



COMMONWEALTH OF MASSACHUSETTS

OMB Circular A-133 Report

June 30, 2015

COMMONWEALTH OF MASSACHUSETTS

OMB Circular A-133 Report

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**Independent Auditors' 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***

Mr. Thomas G. Shack, III, Comptroller
Commonwealth of Massachusetts:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Massachusetts (the Commonwealth), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements and have issued our report thereon dated May 18, 2016. Our report includes an emphasis of matter paragraph regarding the Commonwealth adopting provisions of Governmental Accounting Standard Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our report includes a reference to other auditors who audited the financial statements of the entities described in note 13 of the Commonwealth's basic financial statements. The financial statements of certain entities identified in note 13 to the Commonwealth's basic financial statements were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commonwealth's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commonwealth's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and others that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the



deficiency described in the accompanying schedule of findings and questioned costs as 2015-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2015-002 through 2015-011 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commonwealth's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Commonwealth's Response to Findings

The Commonwealth's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commonwealth's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commonwealth's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commonwealth's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

May 18, 2016



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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

Mr. Thomas G. Shack, III, Comptroller
Commonwealth of Massachusetts:

Report on Compliance for Each Major Federal Program

We have audited the Commonwealth of Massachusetts' (the Commonwealth) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commonwealth's major federal programs for the year ended June 30, 2015. The Commonwealth's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

As discussed in note (1) to the schedule of expenditures of federal awards, the Commonwealth's basic financial statements include the operations of certain entities whose federal awards are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit, described below, did not include the operations of the entities identified in note (1) as these entities conducted separate audits in accordance with OMB Circular A-133, if required.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commonwealth's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commonwealth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commonwealth's compliance.



Opinion on Each Major Federal Program

In our opinion, the Commonwealth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-012 through 2015-019, 2015-021, and 2015-023 through 2015-028. Our opinion on each major federal program is not modified with respect to these matters.

The Commonwealth's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Commonwealth's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the Commonwealth is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commonwealth's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commonwealth's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-012 through 2015-029, that we consider to be significant deficiencies.

The Commonwealth's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Commonwealth's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements. We have issued our report thereon dated May 18, 2016, which referred to the use of reports of other auditors and which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commonwealth's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

May 31, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Federal agency, program, or cluster title	Expenditures
	U.S. Department of Agriculture:	
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 6,241,283
10.156	Federal-State Marketing Improvement Program	411,094
10.307	Organic Agriculture Research and Extension Initiative	64,424
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	80,921,700
10.558	Child and Adult Care Food Program	63,726,219
10.560	State Administrative Expenses for Child Nutrition	4,116,412
10.572	WIC Farmers' Market Nutrition Program (FMNP)	379,528
10.574	Team Nutrition Grants	10,000
10.576	Senior Farmers Market Nutrition Program	507,945
10.578	WIC Grants To States (WGS)	2,239,867
10.579	Child Nutrition Discretionary Grants Limited Availability	1,437,294
10.580	Supplemental Nutrition Assistance Program, Outreach/Participation Program	440,106
10.582	Fresh Fruit and Vegetable Program	2,940,955
10.589	Child Nutrition Direct Certification Performance Awards	106,853
10.664	Cooperative Forestry Assistance	1,064,651
10.675	Urban and Community Forestry Program	313,109
10.676	Forest Legacy Program	44,673
10.678	Forest Stewardship Program	81,890
10.902	Soil and Water Conservation	19,535
10.913	Farm and Ranch Lands Protection Program	3,948,784
10.914	Wildlife Habitat Incentive Program	8,514
10.916	Watershed Rehabilitation Program	1,380,480
	SNAP Cluster:	
10.551	Food Stamps	1,209,621,609
10.561	State Administrative Matching Grants for Food Stamp Program	59,033,063
	Total SNAP Cluster	1,268,654,672
	Child Nutrition Cluster:	
10.553	School Breakfast Program	46,052,647
10.555	National School Lunch Program	190,912,599
10.556	Special Milk Program for Children	308,194
10.559	Summer Food Service Program for Children	8,161,702
	Total Child Nutrition Cluster	245,435,142
	Food Distribution Cluster:	
10.568	Emergency Food Assistance Program Administrative Costs	874,176
	Total Food Distribution Cluster	874,176
	Total U.S. Department of Agriculture	1,685,369,306
	U.S. Department of Commerce:	
11.407	Interjurisdictional Fisheries Act of 1986	122,438
11.419	Coastal Zone Management Administration Awards	2,443,257
11.420	Coastal Zone Management Estuarine Research Reserves	515,721
11.454	Unallied Management Projects	10,708,469
11.463	Habitat Conservation	6,634
11.472	Unallied Science Program	580,908
11.474	Atlantic Coastal Fisheries Cooperative Management Act	315,635
11.549	State and Local Implementation Grant Program	447,912
	Total U.S. Department of Commerce	15,140,974
	U.S. Department of Defense:	
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	1,434,725
12.400	Military Construction, National Guard	981,429
12.401	National Guard Military Operations and Maintenance (O&M) Projects	37,606,539
	Total U.S. Department of Defense	40,022,693
	U.S. Department of Housing and Urban Development:	
14.181	Supportive Housing for Persons with Disabilities	681,991
14.228	Community Development Block Grants/State's Program	30,760,932
14.231	Emergency Shelter Grants Program	5,026,830
14.235	Supportive Housing Program	7,553,654

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Federal agency, program, or cluster title	Expenditures
14.238	Shelter Plus Care	\$ 421,343
14.239	HOME Investment Partnerships Program	6,871,392
14.241	Housing Opportunities for Persons with AIDS	47,379
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	1,059,776
14.401	Fair Housing Assistance Program State and Local	961,291
14.855	Section 8 Rental Voucher Program	4,593,555
14.881	Moving to Work Demonstration Program	215,135,504
14.906	Healthy Homes Technical Studies Grants	106,304
	Section 8 Project-Based Cluster:	
14.182	Section 8 New Construction Program	7,249,285
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	16,875,490
	Total Section 8 Project-Based Cluster	24,124,775
	Housing Voucher Cluster:	
14.871	Section 8 Housing Choice Vouchers	8,494,848
14.880	Family Unification Program (FUP)	2,078,380
	Total Housing Voucher Cluster	10,573,228
	Total U.S. Department of Housing and Urban Development	307,917,954
	U.S. Department of the Interior:	
15.608	Fish and Wildlife Management Assistance	57,146
15.614	Coastal Wetlands Planning, Protection and Restoration Act	1,000,000
15.616	Clean Vessel Act Program	998,284
15.622	Sportfishing and Boating Safety Act	187,418
15.630	Coastal Program	39,770
15.633	Landowner Incentive	47,050
15.634	State Wildlife Grants	155,184
15.677	Hurricane Sandy Disaster Relief Activities-FWS	313,191
15.808	U.S. Geological Survey Research and Data Collection	8,713
15.904	Historic Preservation Fund Grants-In-Aid	828,864
15.916	Outdoor Recreation Acquisition, Development and Planning	250,000
15.947	Boston Harbor Islands Partnership	33,378
	Historic Preservation Fund Grants to Provide Disaster Relief to Historic Properties Damaged by	
15.957	Hurricane Sandy	44,169
15.999	Dept of Interior – Miscellaneous	17,959
	Fish and Wildlife Cluster:	
15.605	Sport Fish Restoration	6,309,360
15.611	Wildlife Restoration	1,941,998
	Total Fish and Wildlife Cluster	8,251,358
	Total U.S. Department of the Interior	12,232,484
	U.S. Department of the Justice:	
16.017	Sexual Assault Services Formula Program	307,635
16.321	Antiterrorism Emergency Reserve	1,919,733
16.393	Residential Substance Abuse Treatment For State Prisoners	140,798
16.540	Juvenile Justice and Delinquency Prevention Allocation to States	400,282
16.543	Missing Children's Assistance	1,254,908
16.550	State Justice Statistics Program for Statistical Analysis Centers	38,457
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	619,026
16.575	Crime Victim Assistance	7,268,024
16.576	Crime Victim Compensation	1,406,819
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	197,725
16.585	Drug Court Discretionary Grant Program	401,227
16.588	Violence Against Women Formula Grants	2,668,351
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	354,634
16.606	State Criminal Alien Assistance Program	2,607,394
16.609	Community Prosecution and Project Safe Neighborhoods	71,614
16.610	Regional Information Sharing Systems	3,371,219
16.710	Public Safety Partnership and Community Policing Grants	193,629
16.727	Enforcing Underage Drinking Laws Program	34,451
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	172,615

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Federal agency, program, or cluster title	Expenditures
16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 4,432,916
16.741	Forensic DNA Capacity Enhancement Program	328,204
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	326,404
16.751	Edward Byrne Memorial Competitive Grant Program	22,835
16.754	Harold Rogers Prescription Drug Monitoring Program	395,257
16.812	Second Chance Act Prisoner Reentry Initiative	1,625,018
16.816	John R. Justice Prosecutors and Defenders Incentive Act	2,706
16.820	Postconviction Testing of DNA Evidence to Exonerate the Innocent	313,072
16.824	Emergency Law Enforcement Assistance Grant	497,265
	Total U.S. Department of Justice	31,372,218
	U.S. Department of Labor:	
17.002	Labor Force Statistics	2,147,395
17.005	Compensation and Working Conditions	96,912
17.225	ARRA – Unemployment insurance	6,092
17.225	Unemployment insurance	1,685,602,935
17.235	Senior Community Service Employment Program	1,728,188
17.245	Trade Adjustment Assistance Workers	13,748,803
17.261	WIA Pilots, Demonstrations, and Research Projects	721,649
17.271	Work Opportunity Tax Credit Program (WOTC)	19,234,574
17.277	Workforce Investment Act (WIA) National Emergency Grants	6,343,509
17.280	Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	13,468
17.283	Workforce Innovation Fund	89,323
17.504	Consultation Agreements	1,375,148
17.600	Mine Health and Safety Grants	52,690
17.999	Dept of Labor – Miscellaneous	84,484
	Employment Service Cluster:	
17.801	Disabled Veterans' Outreach Program (DVOP)	2,797,159
17.804	Local Veterans' Employment representative Program	138,851
	Total Employment Service Cluster	2,936,010
	WIA Cluster:	
17.258	WIA Adult Program	14,182,859
17.259	WIA Youth Activities	14,540,672
17.278	WIA Dislocated Worker Formula Grants	20,454,159
	Total WIA Cluster	49,177,690
	Total U.S. Department of Labor	1,783,358,870
	U.S. Department of Transportation:	
20.218	National Motor Carrier Safety	2,904,565
20.232	Commercial Driver License State Programs	217,744
20.234	Safety Data Improvement Program	21,504
20.237	Commercial Vehicle Information Systems and Networks	201,096
20.238	Commercial Drivers License Information System	109,485
20.319	ARRA – High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	13,093,021
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	2,953,255
20.505	Federal Transit Metropolitan Planning Grants	2,910,653
20.509	Formula Grants for Other Than Urbanized Areas	4,015,747
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	44,472
20.614	Safety Incentive Grants for Use of Seatbelts	110,558
20.700	Pipeline Safety	652,524
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	268,183
	Highway Planning and Construction Cluster:	
20.205	ARRA – Highway Planning and Construction	141,447
20.205	Highway Planning and Construction	527,507,216
20.219	Recreational Trails Program	1,156,585
	Total Highway Planning and Construction Cluster	528,805,248
	Federal Transit Cluster:	
20.500	Federal Transit Capital Investment Grants	2,898,904

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Federal agency, program, or cluster title	Expenditures
20.526	Bus and Bus Facilities Formula Program	\$ 909,766
	Total Federal Transit Cluster	3,808,670
	Transit Service Program Cluster:	
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	5,349,846
20.516	Job Access Reverse Commute	2,273,385
20.521	New Freedom Program	1,753,442
	Total Transit Service Program Cluster	9,376,673
	Highway Safety Cluster:	
20.600	State and Community Highway Safety	6,314,915
20.616	National Priority Safety Programs	3,378,433
	Total Highway Safety Cluster	9,693,348
	Total U.S. Department of Transportation	579,186,746
	Equal Employment Opportunity Commission:	
30.002	Employment Discrimination State and Local Fair Employment Practices Agency Contracts	1,037,250
	National Endowment for the Arts:	
45.025	Promotion of the Arts Partnership Agreements	868,015
45.310	State Library Program	3,222,107
	Total National Endowment for the Arts	4,090,122
	Small Business Administration:	
59.061	State Trade and Export Promotion Pilot Grant Program	37,309
	U.S. Department of Veterans Affairs:	
64.014	Veterans State Domiciliary Care	3,810,600
64.015	Veterans State Nursing Home Care	19,053,735
64.999	Department of Veterans Affairs Miscellaneous	472,787
	Total U.S. Department of Veterans Affairs	23,337,122
	Environmental Protection Agency:	
66.032	State Indoor Radon Grants	161,169
	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean	
66.034	Air Act	619,718
66.039	National Clean Diesel Emissions Reduction Program	275,319
66.040	State Clean Diesel Grant Program	116,977
66.432	State Underground Water Source Protection	45,914
66.454	Water Quality Management Planning	438,712
66.456	National Estuary Program	1,236,617
66.461	Regional Wetland Program Development Grants	130,939
66.472	Beach Monitoring and Notification Program Implementation Grants	194,073
66.474	Water Protection Grants to the States	11,144
66.605	Performance Partnership Grants	11,552,055
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	390,784
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	80,185
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	416,311
66.708	Pollution Prevention Grants Program	19,642
66.802	Superfund State, Political Subdivision, and Indian Tribe Site Specific Cooperative Agreements	1,275,569
66.804	State and Tribal Underground Storage Tanks Program	973,386
66.805	Leaking Underground Storage Tank Trust Fund Program	813,564
66.810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	375,000
66.817	State and Tribal Response Program Grants	1,019,852
66.999	Environmental Protection Agency – Miscellaneous	1,454,197
	Total Environmental Protection Agency	21,601,127
	U.S. Department of Energy:	
81.041	State Energy Program	829,732
81.042	Weatherization Assistance for Low-Income Persons	6,110,606
81.119	State Energy Program Special Projects	621,212
81.138	State Heating Oil and Propane Program	22,288
	Total U.S. Department of Energy	7,583,838

