




WILLIAM McNAMARA
COMPTROLLER

Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

ONE ASHBURTON PLACE, 9TH FLOOR
BOSTON, MASSACHUSETTS 02108
(617) 727-5000
MACOMPTROLLER.ORG



To: Department Heads, Chief Fiscal Officers, and Single Audit Liaisons
From: William McNamara, Comptroller 
Date: September 23, 2022
Re: Audit Issues from the 2021 Single Audit - Preparation for 2022

Comptroller Memo FY#2022-31

Executive Summary

The Commonwealth's [Fiscal Year 2021 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 Fiscal Year 2022 audit.

Areas of Improvement from the Prior Year (Fiscal Year 2020) Single Audit

Subrecipient Monitoring

There are fewer findings, two in total, in this category, as compared to Fiscal Year 2020.

Subrecipient monitoring compliance requirements are numerous – from conducting risk assessments on subrecipients to ensuring that the spending of funds is appropriate and documented. These requirements are found in the OMB's 2.CFR.Sections 200.331-200.333.

Earmarking

Earmarking compliance continues to improve.

The Commonwealth has various earmarking requirements under different award programs by 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.

Issues from the Fiscal Year 2021 Single Audit

The CLA auditors reported the observations, described below, as part of the Fiscal Year 2021 Single Audit, which did include audit findings. Of note, for Fiscal Year 2021 there were no management letter comments. The topics below are not specific to any, one finding or department.

Reporting

Federal agencies added an increased focus on reporting requirements for Fiscal Year 2021 and most of the findings, 12 of 22, 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 [2022 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, some eligibility determination issues appeared again this year.

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

The Fiscal Year 2021 audit showed that documentation of internal controls and procedures were, in some cases, incomplete. Examples include missing or incomplete documentation of internal controls for reconciliation and ensuring that data combined from multiple sources to produce reports is consistent.

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 the department 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