues and Data Security - Reminder

Data in department-managed systems must be protected, especially with systems containing personally identifiable information and those that interface with the Commonwealth's financial systems, MMARS and HR/CMS. Departments need to ensure that all new hires have the proper security to access their systems, but no more access than is needed to complete their duties, and that their activities are monitored. Personnel who terminate service with departments should have security access and functions cancelled immediately.

The [Statewide Enterprise Systems Security Policy](#) requires that departments monitor access to statewide systems (MMARS, HR/CMS, CIW, Mobius, and InTempo) on a regular basis to ensure that levels of access are appropriate and proper segregation of duties is in place. Such monitoring must also be in place for department-managed systems.

cc: MMARS Liaisons
Payroll Directors
General Counsels
Internal Control Officers
Internal Distribution