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Federal agency, program, or cluster title	Expenditures
	U.S. Dept of Education:	
84.002	Adult Education State Grant Program	\$ 10,119,301
84.010	Title I Grants to Local Educational Agencies	205,033,208
84.011	Migrant Education State Grant Program	1,654,285
84.013	Title I Program for Neglected and Delinquent Children	2,475,200
84.048	Vocational Education Basic Grants to States	17,505,860
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	55,870,808
84.132	Centers for Independent Living	1,553,569
84.144	Migrant Education Coordination Program	65,884
84.161	Rehabilitation Services Client Assistance Program	253,135
84.169	Independent Living State Grants	110,319
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	697,597
84.181	Special Education Grants for Infants and Families with Disabilities	7,354,967
84.184	Safe and Drug-Free Schools and Communities National Programs	29,337
84.186	Safe and Drug-Free Schools and Communities State Grants	11,321
84.187	Supported Employment Services for Individuals with Severe Disabilities	337,958
84.196	Education for Homeless Children and Youth	880,508
84.213	Even Start State Educational Agencies	122
84.224	Assistive Technology	494,087
84.243	Tech-Prep Education	13,481
84.265	Rehabilitation Training State Vocational Rehabilitation Unit In-Service Training	131,142
84.282	Charter Schools	2,822,891
84.287	Twenty-First Century Community Learning Centers	16,561,822
84.318	Education Technology State Grants	41,976
84.323	Special Education – State Personnel Development	1,089,559
84.327	Special Education Technology and Media Services for Individuals with Disabilities	3,604
84.330	Advanced Placement Program	593,134
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	4,417,590
84.358	Rural Education	28,119
84.360	High School Graduation Initiative	2,160,657
84.365	English Language Acquisition Grants	12,814,285
84.366	Mathematics and Science Partnerships	1,324,771
84.367	Improving Teacher Quality State Grants	41,871,996
84.369	Grants for State Assessments and Related Activities	7,602,347
84.371	Striving Readers	2,184
84.374	Teacher Incentive Fund	3,306,710
84.378	College Access Challenge Grant Program	459,658
84.384	ARRA – Statewide Data Systems, Recovery Act	84,435
84.387	ARRA – Education for Homeless Children and Youth	19,974
84.391	ARRA – Special Education Grants to States, Recovery Act	9
84.392	ARRA – Special Education – Preschool Grants	532
84.395	ARRA – State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act	55,347,526
84.412	Race to the Top – Early Learning Challenge	16,180,453
84.419	Preschool Development Grants	77,056
84.999	Dept of Education – Miscellaneous	133,628
	Special Education Cluster (IDEA):	
84.027	Special Education Grants to States	271,949,309
84.173	Special Education Preschool Grants	9,612,905
	Total Special Education Cluster (IDEA)	281,562,214
	School improvement Grants Cluster:	
84.377	School Improvement Grants	8,195,513
84.388	ARRA – School Improvement Grants, Recovery Act	2,901,172
	Total School improvement Grants Cluster	11,096,685
	Total U.S. Department of Education	764,195,904
	National Archives and Records Administration:	
89.003	National Historical Publications and Records Grants	26,457
	U.S. Election Assistance Commission:	
90.401	Help America Vote Act Requirements Payments	707,118
	U.S. Department of Health and Human Services:	
93.041	Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	224,603

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Federal agency, program, or cluster title	Expenditures
93.042	Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	\$ 402,016
93.043	Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	522,964
93.051	Alzheimer's Disease Demonstration Grants to States	90
93.052	National Family Caregiver Support	3,201,031
93.069	Public Health Emergency Preparedness	12,677,581
93.070	Environmental Public Health and Emergency Response	1,829,755
93.071	Medicare Enrollment Assistance Program	268,630
93.072	Lifespan Respite Care Program	140,480
93.073	Birth Defects and Developmental Disabilities – Prevention and Surveillance	897,895
	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	337,865
93.079		930,640
93.087	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	3,912,096
93.090	Guardianship Assistance	1,058,045
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	1,496,919
93.103	Food and Drug Administration Research	2,217,526
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	307,928
93.110	Maternal and Child Health Federal Consolidated Programs	1,423,413
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	117,758
93.127	Emergency Medical Services for Children	229,043
93.130	Primary Care Services Resource Coordination and Development	1,486,945
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,555,289
93.150	Project s for Assistance in Transition from Homelessness (PATH)	534,817
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	470,000
93.165	Grants to States for Loan Repayment Program	278,664
93.184	Disabilities Prevention	825,141
93.217	Family Planning Services	54,418
93.234	Traumatic Brain Injury State Demonstration Grant Program	427,969
93.236	Grants for Dental Public Health Residency Training	342,116
93.240	State Capacity Building	257,514
93.241	State Rural Hospital Flexibility Program	7,307,885
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	234,411
93.251	Universal Newborn Hearing Screening	751,387
93.262	Occupational Safety and Health Program	2,373
93.267	State Grants for Protection and Advocacy Services	77,949,724
93.268	Immunization Grants	576,258
93.270	Adult Viral Hepatitis Prevention and Control	776,371
93.275	Substance Abuse and Mental Health Services-Access to Recovery	17,863
93.276	Drug-Free Communities Support Program Grants	6,906,636
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	1,162
93.292	National Public Health Improvement Initiative	139,925
93.296	State Partnership Grant Program to Improve Minority Health	84,240
93.301	Small Rural Hospital Improvement Grant Program	255,085
93.305	National State Based Tobacco Control Programs	723,681
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,145,963
93.324	State Health Insurance Assistance Program	14,259
93.336	Behavioral Risk Factor Surveillance System	1,406,984
93.500	Pregnancy Assistance Fund Program	8,487,180
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	470,763
93.507	Strengthening Public Health Infrastructure for Improved Health Outcomes	1,379,957
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	112,799
93.512	Affordable Care Act (ACA) Personal and Home Care Aide State Training Program (PHCAST)	545,256
93.517	Affordable Care Act – Aging and Disability Resource Center	
	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	1,440,446
93.521		
	PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants – Financed Solely by 2012 Prevention and Public Health Funds	1,378,610
93.531	Affordable Care Act Program for Early Detection of Certain Medical Conditions Related to Environmental Health Hazards	1,509,930
93.535		193,015
93.538	Affordable Care Act – National Environmental Public Health Tracking Program-Network Implementation	

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Federal agency, program, or cluster title	Expenditures
	PPHF 2012 – Prevention and Public Health Fund (Affordable Care Act) – Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by 2012	
93.539	Prevention and Public Health Funds	\$ 629,348
93.547	Affordable Care Act – National Health Service Corps	153,575
93.556	Promoting Safe and Stable Families	4,656,571
93.563	Child Support Enforcement	81,282,914
93.566	Refugee and Entrant Assistance_State Administered Programs	11,923,257
93.568	Low-Income Home Energy Assistance	145,806,861
93.569	Community Services Block Grant	16,654,730
93.576	Refugee and Entrant Assistance Discretionary Grants	1,027,176
93.583	Refugee and Entrant Assistance Wilson / Fish Program	3,342,432
93.584	Refugee and Entrant Assistance Targeted Assistance Grants	736,012
93.586	State Court improvement Program	517,292
93.590	Child Abuse Prevention Activities	546,106
93.597	Grants to States for Access and Visitation Programs	140,736
93.599	Chafee Education and Training Vouchers Program (ETV)	821,272
93.600	Head Start	167,603
93.603	Adoption Incentive Payments	5,227
93.609	The Affordable Care Act – Medicaid Adult Quality Grants Department of Health and Human Services	850,724
93.624	ACA – State Innovation Models: Funding for Model Design and Model Testing Assistance	5,791,364
	Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	25,282
93.626	Affordable Care Act Implementation Support for State Demonstrations to Integrate Care for Medicare-Medicaid Enrollees	3,232,124
93.628	Developmental Disabilities Basic Support and Advocacy Grants	1,457,234
93.630	ACA Support for Demonstration Ombudsman Programs Serving Beneficiaries of State Demonstrations to Integrate Care for Medicare-Medicaid	118,743
93.634	Children’s Justice Grants to States	305,650
93.645	Child Welfare Services State Grants	3,598,708
93.652	Adoption Opportunities	651,682
93.658	Foster Care Title IV-E	64,919,422
93.659	Adoption Assistance	28,825,067
93.667	Social Services Block Grant	79,123,601
93.669	Child Abuse and Neglect State Grants	507,172
	Family Violence Prevention and Services / Grants for Battered Women’s Shelters Grants to States and Indian Tribes	1,701,513
93.671	Chafee Foster Care Independence Program	2,943,795
93.674	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in Part by the Prevention and Public Health Fund (PPHF-2012)	650,203
93.733	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – Financed by 2012 Prevention and Public Health Funds (PPHF-2012)	597,135
93.734	State Public Health Approaches for Ensuring Quitline Capacity – Funded in Part by 2012 Prevention and Public Health Funds (PPHF-2012)	290,070
93.735	PPHF-2012: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by 2012 Prevention and Public Health Funds (PPHF-2012)	271,876
93.745	Child Lead Poisoning Prevention Surveillance Financed in Part by Prevention and Public Health (PPHF) Program	199,046
93.753	State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health Financed in Part by Prevention and Public Health Funding (PPHF)	686,204
93.757	Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	2,271,595
93.758	State Children’s Insurance Program	342,079,931
93.767	Medicare Hospital Insurance	11,374,020
93.773	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	106,282
93.779	Money Follows the Person Rebalancing Demonstration	5,364,480
93.791	National Bioterrorism Hospital Preparedness Program	4,744,988
93.889	Grants to States for Operation of Offices of Rural Health	210,045
93.913	HIV Care Formula Grants	19,768,928
93.917	Special Projects of National Significance	749,852
93.928	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	10,300
93.938	HIV Prevention Activities Health Department Based	5,546,426
93.940		

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Federal agency, program, or cluster title	Expenditures
93.941	HIV Demonstration, Research, Public and Professional Education Projects	\$ 178,403
	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (IDS) and Human	
93.943	Immunodeficiency Virus (HIV) Infection in Selected Population Groups	1,235
	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (IDS)	
93.944	Surveillance	1,036,299
93.945	Assistance Programs for Chronic Disease Prevention and Control	1,165,786
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	161,536
93.958	Block Grants for Community Mental Health Services	9,683,568
93.959	Block Grants for Prevention and Treatment of Substance Abuse	36,351,014
93.977	Preventive Health Services Sexually Transmitted Diseases Control Grants	2,320,643
	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance	
93.988	Systems	28,454
93.991	Preventive Health and Health Services Block Grant	1,385,666
93.994	Maternal and Child Health Services Block Grant to the States	10,192,415
93.999	Dept of Health and Human Services – Miscellaneous	2,147,922
	Aging Cluster:	
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	10,725,773
93.045	Special Programs for the Aging Title III, Part Nutrition Services	13,097,648
93.053	Nutrition Services Incentive Program	6,325,509
	Total Aging Cluster	30,148,930
	Health Center Cluster:	
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	5,000
	Total Health Center Cluster	5,000
	TANF Cluster:	
93.558	Temporary Assistance for Needy Families	399,029,586
	Total TANF Cluster	399,029,586
	CCDF Cluster:	
93.575	Child Care and Development Block Grant	121,970,162
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	76,996,222
	Total CCDF Cluster	198,966,384
	Medicaid Cluster:	
93.775	State Medicaid Fraud Control Units	3,913,782
93.777	State Survey and Certification of Health Care Providers and Suppliers	7,794,983
93.778	ARRA – Medical Assistance Program	36,861,560
93.778	Medical Assistance Program	8,408,740,079
	Total Medicaid Cluster	8,457,310,404
	U.S. Department of Health and Human Services	10,159,739,133
	Social Security Administration:	
96.008	Social Security Benefits Planning, Assistance, and Outreach Program	175,859
96.006	Social Security Administration – Miscellaneous	421,000
	Disability Insurance SSI Cluster:	
96.001	Social Security Disability Insurance	47,631,133
96.006	Supplemental Security Income	5,300,203
	Total Disability Insurance SSI Cluster	52,931,336
	Total Social Security Administration	53,528,195
	U.S. Department of Homeland Security:	
97.008	Non-Profit Security Program	10,938
97.012	Boating Safety Financial Assistance	2,067,990
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	227,668

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

C DFA number	Federal agency, program, or cluster title	Expenditures
97.029	Flood Mitigation Assistance	\$ 15,192
97.036	Public Assistance Grants	14,998,345
97.039	Hazard Mitigation Grant	3,664,928
97.041	National Dam Safety Program	146,431
97.042	Emergency Management Performance Grants	6,326,665
97.043	State Fire Training Systems Grants	19,984
97.044	Assistance to Firefighters Grant	496,956
97.045	Cooperating Technical Partners	26,791
97.047	Pre-Disaster Mitigation	1,338,655
97.056	Port Security Grant Program	1,852,535
97.067	Homeland Security Grant Program	39,411,399
97.089	Real ID Program	1,432,581
97.091	Homeland Security Biowatch Program	1,387,363
97.110	Severe Loss Repetitive Program	232,404
97.111	Regional Catastrophic Preparedness Grant Program (RCPGP)	2,434,355
	Total U.S. Department of Homeland Security	76,091,180
99.999	Federal Reimbursement – Miscellaneous	404,115
	Grand total	\$ 15,566,980,115

See accompanying independent auditors' report.

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(1) Single Audit Reporting Entity

For purposes of complying with the Single Audit Act of 1984, the Commonwealth of Massachusetts (the Commonwealth) reporting entity is defined in note 1 to its June 30, 2015 basic financial statements; except that the Massachusetts School Building Authority, the Pension Reserves Investment Trust Fund, the Massachusetts Municipal Depository Trust, the Massachusetts State Lottery Commission, the Institutions of Higher Education (which include the University of Massachusetts, the State Universities, and the Community Colleges), and all of the discretely presented component units are excluded, except for the Massachusetts Department of Transportation (MassDOT). Accordingly, the accompanying Schedule of Expenditures of Federal Awards (SEFA or Schedule) presents the federal award programs administered by the Commonwealth, as defined above, for the year ended June 30, 2015.

(2) Basis of Presentation

The accompanying SEFA is presented on the cash basis of accounting.

The SEFA is drawn primarily from the Massachusetts Management Accounting and Reporting System (MMARS), the centralized accounting system.

The Commonwealth receives payments from the federal government on behalf of Medicare eligible patients for whom it has provided medical services at its state operated medical facilities. Since these payments represent insurance coverage provided directly to individuals under the Medicare entitlement program, they are not included as federal financial assistance.

(3) Matching Costs

Matching costs, i.e., the nonfederal share of certain program costs, are not included in the accompanying Schedule except for the Commonwealth's share of Unemployment Insurance.

(4) Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule.

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(5) Noncash Awards

The Commonwealth is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements. Noncash awards received by the Commonwealth are included in the Schedule as follows:

CFDA number	Program title	Noncash awards
10.551	Supplemental Nutrition Assistance Program	\$ 1,209,621,609
10.555	National School Lunch Program	22,265,735
10.558	Child and Adult Care Food Program	125,403
10.559	Summer Food Service Program for Children	2,239
93.268	Immunization Cooperative Agreements	71,744,273
	Total	<u>\$ 1,303,759,259</u>

Commodity inventories for the Food Donation Program at June 30, 2015 totaled approximately \$361,667.

(6) Unemployment Insurance Program (UI) CFDA 17.225

The U.S. Department of Labor, in consultation with the OMB, has determined that for the purpose of audits and reporting under OMB Circular A 133, Commonwealth UI funds as well as federal funds should be considered federal awards for determining Type A programs. The Commonwealth receives federal funds for administrative purposes. Commonwealth unemployment taxes must be deposited to a Commonwealth account in the Federal Unemployment Trust Fund, used only to pay benefits under the federally approved Commonwealth law. Commonwealth UI funds as well as federal funds are included on the Schedule. The following schedule provides a breakdown of the state and federal portions of the total expended under CFDA Number 17.225:

Commonwealth UI Funds – Benefits	\$ 1,568,792,405
Federal UI Funds – Benefits	32,474,540
Federal UI Funds – ARRA	6,092
Federal UI Funds – Administration	84,335,990
Total expenditures	<u>\$ 1,685,609,027</u>

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(7) Subrecipients

In OMB Circular A 133 § __.105 subrecipients are defined as nonfederal entities that expend federal awards received from a pass through entity to carry out a federal program, but do not benefit from that program. Negative amounts represent refunds of prior year expenditures or refunds of unspent federal awards. In fiscal year 2015, the Commonwealth passed through the following amounts to subrecipients:

CDFA number	Program title	2015 Expenditures
10.156	Federal-State Marketing Improvement Program	\$ 320,536
10.307	Organic Agriculture Research and Extension Initiative	57,886
10.555	National School Lunch Program	185,765,733
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	65,868,638
10.558	Child and Adult Care Food Program	56,312,673
10.559	Summer Food Service Program for Children	7,314,225
10.560	State Administrative Expenses for Child Nutrition	360,382
10.561	State Administrative Matching Grants for Food Stamp Program	2,586,104
10.568	Emergency Food Assistance Program Administrative Costs	559,997
10.574	Team Nutrition Grants	10,000
10.579	Child Nutrition Discretionary Grants Limited Availability	843,682
10.582	Fresh Fruit and Vegetable Program	2,212,584
10.664	Cooperative Forestry Assistance	229,031
10.675	Urban and Community Forestry Program	62,572
10.678	Forest Stewardship Program	20,283
10.913	Farm and Ranch Lands Protection Program	1,035,096
11.419	Coastal Zone Management Administration Awards	18,017
11.420	Coastal Zone Management Estuarine Research Reserves	20,014
11.454	Unallied Management Projects	10,048,948
11.472	Unallied Science Program	496,369
14.181	Supportive Housing for Persons with Disabilities	622,774
14.182	Section 8 New Construction Program	4,164,399
14.228	Community Development Block Grants / State's Program	25,776,080
14.231	Emergency Shelter Grants Program	4,660,725
14.235	Supportive Housing Program	6,096,206
14.238	Shelter Plus Care	373,409
14.239	HOME Investment Partnerships Program	4,798,137
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	873,096
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14,647,250
14.871	Section 8 Housing Choice Vouchers	7,579,203
14.880	Family Unification Program (FUP)	1,903,254
14.881	Moving to Work Demonstration Program	197,224,405
14.906	Healthy Homes Technical Studies Grants	76,639
15.608	Fish and Wildlife Management Assistance	36,386
15.616	Clean Vessel Act Program	874,099
15.622	Sportfishing and Boating Safety Act	184,500
15.677	Hurricane Sandy Disaster Relief Activities-FWS	91,642
15.904	Historic Preservation Fund Grants-In-Aid	138,750
15.916	Outdoor Recreation Acquisition, Development and Planning	250,000
16.017	Sexual Assault Services Formula Program	292,254
16.321	Antiterrorism Emergency Reserve	1,299,346
16.393	Residential Substance Abuse Treatment For State Prisoners	47,040

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Program title	2015 Expenditures
16.540	Juvenile Justice and Delinquency Prevention Allocation to States	\$ 132,525
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	2,500
16.575	Crime Victim Assistance	5,513,406
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	68,092
16.588	Violence Against Women Formula Grants	1,368,901
16.609	Community Prosecution and Project Safe Neighborhoods	69,938
16.610	Regional Information Sharing Systems	3,117,659
16.727	Enforcing Underage Drinking Laws Program	34,423
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	60,297
16.738	Edward Byrne Memorial Justice Assistance Grant Program	1,751,713
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	21,712
16.812	Second Chance Act Prisoner Reentry Initiative	463,570
16.820	Postconviction Testing of DNA Evidence to Exonerate the Innocent	9,981
16.824	Emergency Law Enforcement Assistance Grant	34,272
17.225	Unemployment insurance	816,498
17.235	Senior Community Service Employment Program	1,547,517
17.245	Trade Adjustment Assistance Workers	287,498
17.258	WIA Adult Program	11,373,604
17.259	WIA Youth Activities	11,366,875
17.261	WIA Pilots, Demonstrations, and Research Projects	12,287
17.271	Work Opportunity Tax Credit Program (WOTC)	5,919,626
17.277	Workforce Investment Act (WIA) National Emergency Grants	5,048,900
17.278	WIA Dislocated Worker Formula Grants	12,868,245
17.280	Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	5,761
17.801	Disabled Veterans' Outreach Program (DVOP)	191,842
17.804	Local Veterans' Employment representative Program	24,875
20.218	National Motor Carrier Safety	24,051
20.219	Recreational Trails Program	887,028
20.319	ARRA – High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	13,093,021
20.500	Federal Transit Capital Investment Grants	2,898,904
20.505	Federal Transit Metropolitan Planning Grants	2,066,324
20.509	Formula Grants for Other Than Urbanized Areas	3,463,223
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	281,726
20.516	Job Access Reverse Commute	2,054,956
20.521	New Freedom Program	1,312,946
20.526	Bus and Bus Facilities Formula Program	508,086
20.600	State and Community Highway Safety	2,169,303
20.616	National Priority Safety Programs	446,604
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	113,514
45.025	Promotion of the Arts Partnership Agreements	761,655
45.310	State Library Program	923,200
59.061	State Trade and Export Promotion Pilot Grant Program	37,309
64.999	Department of Veterans Affairs Miscellaneous	188,523
66.432	State Underground Water Source Protection	33,327
66.454	Water Quality Management Planning	175,797
66.456	National Estuary Program	351,832
66.474	Water Protection Grants to the States	792

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDFA number	Program title	2015 Expenditures
66.605	Performance Partnership Grants	\$ 1,554,641
66.817	State and Tribal Response Program Grants	26,444
81.041	State Energy Program	174,555
81.042	Weatherization Assistance for Low-Income Persons	5,394,151
81.119	State Energy Program Special Projects	238,619
84.002	Adult education State Grant Program	7,455,340
84.010	Title I Grants to Local Educational Agencies	164,812,082
84.011	Migrant Education State Grant Program	1,285,119
84.013	Title I Program for Neglected and Delinquent Children	218,007
84.027	Special Education Grants to States	229,145,114
84.048	Vocational Education Basic Grants to States	14,522,300
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	7,993,325
84.132	Centers for Independent Living	1,411,693
84.144	Migrant Education Coordination Program	55,542
84.169	Independent Living State Grants	26,610
84.173	Special Education Preschool Grants	7,090,534
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	22,002
84.181	Special Education Grants for Infants and Families with Disabilities	2,351,668
84.184	Safe and Drug-Free Schools and Communities National Programs	5,060
84.187	Supported Employment Services for Individuals with Severe Disabilities	141,401
84.196	Education for Homeless Children and Youth	586,532
84.224	Assistive Technology	270,582
84.282	Charter Schools	2,597,257
84.287	Twenty-First Century Community Learning Centers	14,790,524
84.323	Special Education – State Personnel Development	57,751
84.330	Advanced Placement Program	593,134
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	3,311,969
84.358	Rural Education	28,119
84.365	English Language Acquisition Grants	10,927,579
84.366	Mathematics and Science Partnerships	1,009,449
84.367	Improving Teacher Quality State Grants	30,448,634
84.377	School Improvement Grants	6,546,718
84.378	College Access Challenge Grant Program	458,512
84.388	ARRA – School Improvement Grants, Recovery Act	2,901,172
84.395	ARRA – State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act	18,128,821
84.412	Race to the Top – Early Learning Challenge	6,957,908
89.003	National Historical Publications and Records Grants	6,342
93.043	Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	415,289
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	9,363,249
93.045	Special Programs for the Aging Title III, Part Nutrition Services	13,097,648
93.051	Alzheimer’s Disease Demonstration Grants to States	90
93.052	National Family Caregiver Support	2,644,990
93.053	Nutrition Services Incentive Program	3,328,298
93.069	Public Health Emergency Preparedness	3,254,992
93.070	Environmental Public Health and Emergency Response	52,500
93.071	Medicare Enrollment Assistance Program	268,630
93.072	Lifespan Respite Care Program	60,907
93.073	Birth Defects and Developmental Disabilities – Prevention and Surveillance	119,778

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDEA number	Program title	2015 Expenditures
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	\$ 53,418
93.087	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	587,867
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	821,564
93.110	Maternal and Child Health Federal Consolidated Programs	12,492
93.136	Injury Prevention and Control Research and State and Community Based Programs	408,409
93.150	Projects for Assistance in Transition from Homelessness (PATH)	1,406,569
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	248,167
93.165	Grants To States for Loan Repayment Program	470,000
93.217	Family Planning Services	767,025
93.236	Grants for Dental Public Health Residency Training	25,000
93.241	State Rural Hospital Flexibility Program	6,500
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	2,592,521
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	1,382,454
93.301	Small Rural Hospital Improvement Grant Program	84,240
93.324	State Health Insurance Assistance Program	780,115
93.500	Pregnancy Assistance Fund Program	1,073,789
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	4,916,909
93.507	Strengthening Public Health Infrastructure for Improved Health Outcomes	139,750
93.517	Affordable Care Act – Aging and Disability Resource Center	347,512
93.531	PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants – Financed Solely by 2012 Prevention and Public Health Funds	292,745
93.535	Affordable Care Act Program for Early Detection of Certain Medical Conditions Related to Environmental Health Hazards	630,955
93.547	Affordable Care Act – National Health Service Corps	153,575
93.556	Promoting Safe and Stable Families	2,752,759
93.558	Temporary Assistance for Needy Families	200,630,178
93.566	Refugee and Entrant Assistance_State Administered Programs	9,057,321
93.568	Low-Income Home Energy Assistance	136,123,676
93.569	Community Services Block Grant	14,833,372
93.575	Child Care and Development Block Grant	99,758,021
93.576	Refugee and Entrant Assistance Discretionary Grants	870,007
93.583	Refugee and Entrant Assistance Wilson / Fish Program	673,381
93.584	Refugee and Entrant Assistance Targeted Assistance Grants	611,737
93.590	Child Abuse Prevention Activities	455,003
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	70,263,346
93.626	Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	25,282
93.628	Affordable Care Act Implementation Support for State Demonstrations to Integrate Care for Medicare-Medicaid Enrollees	65,591
93.630	Developmental Disabilities Basic Support and Advocacy Grants	321,917
93.645	Child Welfare Services State Grants	420,155
93.652	Adoption Opportunities	17,240
93.669	Child Abuse and Neglect State Grants	135,505

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

CDEA number	Program title	2015 Expenditures
93.671	Family Violence Prevention and Services / Grants for Battered Women's Shelters Grants to States and Indian Tribes	\$ 1,559,928
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – Financed by 2012 Prevention and Public Health Funds (PPHF-2012)	406,997
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	528,706
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	21,836
93.791	Money Follows the Person Rebalancing Demonstration	89,280
93.889	National Bioterrorism Hospital Preparedness Program	2,321,911
93.913	Grants to States for Operation of Offices of Rural Health	25,500
93.917	HIV Care Formula Grants	4,148,178
93.928	Special Projects of National Significance	327,568
93.940	HIV Prevention Activities Health Department Based	1,976,293
93.941	HIV Demonstration, Research, Public and Professional Education Projects	50,228
93.958	Block Grants for Community Mental Health Services	8,477,919
93.959	Block Grants for Prevention and Treatment of Substance Abuse	16,255,512
93.977	Preventive Health Services Sexually Transmitted Diseases Control Grants	104,503
93.991	Preventive Health and Health Services Block Grant	147,574
93.994	Maternal and Child Health Services Block Grant to the States	1,319,589
93.999	Dept of Health and Human Services – Miscellaneous	103,179
97.008	Non-Profit Security Program	4,334,657
97.036	Public Assistance Grants	12,918,895
97.039	Hazard Mitigation Grant	3,263,418
97.042	Emergency Management Performance Grants	1,780,773
97.047	Pre-Disaster Mitigation	1,292,731
97.056	Port Security Grant Program	489,186
97.067	Homeland Security Grant Program	29,014,969
97.110	Severe Loss Repetitive Program	232,404
97.111	Regional Catastrophic Preparedness Grant Program (RCPGP)	2,351,006
		<u>\$ 1,923,967,390</u>

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported
- Noncompliance material to the financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

☒ yes ☐ no

Identification of Major Programs

U.S. Department of Agriculture

- SNAP Cluster (10.551 and 10.561)

U.S. Department of Housing and Urban Development

- Community Development Block Grants/State's Program (14.228)
- HOME Investment Partnerships Program (14.239)

U.S. Department of Labor

- Unemployment Insurance (17.225)
- WIA Cluster (17.258, 17.259, and 17.278)

U.S. Department of Transportation

- High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants (20.319)
- Federal Transit – Capital Investment Grants (20.500)

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

U.S. Department of Education

- Title I Grants to Local Educational Agencies (84.010)
- Special Education Cluster (84.027, 84.173)
- Rehabilitation Services Vocational Rehabilitation Grants to States (84.126)
- Special Education-Grants for Infants and Families (84.181)
- Improving Teacher Quality State Grants (84.367)

U.S. Department of Health and Human Services

- Aging Cluster (93.044, 93.045, 93.053)
- Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program (93.505)
- Temporary Assistance for Needy Families (93.558)
- CCDF Cluster (93.575 and 93.596)
- Community Services Block Grant (93.569)
- Foster Care – Title IV-E (93.658)
- Adoption Assistance (93.659)
- Social Services Block Grant (93.667)
- Children's Health Insurance Program (93.767)
- Medicaid Cluster (93.775, 93.777 and 93.778)
- HIV Care Formula Grants (93.917)
- Block Grants for Preventive and Treatment of Substance Abuse (93.959)
- Maternal and Child Health Services Block Grants to the States (93.994)

Social Security Administration

- Disability Insurance/SSI Cluster (96.001 and 96.006)

Department of Homeland Security

- Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)
- Homeland Security Grant Program (97.067)

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Dollar threshold used to distinguish between
type A and type B programs:

\$30 million

Auditee qualified as low-risk auditee?

yes

____x____

no

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

See accompanying pages 25 through 44.

(3) Findings and Questioned Costs Relating to Federal Awards

See accompanying pages 45 through 76.

**FINDINGS RELATING TO THE FINANCIAL
STATEMENTS REPORTED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Massachusetts State Employees' Retirement System

Exclusive Benefit Rule

Finding Reference 2015-001

Observation

The Massachusetts State Employees' Retirement System (MSERS) is collaborating with the Massachusetts Teachers' Retirement System (MTRS) and the Commonwealth to evaluate whether certain Massachusetts General Laws (MGL) may be in conflict with the exclusive benefit rule of Section 401(a)(2) of the Internal Revenue Code (Code), or other federal tax law requirements relating to the operation of tax-exempt pension plans.

26 U.S.C section 401(a)(2) as elaborated by Treasury Regulations section 1.401-2 require that for a trust, such as MSERS and MTRS, to remain qualified, they must make it impossible for the trust funds to be used or diverted for purposes other than for the exclusive benefit of its employees or their beneficiaries.

The potential conflicts relate to the following situations:

- Statutorily directed contributions from assets of the MSERS, which are held in the Pension Reserves Investment Trust Fund (PRIT or PRIT Fund), to the Optional Retirement Plan (ORP), administered by the Massachusetts Department of Higher Education.
- Legislatively mandated reimbursements from MSERS to local retirement systems and municipalities for local cost of living adjustments.
- Legislatively mandated deposits of section 3(8)(c) revenues to the General Fund rather than to MTRS and MSERS accounts in PRIT.
- Legislatively mandated deposits of federal grant fringe payments to the General Fund rather than to MTRS and MSERS accounts in PRIT.
- Legislatively mandated funding of PERAC's operating expenses from the assets of MSERS and MTRS as held by the PRIT Fund.

Recommendation

We understand that an outside law firm specializing in public pension law has been engaged to review the facts and circumstances related to the possible conflicts enumerated above. We recommend that the MSERS continue evaluating its compliance with Code Section 401(a)(2) and take the appropriate remedial actions, if any, upon the completion of its evaluation.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Views of Responsible Officials and Corrective Actions

The MSERS is continuing to work with the MTRS and the Commonwealth to determine next steps in addressing any identified compliance issues. It is our understanding that the Commonwealth is also engaging outside counsel to review the facts and circumstances related to the possible identified conflicts.

Responsible Official

In so far as this applies to the MSERS, Nicola Favorito, Executive Director, MSERS

Implementation Date

At this time, it cannot be determined when the independent reviews will be completed so that the MSERS can determine next steps.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Office of the Comptroller

Financial Reporting

Finding Reference: 2015-002

Observation

The Commonwealth issues two financial reports, the Statutory Basis Financial Report (SBFR) and the Comprehensive Annual Report (CAFR) which are due by October 31st and December 31st, respectively.

The Commonwealth of Massachusetts Comprehensive Annual Financial Report (CAFR) reporting process is highly dependent upon State agencies to prepare financial reporting packages designed by the Office of the Comptroller (CTR). These financial reporting packages are completed by accounting personnel within each State agency who have varying levels of knowledge, experience, and understanding of generally accepted accounting principles (GAAP). Although these financial reporting packages are subject to review by CTR's Financial Reporting and Analysis Bureau (FRAB), adjustments to the CAFR continue to occur as errors and inaccuracies are often times not identified and resolved timely.

Although the deficiencies relative to the CAFR financial reporting processes have been reported for a number of years, problems continue be identified especially in areas involving:

- Management estimates for example, allowances for doubtful accounts.
- Use and application of Statement on Standards for Attestation Engagements No. 16 (SSAE 16), which focuses on internal controls at service organizations that affect the Commonwealth's CAFR.
- Application of new accounting pronouncements such as GASB Statements No's 67 and 68 by the Commonwealth's retirement systems.

A similar observation was reported in the prior year single audit report as finding 2014-002.

Recommendation

We recommend that the CTR annually review its CAFR instructions with the goal of clarifying and updating its instructions for changes in both business and accounting trends. We also recommend that CTR review its quality assurance protocols to ensure that the proper amount of analysis is performed prior to accepting departmental information. We also recommend that the CTR revisit its SBFR and CAFR calendars to ensure that there is proper time allowed to implement any changes to its CAFR internal control process.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

We continue to suggest that consideration to be given as to whether a hard close of the Commonwealth's financial records takes place at interim dates throughout the year such that certain account balances, are not reconciled on just an annual basis. While it may not be practical to perform a hard close on an entity-wide basis, there are many accounts within the control of the Comptroller's office for which an interim hard close would facilitate the closing process at year-end. As part of the process described above, management should assess the timeliness provided to departments for completion of GAAP packages and period 13 reporting to see if those timelines can be accelerated.

Views of Responsible Officials and Corrective Actions

Although progress has been made in clarifying CAFR reporting requirements to departments, the FY15 Early Retirement Incentive Program (ERIP) resulted in numerous changes in high level officials in departments with large and/or complex accruals and estimates such as the Department of Revenue and the Executive Office of Labor. The Financial Reporting and Analysis Bureau (FRAB) personnel will meet with such departments during the summer months in order to convey the importance of timely and correct GAAP reporting.

Thorough review of GAAP submissions from departments as well as the application of new GASB Standards will be conducted with the appropriate FRAB staff and management prior to booking in the financial statements. As part of our desk review, information submitted to the Comptroller's Office that is incomplete and/or inaccurate is returned to the departments for additional review and/or revision which is usually limited to four or five major departments. We will continue working with these specific departments and meeting with them as necessary.

The reporting calendar will be reviewed with management and FRAB staff during the summer to layout milestones and will be used as a management and progress tool. Items that can be accelerated will be identified and provided as soon as the information is available and reviewed.

A "hard close" of the financial records at interim dates will require further discussion with the Comptroller as well as all other Bureaus of the Comptroller's Office as this would impact not only our office, but all departments of the Commonwealth.

Responsible Official

BJ Trivedi, Financial Reporting Director
Michael Rodino, Financial Reporting Manager

Implementation Date

June 30, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Office of the Comptroller

HR/CMS – User Access Revocation

Finding Reference: 2015-003

Observation

Upon termination, access to the HR/CMS application is to be revoked for people with more than the default access (default access is granted to all employees and used for self-service functions). Based on the sample inspected, we noted that 11 of the 25 terminated users sampled still have active accounts in HR/CMS while their termination date is in the past. One of these accounts was also logged into after termination.

We noted that for all 11 users, the access to the Commonwealth network was appropriately disabled upon termination or the users were rehired (and access should be active), reducing the risk of these terminated employees gaining access the HR/CMS system.

In the total population of terminated users, another 16 users were identified where access to HR/CMS was not revoked upon termination. We noted that for 14 of these users, access to the network was disabled or the employee was re-hired (and access should be active). For 2 of these 16 users evidence showing that access to the network was disabled could not be produced. However, noted that these 2 users did not have financial reporting significant access rights in the HR/CMS system and deemed the resulting risk as low.

Terminated employees with active access to the application presents a potential risk of unauthorized/fraudulent financial transactions being processed that may not be detected for a prolonged period of time.

Recommendation

The access revocation process should be tightened to ensure that access for terminated employees and contractors is being revoked in a timely manner across all systems (including HR/CMS).

An accurate and complete listing of all contractors with access to HR/CMS systems should be maintained at all times to ensure user access authorization, termination and review processes are effectively performed and monitored (as needed).

The Office of the Comptroller should re-assess the frequency of the review control from annual to a higher frequency (for e.g., quarterly or semiannual) given that high a number of terminated employees were noted to have active access to HR/CMS application post their termination date. A review control, if designed correctly, should detect any terminated users with active access to the application that may have been missed during the termination process.

Views of Responsible Officials and Corrective Actions

The Comptroller's Systems Security Unit will draft and distribute a memorandum to Department Security Officers reminding them of the requirement to remove Core user access to HR/CMS immediately upon termination.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

At the beginning of every month the Security Unit will provide the Quality Assurance Unit with a listing of all Core users in HR/CMS. The Quality Assurance Unit will use this data to query against employees that are terminated in HR/CMS. Department Security Officers will then be notified if any Core user still has access to HR/CMS after termination by the Comptroller's Security Unit.

Responsible Official

Scott Olsen, Director of Department Assistance

Peter Scavotto, Director of Quality Assurance

Implementation Date

November 2015

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Office of the Comptroller

HR/CMS – Application User Access Reviews

Finding Reference: 2015-004

Observation

A user access review for HR/CMS is performed bi-annually at a department level. For testing, KPMG selected a sample of 15 departments. For one of the 15 departments sampled, the user access review documentation could not be obtained.

Upon further inquiry we noted that the department in question was in the process of changing administrations. Due to the transition, the User Access Review was overlooked and not performed. The same department did perform the second bi-annual review and upon inspection noted that there were no significant changes to the users with access.

Secondly, upon testing the user access reviews performed, we noted that 2 accounts were identified that needed access to be removed. Upon inspecting the termination date of these accounts determined that access was not revoked until 6 months after the user access review. However, upon inspection of the last login date we did determine that the accounts were not logged into after they were requested to be removed.

If user access reviews are not performed or not followed up on appropriately, users with inappropriate access may not be detected and remediated timely which creates the potential risk of unauthorized/fraudulent financial transactions being processed that may not be detected for a prolonged period of time.

Recommendation

Office of the Comptroller should perform and document a periodic review of user accounts with (more than default) access to the HR/CMS application and their privileges to ensure that only authorized personnel have system access based on their job responsibilities. IT administrators should perform follow-up procedures to ensure corrective actions are completed for deviations identified as part of the review process.

Office of the Comptroller should re-assess the frequency of the review control from annual to a higher frequency (for e.g., quarterly or semiannual) given that in FY 2015 a high number of terminated employees were noted to have active access to HR/CMS application post their termination date.

Considering that a high number of users have access to the HR/CMS application, it is recommended that the increased frequency user review process could focus on validating that terminated users don't have access to the application. In addition to the termination check on a more frequent basis, an annual review of the complete user base with more than default access to the application should be performed to ensure that the access privileges granted to each user is in line with their job responsibilities.

Views of Responsible Officials and Corrective Actions

Weekly totals of review forms received/outstanding will be tracked using RTC by the CTR Security Administrators. The Director of DAB and a Deputy Comptroller will be set as subscribers to the RTC to monitor progress.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Two weeks prior to the review due date an email reminder will be sent to the department from the general Security Inbox.

One week prior to the review due date an email reminder will be sent to the department from the general Security Inbox.

Five business days after the review due date an email will be sent by the Director of DAB to each department who failed to submit their review form. The email will go to the CFO and Security Officers.

15 business days after the due date the Deputy Comptroller will send an email to the CFO and Security Officers of departments that have not submitted their review.

At thirty days past due the Deputy Comptroller will contact the Department Head by phone for the Department Head certification done in June and the Primary Security Officer for the December Security Officer review.

At 60 days past due any department who failed to submit the review form will be notified that any security requests for new or additional security will not be approved. Deletions will still be processed.

Responsible Official

Scott Olsen, Director of Department Assistance

Implementation Date

The process will begin with the December 2015 Department Security Officer review

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Office of the Comptroller

HR/CMS – Administrative Access to the Application

Finding Reference: 2015-005

Observation

Multiple users with administrative access (i.e., Access to change user roles/privileges) were identified to be inappropriate. Of the 18 security administrators, 4 were found to have inappropriate access.

We determined that for 3 of the 4 users with inappropriate access this elevated access was not used during the audit period. The access for these 3 users was removed once identified. For the remaining user access was granted temporarily to resolve an issue after the upgrade.

The risk increases that inappropriate access may be inadvertently granted to new or existing users resulting in undetected/inappropriate changes made to the application data that could potentially impact financial data/transactions in the application. In addition, Segregation of Duties (SOD) conflicts may arise when new privileges or new roles are created and granted or when existing roles are modified.

Recommendation

Office of the Comptroller should have a system generated listing of the HR/CMS roles and privileges documented (especially access to high privileged functions) in order to effectively grant user access to only the required HR/CMS roles and privileges in the application. User access to the HR/CMS application should follow an authorization process and access to only the required roles and privileges that grant a user the requested access in the application should be granted by system administrators.

Office of the Comptroller should perform a periodic review of the HR/CMS roles and privileges to ensure that the appropriate set of access rights are associated with the roles and privileges within the application. In addition, a periodic review of the HR/CMS user accounts and the associated roles and privileges should be performed to ensure that user accounts have the appropriate access rights associated with their accounts. IT administrators should perform follow-up procedures to ensure corrective action for identified deviations is executed in a timely manner.

Views of Responsible Officials and Corrective Actions

CTR will review administrative access to the application quarterly to ensure that this access is appropriate for the users to which it is assigned. Utilize RTC to approve list of security administrators quarterly.

CTR will work with MassIT to possibly reduce the amount of users with administrative access to HR/CMS.

Responsible Official

Scott Olsen, Director of Department Assistance

Implementation Date

January 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Office of the Comptroller

HR/CMS – Access to Migrate Changes

Finding Reference: 2015-006

Observation

Multiple users with access to migrate changes to production (i.e. access to make PeopleCode changes) were identified to have inappropriate access. Of the 25 users with access to migrate changes, 12 were found to be inappropriate. Access for these 12 was removed upon identification.

9 of the 12 users who should not have such access were in the Human Resources Division (HRD). Their access originated from the upgrade from PeopleSoft 9.0 to 9.2: due to the upgrade a permission list was cloned for a role and that clone process copied the PeopleTools security. The access was removed as soon as it was identified. In addition, users need to have additional software installed (PeopleTools) on their desktop computers in order to migrate changes. The 9 HRD users did not have the appropriate software installed and therefore could not have migrated any changes.

For the other 3 users that had inappropriate access, we determined that they had not logged into their accounts during the fiscal year.

Lastly, we inspected a report showing all migrations to production for fiscal year 2015 and noted that no migrations were made by inappropriate users.

The risk increases that unauthorized changes are made to production systems which could affect the complete and accurate processing of financial information.

Recommendation

Access to migrate changes should be restricted to appropriate personnel that is tasked with migrations. It is recommended to:

- Only grant migration access to users with the responsibility to migrate changes. These users should not be able to develop changes. Granting this level of access should follow a stringent approval process.
- On a periodic basis review all users with access to migrate changes to ensure that it is restricted to appropriate personnel.

Views of Responsible Officials and Corrective Actions

The Comptroller's Security Unit will review users that have security to migrate changes in HR/CMS along with the users who have the additional PeopleTools software, which is needed to actually migrate changes, installed on their PC's quarterly. Utilize RTC to approve list of users with PeopleTools access quarterly.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Responsible Official

Scott Olsen, Director of Department Assistance

Implementation Date

January 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Labor and Workforce Development

UI Online Application Password Management

Finding Reference: 2015-007

Observation

The FY 2014 audit determined that the end-user password parameters for the UI Online application are comprised of embedded application parameters and Active Directory (AD) domain (QPRD) parameters. The composite parameters which are shared by both internal and external users do not conform to EOLWD's password policy for password expiration or retained password history. Log-in to the Massachusetts Division of Employment and Training (DETMA) AD domain, which enforces stricter password requirements for internal users, is not a requirement to access UI Online internally.

Upon follow-up in FY 2015, it was noted that the control deficiency described above has not been remediated.

A similar observation was reported in the prior year single audit report as finding 2014-003.

Recommendation

It is recommended that steps be taken to recognize and act upon the different security needs of the various UI Online user constituencies and implement a solution that in particular provides stricter access controls to internal users that have access to system wide sensitive data. Potential solutions include those that require a re-design of access methodology (preferred) and those that attempt to strengthen the existing access approach. Some possible solutions include:

- Re-design and introduce a granular security solution that differentiates between external and internal user populations, and requires stricter password parameters for internal users including password expiration and change requirements and password history retention (to prevent premature reuse or password recycling).
- Enforce the full EOLWD password policy including forced, periodic password change for all UI Online users (including claimants and employers). This is recognized to have practical and operational challenges.
- Only permit DWD staff access to UI Online through the EOLWD DETMA AD domain which is compliant with EOLWD password policies and enforces a stricter access regime and do not permit DUA staff access from outside of the DETMA network, e.g., internet.

Views of Responsible Officials and Corrective Actions

EOLWD Information technology team has implemented a system that only permits DWD staff to access UI Online through the EOLWD DETMA AD domain refraining staff from accessing UI Online remotely.

Since Active Directory 2012 was implemented in October of 2015, IT will be able to set password policy at the container level which will allow for Re-designing and introduce a granular security solution that differentiates between staff users and external user populations, and requires stricter password parameters for staff users including password expiration and change requirements and password history retention. Additionally, how the application responds to the request for password change from AD will be explored and implemented.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

EOLWD Information technology team is in the process of implementing Active Directory 2012 and will look into further domain credential options once we are ready.

Responsible Official

Michael Milligan

Secretariat Chief Information Officer

Executive Office of Labor and Workforce Development

Implementation Date

March 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Health and Human Services

MMIS – Access Privileges

Finding Reference: 2015-008

Observation

In the FY 2014 audit, KPMG was not able to effectively test privileged/administrative access to the Medicaid Management Information System (MMIS) application since a system generated listing of the application roles and privileges (access to panels and subpanels within MMIS) was not available at the time of our testing.

We noted that the Executive Office of Health and Human Services (EOHHS) manually maintains the listing of MMIS application roles and privileges in an excel document – “MMIS Master Roles Sheet” that detail the various roles and associated access rights that exist in the application. However, the manually maintained document of roles and privileges could not be relied upon by KPMG since it did not accurately and completely match to the roles and privileges configured within the MMIS application.

A system generated listing of the MMIS roles and privileges not being available or having an inaccurate/incomplete document of the MMIS roles and privileges presents the following risks:

- Inappropriate access may be inadvertently granted to new or existing users resulting in undetected/inappropriate changes made to the application data that could potentially impact financial data/transactions in the application.
- Segregation of Duties (SOD) conflicts may arise when new privileges or new roles are created and granted or when existing roles are modified.

Upon follow-up in FY 2015, it was noted that the above noted control deficiency has not been remediated.

A similar observation was reported in the prior year single audit report as finding 2014-008.

Recommendation

EOHHS should have a system generated listing of the MMIS roles and privileges documented in order to effectively grant user access to only the required MMIS roles and privileges (access to panels and subpanels in MMIS) in the application. User access to the MMIS application should follow an authorization process and access to only the required roles and privileges that grant a user the requested access in the application should be granted by system administrators.

EOHHS should perform a periodic review of the MMIS roles and privileges to ensure that the appropriate set of access rights (panel and subpanels) are associated with the roles and privileges within the application. In addition, a periodic review of the MMS user accounts and the associated roles and privileges should be performed to ensure that user accounts have the appropriate access rights associated with their accounts. IT administrators should perform follow-up procedures to ensure corrective action for identified deviations in a timely manner.

Views of Responsible Officials and Corrective Actions

As of November 10, 2014, the MMIS User Access Review was complete including the deactivation of accounts.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

However, EOHHS and the MMIS team are still working on developing and implementing a continuous monitoring process for user accounts that includes review and auto-disabling.

Responsible Official

Brian Chase, Director, IT Controls & Quality Assurance, Acting Chief Information Security Officer

Implementation Date

May 1, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Health and Human Services

MMIS – Access Authorization

Finding Reference: 2015-009

Observation

The following exceptions, related to the user access authorization process, were noted as part of the FY 2014 audit for a sample of new users that were granted access to the Medicaid Management Information System (MMIS) application during the 2014 audit period:

- A user granted access to MMIS during the audit period did not have the required access authorization documentation in place (e.g., EHS Security Request form, or approval emails). In addition, for some of the users tested in 2014 MMIS roles and privileges were not specified in the EHS Security Request forms and no documentation was retained to evidence that the roles granted to these users were approved.

The lack of following an established access authorization process presents the risk that unauthorized/inappropriate users may be granted access to the application.

Upon follow-up in FY 2015, it was noted that the control deficiency described above has not been remediated.

A similar observation was reported in the prior year single audit report as finding 2014-009.

Recommendation

The established access authorization process of requesting and approving user access to the MMIS application should be followed by a system administrator prior to granting users access to the application. In addition, the underlying documentation (i.e., Request Forms, Approval e mails, etc.) should be retained as required by the process.

Views of Responsible Officials and Corrective Actions

EOHHS has implemented a process to request new accounts and access to MMIS; however the process is still being refined to insure that all information and approvals are properly received prior to account creation/activation.

Responsible Official

Brian Chase, Director IT Controls & Quality Assurance, Acting Chief Information Security Officer

Implementation Date

May 1, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Health and Human Services

MMIS – User Access Reviews

Finding Reference: 2015-010

Observation

The Executive Office of Health and Human Services (EOHHS) implemented an annual Medicaid Management Information System (MMIS) user access review control and subsequently performed an annual review of the MMIS application users and their privileges in FY 2012. However, it was noted that the annual review of user access and privileges was not performed consistently in FY 2013, 2014 and 2015.

We were informed that EOHHS is currently working through the annual user access review, attempting to find ways to make the process more efficient, due to the number of users and associated roles/access rights subject to review.

The lack of periodic review of user access increases the risk that users may retain access that is no longer appropriate, typically caused by changes in job responsibilities, transfers or terminations.

Upon follow-up in FY 2015, it was noted that the control deficiency described above has not been remediated.

A similar observation was reported in the prior year single audit report as finding 2014-012.

Recommendation

EOHHS should perform a periodic review of user accounts with access to the MMIS application and their privileges to ensure that only authorized personnel have system access based on their job responsibilities. IT administrators should perform follow-up procedures to ensure corrective actions are completed for deviations identified as part of the review process.

EOHHS should re-assess the frequency of the review control from annual to a higher frequency (for e.g., quarterly or semiannual) given that in FY 2014 a high number of terminated employees were noted to have active access to MMIS application post their termination date.

Considering that a high number of users have access to the MMIS application, it is recommended that the increased frequency user review process could focus on validating that terminated users don't have access to the application. In addition to the termination check on a more frequent basis, an annual review of the complete user base with access to the application should be performed to ensure that the access privileges granted to each user is in line with their job responsibilities.

Views of Responsible Officials and Corrective Actions

EOHHS and the MMIS team have reviewed the user accounts based on this audit finding. However, MMIS is still developing and implementing a formal account review process.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Responsible Official

Robert D. Brennan, ACIO for Children Youth and Families Executive Office of Health and Human Services

Brian Chase, Director IT Controls & Quality Assurance Executive Office of Health and Human Services

Implementation Date

May 1, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Health and Human Services

MMIS – Access Revocation

Finding Reference: 2015-011

Observation

During the FY 2014 audit, KPMG could not fully test and conclude on the effectiveness of the termination control/process, i.e., the control related to the revocation of access for contractors being performed in a timely manner, since a complete listing of contractors with access to the Medicaid Management Information System (MMIS) application was not available at the time of our testing. We were informed that a complete/system generated listing of contractors was not available due to the lack of a consistent process to track and report on contractors with access to the MMIS application.

In addition, the results of our 2014 audit test work identified an excessive number of terminated employees and contractors accounts with active access to the MMIS application.

A periodic user access review/recertification to help identify terminated contractors with active access to the MMIS application may not be effectively performed without having a complete listing of contractors with access to the MMIS application. The lack of an effective periodic review of MMIS users and their access rights can present the risk of users retaining access to the application that is no longer appropriate or terminated contractors having active access to the application for a prolonged period of time post their termination date.

In addition, terminated employees/contractors with active access to the application presents a potential risk of unauthorized/fraudulent financial transactions being processed that may not be detected for a prolonged period of time.

Upon follow-up in FY 2015, it was noted that the control deficiency described above has not been remediated.

A similar observation was reported in the prior year single audit report as finding 2014-013.

Recommendation

The access revocation process should be tightened to ensure that access for terminated employees and contractors is being revoked in a timely manner across all systems (including MMIS).

An accurate and complete listing of all contractors with access to EOHHS systems should be maintained at all times to ensure user access authorization, termination and review processes are effectively performed and monitored (as needed).

EOHHS should re-assess the frequency of the review control from annual to a higher frequency (for e.g., quarterly or semiannual) given that high a number of terminated employees were noted to have active access to MMIS application post their termination date. A review control, if designed correctly, should detect any terminated users with active access to the application that may have been missed during the termination process.

Views of Responsible Officials and Corrective Actions

EOHHS is currently developing and implementing a process to address terminations both for employees and contractors.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Responsible Official

Robert D. Brennan, ACIO for Children Youth and Families Executive Office of Health and Human Services

Brian Chase, Director IT Controls & Quality Assurance Executive Office of Health and Human Services

Implementation Date

May 1, 2016

**FINDINGS AND QUESTIONED COSTS RELATING TO
FEDERAL AWARDS**

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Labor and Workforce Development

Unemployment Insurance (17.225)

Federal Award Number:	UI-25210-14-55-A-25	Award Year: 2014
	UI-26540-15-55-A-25	2015

U.S. Department of Labor

Finding Reference: 2015-012

Requirement

U. S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs.

Within the CMIA for 17.225S Unemployment Insurance – State Benefit Account, “The State shall request funds the same day it pays out funds... The amount of the request shall be for the amount of funds that clear the State’s account that day.”

According to 2 CFR Section 215.22, to the extent available, recipients shall disburse funds available from repayments before requesting additional cash payments.

The A-102 Common Rule requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. The objective of internal control pertaining to the compliance requirements for Federal programs (Internal Control over Federal Programs) are found in Section 105 of OMB circular A-133

Finding

We tested 25 selections for compliance with the CMIA, and noted the following exceptions where cash requests were not consistent with the agreement:

- For 13 of the 25 selected the amount requested exceeded the amount cleared.

EOLWD failed to draw federal funds in accordance with the clearance patterns and techniques prescribed within the CMIA. EOLWD calculated the request of federal funds based on system generated reports of unemployment benefits issued rather than the amount of funds that cleared the bank account. This caused EOLWD to request funds in excess of the amount cleared.

- For 12 of the 25 selected the amount requested did not properly net the repayments to the Fund received by EOLWD.

Throughout the year, EOLWD received repayments from members for previously overpaid unemployment claims. The federal funds requested by EOLWD were not properly netted against the repayments recouped by EOLWD.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Recommendation

We recommend that the EOLWD develop written procedures over cash drawdown requests consistent with that of the CMIA.

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

1. The draw of funds compliance deficiency was a result of unstable reports. We discovered a more reliable way to draw the correct amount of funds in January 2015. By 01/20/2015 we had corrected this issue. Going forward we now have a daily reconciliation to make sure we are drawing the correct amount of funds.
2. The application of repayments issue was discovered and fixed in February 2015; EOLWD Finance made all proper adjustments and refunds to the Federal Government shortly after. The 12 issues that were mentioned in the finding occurred within the first 8 months of the fiscal year.

Contact: Jack Defina, Director of Cash Management, Executive Office of Labor and Workforce Development

Implementation Date: February 29, 2015

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Labor and Workforce Development

Unemployment Insurance (17.225)

Federal Award Number:	UI-25210-14-55-A-25	Award Year: 2014
	UI-26540-15-55-A-25	2015

U.S. Department of Labor

Finding Reference: 2015-013

Requirement

For the purpose of proper administration of the system, the State Workforce Agencies (SWA) maintain accounts, or subsidiary ledgers, on State UI taxes received or due from individual employers, and the UC benefits charged to the employer.

The employer's "experience" with the unemployment of former employees is the dominant factor in the SWA computation of the employer's annual State UI tax rate. The computation of the employer's annual tax rate is based on State UI law (26 USC 3303).

Finding

Experience ratings for certain contributory employers with credits were not calculated properly due to a coding defect. This coding error caused these employers' credit to be excluded from employers account calculations. As a result, a higher experience rating was assigned to certain employers than was warranted.

The amount of credits not included in the employers' accounts is \$371,537 as of June 30, 2015. If credits were properly included, the employer's experience rating would decrease and the amount of corresponding employer contributions would also decrease.

A similar finding was reported in the prior year single audit report as finding 2014-022.

Recommendation

We recommend the department address the configuration issue to ensure future experience ratings are properly established and to also assess the impact of the past configuration errors and adjust future experience ratings accordingly.

Questioned Costs

Not determinable

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Views of Responsible Officials and Corrective Actions

The EER (Employer Experience Rate) audit finding regarding “UI Credits not counted as payments” mentioned above was discovered in 2015 by the program staff, identified and referred to the DUA IT team for resolution. The defect is currently technically debugged to ensure accuracy and proper Employer Experience Rating.

Contact: Rich Carney, Director of Revenue, Department Of Unemployment Assistance

Implementation Date: June 30, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Labor and Workforce Development

Unemployment Insurance (17.225)

Federal Award Number: UI-25210-14-55-A-25 **Award Year:** 2014
UI-26540-15-55-A-25 2015

U.S. Department of Labor

Finding Reference: 2015-014

Requirement

In accordance with the Code of Federal Regulations, 20 CFR 602.21, the Commonwealth is required to “Perform the requirements of this section in accordance with instructions issued by the Department, pursuant to §602.30(a) of this part, to ensure standardization of methods and procedures in a manner consistent with this part. Complete prompt and in-depth case investigations to determine the degree of accuracy and timeliness in the administration of the State UC law and Federal programs with respect to benefit determinations, benefit payments, and revenue collections; and conduct other measurements and studies necessary or appropriate for carrying out the purposes of this part.”

As such, the Commonwealth is required to follow the Benefit Accuracy Measurement (BAM) State Operations Handbook, ET Handbook No. 395, 5th Edition (the Handbook) published by the U.S. Department of Labor, which in part requires that each state develop written procedures to guide the operation of the BAM program, covering all investigative and administrative functions of the BAM unit. The procedures should be adapted to the particular circumstances of the state, but must adhere to the guidelines contained in the Handbook.

Finding

During fiscal year 2015, we noted the following deficiencies with the Commonwealth’s BAM unit procedures:

- For 1 of 40 samples, the claimant questionnaire was signed and returned; however, they did not include the signature of the BAM investigator.
- The BAM investigators must exhaust all avenues in obtaining information. For 4 of the 40 samples, the claimant questionnaire was only sent to the claimant by mail for three attempts. There was no response from the claimant and the preferred communication in the system for this client was not via mail.
- The State BAM case investigative procedures and methodology are required to adhere to BAM requirements. The following five investigative procedures noted in the Handbook were not found within BAM State Operations Handbook:
 - BAM investigators must utilize this resource (NDNH) as part of the audit of paid claims to detect and investigate claimant employment during the benefit year to determine its affect on the claimant eligibility for UI.
 - BAM must wait at least 37 days after the Key Week end date to incorporate NDNH cross match results that affect the Key Week.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- The questionnaire must be signed by the investigator in the space provided to certify the information was obtained in accordance with the SWA requirements.
- BAM investigators must attempt to obtain information from all employers relevant to the paid or denied claim audited and require employer reporting compliance in accordance with state law.
- All determinations made as a result of BAM investigations must have supporting documentation.

A similar finding was reported in the prior year single audit report as finding 2014-023.

Recommendation

We recommend the following that:

- EOLWD ensure that the BAM State Operations Handbook is consistent with the Handbook.
- EOLWD follow the requirements within the Handbook.
- Investigators sign the questionnaire.
- EOLWD expand the attempts to obtain the claimant questionnaire outside of mail and utilize the preferred method of communication in the system.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

In general, DUA BAM Team makes every effort to adhere to prescribed standards in the ETA 395 and BAM State Operational handbooks. Concurrent use of the state and ETA handbooks is necessary for a complete investigation and program implementation. Repetition of the information in two books is not the intent of the State Operational Handbook; However DUA BAM Team will update the state handbook to reflect recommended changes.

As regards to claimant questionnaire signing, refresher training will be provided to all BAM investigatory staff. The training will include requirements of case investigation and documentation, including necessity of signing of the questionnaire.

BAM process operates outside the confines of the UI Online and is not beholden to the use of the preferred method of contact, nor is it able to use the preferred method of contact in the same manner as the UI Online system. Exhaustive attempts will be made by DUA BAM staff according to requirements established by ETA.

Contact: Susan Saulnier, Director of UI Performs, Department of Unemployment Assistance

Implementation Date: June 30, 2016

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Labor and Workforce Development

Unemployment Insurance (17.225)

Federal Award Number:	UI-25210-14-55-A-25	Award Year:	2014
	UI-26540-15-55-A-25		2015

U.S. Department of Labor

Finding Reference: 2015-015

Requirement

Per Section 3303(a)(1), FUTA, the state must not relieve an employer of charges (noncharging) when the employer, or an agent of the employer, does both of the following:

- “Was at fault for failing to respond timely or adequately to the request of the [state] agency for information relating to [a] claim” for UC benefits that was subsequently overpaid; and
- “Has established a pattern of failing to respond timely or adequately” to requests from the state agency for information relating to claims for UC benefits.

This prohibition applies if the employer has a pattern of failing to respond timely, failing to respond adequately, or failing to respond both timely and adequately. Section 3303(f)(2), FUTA, permits states to impose stricter standards limiting the relief from charges, such as, but not limited to, denying relief from charges to an employer after the first instance of a failure by an employer or an employer’s agent to respond timely or adequately to requests for information. Thus, states have some latitude in implementing the new requirement, including whether a pattern of behavior is required and, if so, the determination of the definition of a pattern of failure to respond timely or adequately to requests for information. A pattern of failure to respond timely or adequately means two (at a minimum) or more instances of such behavior by the employer or an agent of the employer.

Per Massachusetts State Law, Section 38A: (a) If the director, or the director’s authorized representative, determines, after providing written or electronic notice to the employer, that a payment of benefits was made because the employing unit, or an agent of the employing unit, was at fault for failing to respond timely or adequately to any request of the department for information relating to the claim for benefits, then (i) the employing unit, except for employing units making payments into the Unemployment Compensation Fund under Section 14A, shall not be relieved of charges on account of any such payment of benefits; and (ii) if the employing unit makes payments into the Fund under Section 14A, it shall not be relieved from reimbursing the fund on account of any such payment of benefits. For purposes of this subsection, a response shall be considered inadequate if it fails to provide sufficient facts to enable the department to make the proper determination regarding a claim for benefits. A response shall not be considered inadequate if the department fails to ask for all necessary information, except in any case where there has been a failure to respond.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Finding

During our testing we noted that EOLWD does not have procedures in place to adequately identify the employer fault or to prevent the employer from being relieved of charges. Once an overpayment is discovered the system automatically relieves the employer of charges.

A similar finding was reported in the prior year single audit report as finding 2014-024.

Recommendation

We recommend that the EOLDWD puts in place controls to ensure that employers who by their actions cause an overpayment of benefits are not relieved of charges to their account.

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

DUA acknowledges that this is not complete, and is part of a large system and business process resolution. The updates are complex and touch many areas of the business and lines of code. DUA has a working group which has been hampered due to the medical leave of a key member, but the agency is moving towards resolution of this issue.

Contact: Robert Cunningham, Director, Department of Unemployment Assistance

Implementation Date: January 2017

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Labor and Workforce Development

Unemployment Insurance (17.225)

Federal Award Number:	UI-25210-14-55-A-25	Award Year: 2014
	UI-26540-15-55-A-25	2015

U.S. Department of Labor

Finding Reference: 2015-016

Requirement

On a monthly basis the Executive Office of Labor and Workforce Development (EOLDWD) is required to report the summary of transactions in a state unemployment fund which consists of the Clearing Account, Unemployment Trust Fund (UTF) Account, and Benefit Payment Account on the ETA 2112, UI Financial Transaction Summary. Form ETA 2112 provides a summary of data pertaining to state unemployment insurance (UI) tax collections, regular benefits paid, Federal and state shares of extended benefits paid, Federal temporary program benefits paid, and other transactions affecting the UTF.

Per ET Handbook No. 402, Unemployment Insurance Required Reports Handbook, all payments by employers (and employees where applicable) into a state unemployment fund for contributions, payments in lieu of contributions, and special assessments should be accounted for in the report.

On a quarterly basis the Executive Office of Labor and Workforce Development (EOLDWD) is required to report information on overpayments of intrastate and interstate claims under the regular state unemployment insurance (UI) program, and under federal UI programs including the Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Service members (UCX) programs, established under Chapter 85, title 5, U.S. Code on Form 227, Overpayment Detection and Recovery Activities.

ETA 227 report includes data provided for the establishment of overpayments, recoveries of overpayments, criminal and civil actions involving overpayments obtained fraudulently, and an aging schedule of outstanding benefit overpayment accounts.

Per ET Handbook No. 402, Unemployment Insurance Required Reports Handbook, all applicable data on the ETA 227 report should be traceable to the data regarding overpayments and recoveries in the state's financial accounting system.

On a quarterly basis the Executive Office of Labor and Workforce Development (EOLDWD) is required to submit financial reports for each grant award which they operate. The ETA-9130 reports the cumulative financial data from grant inception through the end of each reporting period. Expenditure data is required to be reported on an accrual basis.

In accordance with Circular No. A-133 § ___.300, Management is required to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Finding

During our testing of the ETA 2112 report, we noted that none of three reports agreed to the source document.

During our testing of the ETA 227 reports, three of the six reports selected did not agree to the source documents.

During our testing of the ETA 9130 reports, 10 of the 25 reports tested did not have documented management review over the supporting documentation.

Recommendation

We recommend that the EOLDWD develop written procedures for completing the ETA 2112 and ETA 227 reports. We also recommend that EOLWD management document its review of the supporting documentation over the ETA 9130 reports.

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

EOLWD Finance is reviewing the ETA 2112 report specifications and working with the National Office to determine the correct processes in completing this report.

DUA recognizes that there were coding problems for particular data fields for the ETA 227 for certain Quarters of 2015. Data Ware House coding correction for the quarters in question is complete.

EOLWD finance management will document and review all ETA 9130 reports and supporting documentation as recommended above.

Contact: Jack Defina, Director of Cash Management, Executive Office of Labor and Workforce Development

Lisa Nocera, Budget Director, Executive Office of Labor and Work Force Development

Implementation Date: June 30, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Labor and Workforce Development

WIA Adult Program (17.258)

WIA Youth Activities (17.259)

WIA Dislocated Worker Formula Grants (17.278)

Federal Award Number:	AA-24098-13-55-A-25	Award Year: 2013
	AA-25359-14-SS-A-25	2014
	AA-26785-15-55-A-25	2015

U.S. Department of Labor

Finding Reference: 2015-017

Requirement

In accordance with 20 CFR Section 667.210, a State may spend up to five percent of the amount allotted for the State's administrative costs (i.e., one-third of the 15% State Reserve described in the preceding paragraph) The term "administrative costs" is defined at 20 CFR Section 667.220. The funds provided for administrative costs by one of the three funding sources (Adult, Dislocated Worker, and Youth Activities) can be used for administrative costs of the other two sources.

Administrative capacities are defined in 20 CFR Section 667.220(a) as "the costs of administration are that allocable portion of necessary and reasonable allowable costs of State and local workforce investment boards, direct recipients, including State grant recipients under subtitle B of title I and recipients of awards under subtitle D of title I, as well as local grant recipients, local grant sub-recipients, local fiscal agents and one-stop operators that are associated with those specific functions identified in paragraph (b) of this Section and which are not related to the direct provision of workforce investment services, including services to participants and employers. These costs can be both personnel and nonpersonnel and both direct and indirect."

In accordance with ETA-9130 financial report instructions, administrative costs cannot be charged to Rapid Response.

In accordance with TRAINING AND EMPLOYMENT GUIDANCE LETTER WIOA NO. 26-14 (TEGL) OPERATING GUIDANCE for the WORKFORCE INNOVATION AND OPPORTUNITY ACT issued April 14, 2015, States were provided additional flexibility in the use of their Rapid Response funds for WIOA implementation. For the Rapid Response funds that States opt to use for WIOA implementation activities identified, expenditures related to these activities must be reported separately on the applicable ETA-9130 form. Specifically, expenditures are to be reported on Line 12, Remarks. These expenditures must be traceable through the entity's accounting system. Use of Rapid Response funds for WIOA implementation activities will not count against the State's 5% administrative limitation.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Finding

Prior to TEGL's effective date, EOLWD charged administrative costs to the Rapid Response grant. The amount of administrative costs charged prior to the TEGL's effective date is not currently available.

Recommendation

We recommend that the EOLWD develop written procedures over allowable costs related to Rapid Response to ensure only allowable costs are charged to the grant.

Additionally, we recommend that the EOLWD recalculate its compliance with 20 CFR Section 667.210 related to the cap on administrative costs for any adjustments related to rapid response administrative charges.

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

EOLWD will develop written procedures and continue to work with the Department of Labor for guidance on current and future 9130 filings to ensure full compliance in line with the TEGLs.

Contact: Lisa Nocera, Budget Director, Executive Office of Labor and Work Force Development

Implementation Date: June 30, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Labor and Workforce Development

WIA Adult Program (17.258)

WIA Youth Activities (17.259)

WIA Dislocated Worker Formula Grants (17.278)

Federal Award Number:	AA-24098-13-55-A-25	Award Year: 2013
	AA-25359-14-SS-A-25	2014
	AA-26785-15-55-A-25	2015

U.S. Department of Labor

Finding Reference: 2015-018

Requirement

In accordance with 2 CFR Part 225, Appendix B(h)(4), where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports. Personnel activity reports or equivalent documentation which meets the following standards:

- a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- b) They must account for the total activity for which each employee is compensated,
- c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- d) They must be signed by the employee.
- e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
 - (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
 - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Finding

During our testing over payroll, we noted that payroll allocated to the grant was based on budgeted information. The amounts of payroll charged to the federal award were not supported by any documentation described in 2 CFR Part 225, B(h)(4) and no reconciliation or true-up was performed from the budgeted amounts to the grants the employees actually spent their time working on.

In accordance with the revised payroll procedures implemented in fiscal year 2015 by the Department, the employees are not required to complete personnel activity reports, documenting their after-the-fact hours. Management was not able to produce any reconciling information to support the allocations percentage used and uses the same estimation process for split-funded employees at the Department which could impact other Federal Programs in addition to the WIA program.

There are 50 full-time equivalents charged to the WIA grant. These 50 employees are split funded and do not charge 100% of their time to the WIA grants. We tested a sample of 7 personnel who had a portion of their time allocated to the WIA grants and were unable to determine whether the payroll costs charged to the WIA grant were related to actual time spent by that employee on the WIA grant.

Recommendation

The Department should develop internal controls to substantiate its budgetary estimates or other distribution percentages when allocating split-funded employees to all Federal programs it administers. The Department should consider the guidance in 2 CFR Part 225 Appendix B8(h)(5)(e)(i through iii) in developing those internal controls.

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

EOLWD is in the process of utilizing a labor module through the Commonwealth of Massachusetts' time reporting system -Self-Service Time & Attendance (SSTA). Arrangements with the appropriate departments are under way to ensure that EOL implements the module in July.

Contact: Lisa Nocera, Budget Director, Executive Office of Labor and Work Force Development

Implementation Date: July 1, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Department of Elementary and Secondary Education

Title I Grants to Local Education Agencies (84.010)

Federal Award Number: S010A140021 Federal Award Year: 2015

U.S. Department of Education

Finding Reference: 2015-019

Requirement

U.S. Department of Education (ED) requires that in each year, each State educational agency must submit its average State per pupil expenditure (SPPE) data to the National Center for Education Statistics. SPPE data is used by ED to make allocations under several ESEA programs, including Title I, Part A and MEP. SPPE data is reported on the National Public Education Finance Survey. SPPE data comprise the State's annual current expenditures for free public education, less certain designated exclusions, divided by the State's average daily attendance.

Finding

We noted that one of forty local educational agencies selected for testing was not included in the end of year reporting of State per pupil expenditure data submitted to the National Center for Education Statistics. It was noted that this one exception was a Virtual School, and it was disclosed that the DESE does not have a process in place for the end of year reporting of Virtual School data.

Recommendation

The DESE should review its current reporting system to ensure that Virtual Schools' data is included within the State per pupil expenditure (SPPE) data reported to the National Center for Education Statistics.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

Commonwealth Virtual Schools (CMVS) were newly created by the Massachusetts legislature in 2012, and there are currently only 2 in operation. Each CMVS is annually required to submit independently audited financial statements in accordance with the Commonwealth of Massachusetts Virtual School Audit Guide (<http://www.doe.mass.edu/odl/cmvs/AuditGuide.pdf>), with the submission of the 2nd and 1st year audits respectively for each CMVS received in December 2015. DESE's Office of Digital Learning will work with the Office of School Finance to determine a standard process to collect per-pupil expenditure data either through an audit data-transfer process or the establishment of a Virtual School End of Year Financial Report, for which DESE has authority as outlined in 603 CMR 52.08(4). DESE will work to collect data for reporting of FY15 data to the federal government, and have a formal system in place for the next financial data collection for FY16.

Contact: Cliff Chuang, Associate Commissioner

Implementation Date: June 30, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Department of Elementary and Secondary Education

Title I Grants to Local Education Agencies (84.010)

Federal Award Number: S010A140021 Federal Award Year: 2015

U.S. Department of Education

Finding Reference: 2015-020

Requirement

DESE reviews each LEA grant application for appropriate funding requirements and requires that the reviewer and approver sign off within the grant management system to approve and fund the LEA award. Proper segregation of duties requires that the reviewer and approver be two separate personnel.

Finding

We noted that in one out of forty LEA's Title I applications selected for testing, the same person was reviewing and subsequently approving the LEA grant application within the *Program Acceptance* form.

A similar finding was reported in the prior year single audit report as finding 2014-029.

Recommendation

The DESE should review its internal control procedures to ensure that all LEA grant applications are reviewed and approved by two different people to ensure proper segregation of duties. The reviewer of the application and checklist should complete their review and the approval should be completed by a supervisor or appropriate staff to ensure the application was properly reviewed and approved.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

Based on a prior year audit finding, ESE modified its internal control procedures to ensure that LEA grant applications are reviewed and approved by two different people. Specifically, after a grant reviewer has completed their review of a grant application, another qualified individual, typically a unit supervisor, will complete the approval. In instances where the assigned approver is also the reviewer, another supervisor or the unit administrator will approve the application.

The LEA grant application within the FY 2015 audit sample that was found to have been reviewed and approved in ESE's grants management system by the same individual was processed by one of ESE's grants management staff members for initial system testing purposes. The application had been previously approved by programmatic staff. Until such time that ESE's enhanced grants management system is fully operational, such rare instances may occur.

COMMONWEALTH OF MASSACHUSETTS

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Year ended June 30, 2015

However, it is very important to note that no grant is processed through our systems with only one approval. Even if a grant had only one signature listed at the programmatic level, every grant processed must be approved for payment within the confines of the Grants Management staff. Therefore, every grant application has multiple approvals prior to a grant being approved, accepted into the system and approved for payment.

Contact: Matthew Pakos, Administrative School Improve Grant Program

Implementation Date: February 1, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Department of Elementary and Secondary Education

Improving Teacher Quality State Grants (84.367)

Federal Award Number: S367A140020

Federal Award Year: 2015

U.S. Department of Education

Finding Reference: 2015-021

Requirement

OMB Circular A-133 requires that pass-through entities monitor the activities of subrecipients as necessary to ensure that Federal funds are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Finding

As noted on the Title IIA Process document, Title II Staff and the Audit and Compliance Department monitor at least fifty-five subrecipients each year based on risk assessments performed on each subrecipient. However, it was disclosed that risk assessment documentation is not maintained on file for monitoring review, and as such, the DESE did not have subrecipient monitoring documentation for thirty out of the forty subrecipients selected for testing. It could not determine if any of these selected Title II subrecipients were required to be monitored based on the results of the risk assessments performed.

Recommendation

The DESE should review its monitoring procedures within the Title II unit and ensure that a risk assessment, which determines whether or not a subrecipient is to be monitored in any fiscal year, is documented for each subrecipient.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

ESE Title IIA unit begins the selection of districts to be monitored by looking at the scheduled Coordinated Program Reviews conducted by the Program Quality Assurance unit which monitors districts in Massachusetts on a six year cycle. Our selection of which districts to monitor is based on a variety of issues and items that address a district's risk practices as they relate to grant and program management. The Title IIA team developed and currently use a rubric that outlines districts to be monitored and the criteria considered to support why a district has been selected for review. This is in addition to the districts that receive a Title IIA financial review from our Audit and Compliance Unit.

Contact: Simone Lynch, Assistant Director Educator Development

Implementation Date: February 2, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Department of Elementary and Secondary Education

Improving Teacher Quality State Grants (84.367)

Federal Award Number: S367A140020 **Federal Award Year:** 2015

U.S. Department of Education

Finding Reference: 2015-022

Requirement

DESE reviews each LEA grant application for appropriate funding requirements using a standard checklist that ensures all elements of the application are appropriately completed.

Finding

We noted that the grant review and approval checklists could not be located for seven out of forty LEA Title II applications selected for testing. It was disclosed that the missing checklists were the result of a data base crash.

Recommendation

The DESE should review its file maintenance procedures within the Title II unit and ensure that documents are properly filed and are accessible to all authorized staff. DESE policy should require that documents be maintained on a shared secured server with adequate backup for restoring damaged or deleted files.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

To alleviate the problem of a crashed data base, the Title IIA team no longer keeps TIIA documents in Access. The Title IIA team houses all rubrics and all correspondence between ESE and the districts throughout the review process in the Shared H: drive Title IIA Folder. All districts have individual folders and all TIIA reviewers have access to those folders. Further, all FY15 IIA applications were appropriately reviewed as evidenced by correspondence sent to each of the 7 districts referenced above.

Contact: Simone Lynch, Assistant Director Educator Development

Implementation Date: December 31, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Massachusetts Rehabilitation Commission

Rehabilitation Services Vocational Rehabilitation Grants to States (84.126)

Federal Award Number: H126A140028-14B Federal Award Year: 2015
H126A140029

U.S. Department of Education

Finding Reference: 2015-023

Requirement

When an IPE is required for the provision of VR services under Section 103(a) of the Act, it must be done as soon as possible, but not later than 90 days after the date of the determination of eligibility by the State VR agency, unless the State VR agency and the eligible individual agree to an extension of that deadline to a specific date by which the IPE must be completed (Section 102(b)(3)(F) of the Act (29 USC 722(b)(3)(F))).

Finding

During our audit of the Vocational Rehabilitation (VR) program, we subjected 40 individual cases for the Massachusetts Rehabilitation Commission (MRC) to verify whether the Special Test and Provision-Completion of IPE's requirements had been met. We observed 6 cases relating to MRC for which the IPE Completion was not made within 90 days of the clients' eligibility dates. Below are the details of timeliness:

- (1) Days between eligibility and IPE-117
- (2) Days between eligibility and IPE-253
- (3) Days between eligibility and IPE-134
- (4) Days between eligibility and IPE-106
- (5) Days between eligibility and IPE-137
- (6) Days between eligibility and IPE-99

Additionally, MRC's policy over IPE's was 180 days prior to the implementation of the new policy as of February 2, 2015. Given the old policy, KPMG notes one of the 6 findings was not completed timely per the old policy, with the timing between eligibility and the IPE being 253 days.

Recommendation

We recommend that the departments implement adequate internal controls to reduce the risk that new policies are not implemented timely. Further we recommend implementing adequate internal controls where new Compliance Supplement releases are reviewed and any necessary updates are made to the VR Program.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

Massachusetts Rehabilitation Commission (MRC) acknowledges the finding of the audit that six of the reviewed cases had IPEs which were not completed within 90 days of eligibility determination period. MRC will complete a review of IEP controls and develop new controls to ensure that IPE determinations are done within the prescribed 90 day time requirements.

The federal Workforce Investment and Opportunity Act (WIOA) a new law was signed on July 22, 2014 by President Obama. The Rehabilitation Services Administration, US Department of Education, and the Department of Labor continue to work on final rules and regulations for WIOA which are expected to be finalized in late March 2016 after a final public comment period.

MRC changed its policy on the time requirement for completion of IPEs from 180 days to 90 days effective February 2, 2015. MRC is working diligently to conform to the new IPE completion timeliness requirement in WIOA. MRC has or will implement the following corrective actions by enhancing controls to ensure compliance with this new requirement:

- MRC has developed a new executive report which is run monthly on compliance with the 90 day IPE requirement at the statewide, district, and office levels. This report is distributed to the Assistant Commissioner of Vocational Rehabilitation and the District Directors, who review the report with local area managers and supervisors to ensure compliance.
- MRC has developed a new electronic tickler reminder system in the electronic MRCIS Case Management system to prompt or provide a predictive reminder for VR counselors and supervisors on cases that are approaching the 90 day window.
- MRC will develop a monthly report in its MRCIS electronic Case Management System showing compliance with the 90 day IPE requirement at the Area Office and counselor or caseload level. This control will be used by counselors, supervisors and local area managers to ensure compliance.
- MRC has and will continue to conduct staff training on the new 90 day IPE requirement and will provide trainings on the new controls and reports built into the MRCIS system.

Contact: Tak Tang, CFO – Massachusetts Rehabilitation Commission

Implementation Date: July 1, 2016

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Health and Human Services (MassHealth)

Children's Health Insurance Program (93.767)

Federal Award Number: 1505-MA5021

Award Year: 2015

U.S. Department of Health and Human Services

Finding Reference: 2015-024

Requirement

The Children's Health Insurance Program or its designee is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan (42 CFR section 431.10).

According to OMB Circular A-133 §____.300 the auditee is required to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Finding

For one of the 65 participants selected, the re-determination was not done in fiscal year 2015.

Recommendation

We recommend that the Executive Office review its system input review procedures, as it relates specifically to eligibility file input and maintenance in the MA-21 system to determine if these are isolated instances or systemic program issues. Enhanced review procedures verifying system inputs could prevent incorrect eligibility determinations produced as a result of inaccurate inputs into the system.

Questioned Costs

The questioned costs related to the above participants are \$408.19

Views of Responsible Officials and Corrective Actions

MassHealth was granted approval by CMS to suspend annual eligibility reviews for the MAGI population, including CHIP recipients, in light of eligibility system issues related to ACA implementation in 2013 and 2014. MassHealth began processing re-determinations for the MassHealth MAGI caseload during the second half of fiscal year 2015, which began on January 1, 2015 through present. The case in question was likely still protected under the waiver which was approved by CMS; therefore, the case would be pulled into one of the redetermination groups processed in calendar year 2015.

Contact: Rosana Senise, Director of Integrated MassHealth Enrollment Center (IMEC),
MassHealth

Implementation Date: September 2016

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Health and Human Services (MassHealth)

Children's Health Insurance Program (93.767)

Federal Award Number: 1505-MA5021 Award Year: 2015

U.S. Department of Health and Human Services

Finding Reference: 2015-025

Requirement

Funds can be used only for Medicaid benefit payments (as specified in the State plan, Federal regulations, or an approved waiver), expenditures for administration and training, expenditures for the State Survey and Certification Program, and expenditures for State Medicaid Fraud Control Units (42 CFR sections 435.10, 440.210, 440.220, and 440.180).

Finding

During our testwork, we selected 65 program participants receiving benefits from the Children's Health Insurance Program.

In two of the 65 samples, the claims paid out were calculated at old rates.

- i Amount paid \$22.22 but per 101 CMR 35 amount for code #99173 is \$22.40
- ii Amount paid \$27.83 but per 101 CMR 35 amount for code #92340 is \$28.19

At our request, management reviewed fiscal 2015 activity for other codes that might have been misapplied. Management identified several additional codes (92340, 92341, 92342, 92370, and 99173) where incorrect rates were used. Management determined that it underpaid claims by \$18,202 during fiscal 2015 as a result of applying the incorrect rate.

Recommendation

We recommend the State develop procedures for updating and reviewing rate changes to ensure that all rates are properly updated.

Questioned Costs

Not determinable

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Year ended June 30, 2015

Views of Responsible Officials and Corrective Actions

All impacted codes have been identified and the rates appropriately updated. Current claims are processing and paying under the updated rates. All impacted claims have been identified and a request for reprocessing has been submitted. The claims have not yet been reprocessed. The estimated dollar value is \$18,000. The Provider Network Program in the Office of Providers and Plans, oversee the program regulations including rate updates for the primary and specialty providers enrolled in MassHealth. The Provider Network Program is developing a cross reference document to insure consistency across programs when updates are requested. Management of the document will be assigned to the P&P coder as part of the MMIS update process.

Contact: Lydia Hatch, Director, Provider Network Program, MassHealth

Implementation Date: July 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Health and Human Services (MassHealth)

Medicaid Cluster (93.775 / 93.777 / 93.778)

Federal Award Number: 1505-MA5MAP

Award Year: 2015

U.S. Department of Health and Human Services

Finding Reference: 2015-026

Requirement

The State Medicaid agency (MassHealth) or its designee is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan (42 CFR section 431.10).

The Centers for Medicare & Medicaid Services granted MassHealth expenditure authority effective for costs incurred for the period January 1, 2014 to February 28, 2015, hereafter referred to as Transitional Medical Assistance (TMA) program, to ensure temporary coverage for individuals who were not able to receive a full eligibility determination for MassHealth of marketplace coverage due to eligibility system issues.

The expenditure authority was to ensure there are no delays or gaps in coverage while processing applications, including Modified Adjusted Gross Income (MAGI) eligibility determinations, via a manual process until such time that its electronic eligibility system was fully operational.

MassHealth agreed that no federal funds would be claimed for TMA expenditures for individuals whose enrollment in other coverage options had become effective or whose income was ultimately found to be higher than 400 percent of the federal poverty level (FPL) and were not eligible for MassHealth coverage during the period the expenditure authority was in effect.

Finding

During our eligibility audit procedures, we selected a sample size of 65, 11 of which were given temporary eligibility in accordance with the TMA program. Applications for TMA cases were entered into the Worker Portal, a component of its then nonfunctioning eligibility system. The Worker Portal functioned only as a database and did not verify income, social security number or citizenship. There were no manual controls in place over the TMA applications processed by Worker Portal.

During the time period MassHealth was claiming federal financial participation (FFP) for TMA costs, it reduced its claims by 2% in order to safeguard against any future disallowed costs for any participant who ultimately would be determined ineligible once the eligibility system's functionality was restored.

As the conclusion of the TMA program, MassHealth has determined that a total of 329,800 participants were enrolled in TMA. Of that number, 17,700 qualified for an unsubsidized or marketplace plan, 153,700 were either not found eligible or did not re-apply and the remaining 158,400 were deemed Medicaid eligible.

However, MassHealth has not yet made a final adjustment to its TMA costs to true up any over/under FFP reimbursement for this temporary program.

We also noted that 3 participants identified as TMA were identified as such after the February 28, 2015 deadline.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Recommendation

We recommend that MassHealth complete its analysis of the TMA program as soon as possible and make any necessary adjustment(s) to it previously submitted claims for reimbursement.

We recommend that MassHealth develop a system to ensure participants not meeting the federal eligibility criteria are not charged to the federal government.

Questioned Costs

The questioned costs of \$2,760 relate to the 3 participants that remained classified as TMA after the deadline.

Views of Responsible Officials and Corrective Actions

MassHealth will complete its analysis of the TMA program and make any necessary adjustments to its previously submitted claims for reimbursement by June 30, 2016.

A small number of individuals remained in the TMA program past the February 28, 2015 deadline due to ongoing system issues. MassHealth will confirm that it did not submit claims for reimbursement for spending associated with members in the TMA program for dates of service past the deadline and make any necessary adjustments.

Contact: Rick Wilson, Chief Operating Officer, MassHealth

Implementation Date: June 30, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Department of Public Health

Maternal and Child Health Services Block Grant (93.994)

Federal Award Number: 6 B04MC25349-01-05 **Federal Award Year:** 2015

U.S. Department of Health and Human Services

Finding Reference: 2015-027

Requirement

Per 42 U.S. Code § 705, the State must use at least 30% of payment amounts for preventive and primary care services for children. The State must use at least 30% of payment amounts for services for children with special health care needs. A State may not use more than 10% of allotted funds for administrative expenses.

Finding

During our testing, we noted that DPH tracks its compliance with the above earmarking percentage in an excel spreadsheet for all its open grant awards rather than on an individual basis. As a result, we were unable to determine if the grant award met the stipulated earmarking requirements.

Recommendation

We recommend the department develop written procedures consistent with the federal requirements as well as a review process to ensure earmarking percentages are tracked and documented on an individual grant award basis.

Questioned Costs

Not Determinable

Views of Responsible Officials and Corrective Actions

The A-133 Compliance Supplement for the Maternal and Child Health Services notes the following requirements for Earmarking:

- a) Unless a lesser percentage is established in the State's notice of award for a given fiscal year, the State must use at least 30% of payment amounts for preventive and primary care services for children (42 USC 705(a)(3)(A)).
- b) Unless a lesser percentage is established in the State's notice of award for a given fiscal year, the State must use at least 30% of payment amounts for services for children with special health care needs (42 USC 705(a)(3)(B)).
- c) A State may not use more than 10% of allotted funds for administrative expenses (42 USC 704(d)).

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

DPH accepts the finding. The specific Corrective Action Plan steps are described below:

- 1) By March 31, 2016, develop revised Commonwealth Information Warehouse CIW/HRCMS queries (both generated from MMARS) to capture expenditures by federal fiscal year using the program code that represents each new Award Year – Budget period.
- 2) Develop written procedures on how to run the queries from CIW / HRCMS and how to allocate expenditures to the earmark categories.
- 3) Prepare a document that lists the payroll, contracts, and other expenditures that qualify under each earmarking requirement. The document becomes a plan/template to map or link the expenditures by object class and object code from CIW/HRCMS to each earmarking.
- 4) Prepare a report in Excel format to track compliance with each earmarking requirement. The queries and the document listing the expenditures that qualify for each earmark will be used to back up the information on this report in Excel format.
- 5) By April 22, 2016, send the information described under steps 2), 3) and 4) for review to a colleague A&F Director, and the CFO (or her designee) and for approval by the Bureau Director.
- 6) By mid-May, make any necessary revisions to the procedures. These processes will be tested in the next application process coming this summer.

Monitoring and Review Process (going forward):

At the beginning of each Federal Grant Fiscal Year, the Bureau Senior Budget Planner will prepare the report in Excel format to track compliance with each earmarking requirement. The information will be reviewed by the Bureau ANF Director and approved by the Bureau Director.

On a quarterly basis, the Bureau Senior Budget Planner will populate the report to track compliance with each earmarking with expenditures from CIW/HRCMS. These expenditures will be reviewed by the Bureau ANF Director to ensure that the Bureau is on track to achieve the earmarking percentages requirements.

After the accounts payable period for federal grant year, the Bureau will reconcile the final expenditures to finalize the earmarking report. This information comes from MMARS through CIW and HRCMS. During the month after the accounts payable period ends, the Bureau will complete the report and will confirm that the 30% of payment amounts for preventive and primary care services for children, 30% of payment amounts for services for children with special health care needs and no more than 10% of allotted funds for administrative expenses were accomplished.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

The report is reviewed by the Bureau ANF Director and approved by the Bureau Director.

Contact: Katherine P. Messenger, Senior Budget Planner and Acting A&F Director, Bureau of Family Health and Nutrition

Ron Benham, MCHB Title V Director and Director, Bureau of Family Health and Nutrition

Implementation Date: May 1, 2016

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Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Public Safety and Security: Office of Grants & Research

Homeland Security Grant Program (97.067)

Federal Award Number: EMW-2012-SS-00007 Federal Award Year: 2012

EMW-2013-SS-00027 2013

U.S. Department of Homeland Security

Finding Reference: 2015-028

Requirement

The Compliance Supplement indicates:

States must obligate funds for subgrants within 45 days after the date of the grant award (6 USC 605(c)(1)). “Obligate” has the same meaning as in Federal appropriations law, i.e., there must be an action by the State to establish a firm commitment; the commitment must be unconditional on the part of the State; there must be documentary evidence of the commitment, and the award terms must be communicated to the subgrantee and, if applicable, accepted by the grantee.

Finding

We selected a sample of four subrecipients. For all four subrecipients tested, the Executive Office of Public Safety and Security did not obligate funds to the subrecipients within 45 days of receiving the federal award. The days elapsed from the grant acceptance date to the date a contract was signed with the subrecipients ranged from 68 to 272 days.

Recommendation

The Executive Office of Public Safety and Security should put procedures in place to ensure compliance with obligating funds to their subrecipients within 45 days of the receiving the federal award.

Questioned Costs

Not Determinable

Views of Responsible Officials and Corrective Actions

Under the rules governing the HSGP grant funds, the 80% local share funds must be “obligated” within 45 days of the states receipt of the funds. For many years EOPSS complied with this requirement by providing the Homeland Security Planning Regions, and the City of Boston, which are the primary recipients of these funds, with letters of obligation within the 45 day time frame. However, beginning around 2011, the federal Department of Homeland Security/Federal Emergency Management Agency (DHS/ FEMA) clarified that it did not consider these letters of obligation to constitute fulfillment of the 45-day obligation requirement. During bi-annual monitoring visits prior to this, DHS/FEMA had accepted this method of obligation. DHS/FEMA clarified that “obligation” requires entering into a contract that awards the funds without condition. However, in order to enter into a contract with a sub-recipient, EOPSS must first have a comprehensive and acceptable scope of work that describes how the funding will be used. These two requirements, the federal requirement, to enter into contractual funding obligations

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

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for several million dollars within a month and a half of the state receiving the funds, and the state requirement to ensure that funding is distributed responsibly through vetted scopes of work for all sub-recipients can be difficult to simultaneously fulfill. Obtaining and vetting a comprehensive scope of work from prospective sub-recipients takes time, especially when several million dollars-worth of funding are at stake. For example, with the FFY 2010 funds, the City of Boston, which is the only eligible sub-recipient for 80% of the UASI grant, was ten months late in providing a plan for the use of its \$15 million in grant funding. EOPSS regularly requested the scope of work but did not receive it until nearly a year after the funding had been received.

In spite of the challenge of simultaneously fulfilling both federal and state mandates, The Executive Office of Public Safety and Security (EOPSS) and the Office of Grants and Research, (OGR) has worked to reduce the delay to the point where for the past three years (FFY 2013, FFY 2014, FFY 2015) 98.5% of the local 80% requirement has been met within the 45 day time frame. The remaining 1.5% of more than \$18 million (a total of approximately \$300,000) has been more challenging to distribute, in part because of an additional sub-granting process whereby EOPSS provides funds to the Massachusetts Emergency Management Agency, which then conducts a competitive sub-granting process for local cities and towns.

EOPSS and OGR will continue to work to ensure that all federal and state requirements are met. We take these obligations seriously and strive every day to meet an array of sometimes competing priorities

Contact: Victoria Grafflin, Director, Homeland Security Division

Implementation Date: February 1, 2016

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Executive Office of Public Safety and Security: Office of Grants & Research

Homeland Security Grant Program (97.067)

Federal Award Number: **EMW-2012-SS-00007** **Federal Award Year: 2012**
 EMW-2013-SS-00027 **2013**

U.S. Department of Homeland Security

Finding Reference: 2015-029

Requirement

The A-102 Common Rule requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The objective of internal control pertaining to the compliance requirements for Federal programs (Internal Control over Federal Programs) are found in Section 105 OMB Circular A-133.

Finding

For each new grant award received, the Executive Office of Public Safety and Security (the Department) is responsible for completing and submitting a Federal Grant Set Up Form which authorizes the grant to be established in MMARS. During our testing, we noted that the same individual is given the responsibility of preparing, reviewing, and authorizing Federal Grant Set Up Forms.

Recommendation

We recommend that the Department implement procedures to ensure that a different individual is preparing and reviewing/authorizing the Federal Grant Set Up forms.

Questioned Costs

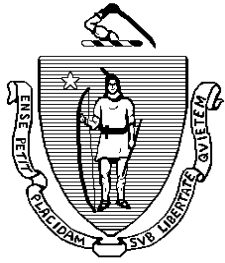
None

Views of Responsible Officials and Corrective Actions

Federal grant set-up forms will be completed by the Budget Director for Homeland Security. Once complete, the forms will be given to the Fiscal Director for review and signature. The forms will then be routed back to the budget director where the original will be placed in the fiscal grant file and a scanned copy is e-mailed to the Federal Grant Unit at the State Comptroller's Office for processing.

Contact: Paul Garrity, Fiscal Director, Homeland Security Division

Implementation Date: January 25, 2016



Thomas G. Shack III
Comptroller

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**Commonwealth of Massachusetts
Summary Schedule of Prior Year Audit Findings
FY 2015**

The attached summary schedule of prior year findings (Schedule) lists the finding reference, CFDA #, state agency, program and description for the 43 findings included in the fiscal year 2014 Single Audit Report. It also lists the status of any other prior year finding whose corrective action plan has not been fully implemented. The Schedule indicates “fully” if the corrective action plan (CAP) was fully implemented, “partially” if the CAP was not fully implemented and “not implemented” if not implemented at all. If not fully implemented, an updated CAP is included.

Prior year findings that no longer warrant further action in accordance with OMB Circular A-133 Section 315(b)(4) have been excluded from the Schedule.

Schedule of Prior Year Findings						
Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2014-001		EOL	state	Financial Reporting	Fully	
2014-002		CTR	state	Financial Reporting	Partially	See finding 2015-002
2014-003		EOL	state	UI Office Application Password Management	Partially	See finding 2015-007
2014-004		EOL	state	Internal User Remote Access to UI Online	Fully	
2014-005		EOL	state	Internal User Online Access Approval	Fully	
2014-006		EOL	state	UI Online Periodic Management Access and Separation of Duties (SOD) Review and Terminated Employee	Fully	
2014-007		EOL	state	UI Online Application Software Change Management	Fully	
2014-008		EHS	state	MMIS- Access Privileges	Partially	See finding 2015-008
2014-009		EHS	state	MMIS-Access Authorization	Partially	See finding 2015-009
2014-010		EHS	state	MMIS-Change Migration Access	Fully	
2014-011		EHS	state	MMIS-Password	Fully	
2014-012		EHS	state	MMIS-User Access Reviews	Partially	See finding 2015-010
2014-013		EHS	state	MMIS-Access Revocation	Partially	See finding 2015-011
2014-014		EHS	state	MMIS- Privileged Access to Database Server	Fully	
2014-015		ITD	state	BEACON- Server Password Parameters	Fully	
2014-016		ITD	state	Data Center Access Authorization and Review	Fully	
2014-017		ITD	state	MMIS- Job Scheduler Access	Fully	
2014-018	14.228	OCD	Community Development Block Grant	Lack of segregation of duties regarding creating and submitting FFATA report for 2013. Preparer submitted report without additional review.	Fully	
2014-019	14.231	OCD	Emergency Shelter Grants Program	No Federal Financial Reports (FFR) were submitted during FY 2014	Fully	
2014-020	14.239	OCD	HOME Investment Partnerships Program	Lack of segregation of duties for creation and submission of Section Report 3 for 2013. Preparer submitted report without any additional review.	Fully	
2014-021	17.225	EOL	Unemployment Insurance	2 out of 73 selections tested for compliance with Eligibility and EUC Special Test requirement, it was noted that excess benefits were paid.	Fully	
2014-022	17.225	EOL	Unemployment Insurance	Experience ratings for certain contributory employers were not calculated properly due to coding defect. This caused configuration deficiency to employers contributions. As a result, a lower or higher experience rating was assigned to certain employers than was warranted.	Partially	See finding 2015-013
2014-023	17.225	EOL	Unemployment Insurance	During the review the Department of Unemployment Assistance in FY2014, the deficiencies with the Benefit Accuracy Measurement (BAM) procedures were found related to cases not completed within the required time frame.	Partially	See finding 2015-014
2014-024	17.225	EOL	Unemployment Insurance	For two samples selected, employer was relieved of charges even though the employer caused overpayment. Claimant repaid overpayment, but still not in line with federal and state requirements	Partially	See finding 2015-015
2014-025	17.225	EOL	Unemployment Insurance	Deficiencies in control over compliance and compliance with Commonwealth procedures that requires overpayment notices be sent to all claimants. Also, system-generated overpayment notice lacked transparency regarding penalties assessed in fraud cases.	Fully	
2014-026	20.319	DOT	High Speed Rail Corridors & Intercity Passenger Rail-Capital Assistance Grants	MassDOT has no evidence that it obtained DUNS numbers for its subrecipients for South Station Expansion project, prior to the subaward. Also, MassDot did not identify to its subrecipient for the Knowledge Corridor project, requirement for SAM registration and presentation in the SEFA and SF-SAC.	Fully	
2014-027	84.010	DOE	Title I Grants to Local Education Agencies	The 2012 federal grant award that ended its period of availability was not fully obligated. DESE has not obligated \$94,242 as of July 30, 2014 as noted on the MMARS uncommitted funds report.	Fully	
2014-028	84.010	DOE	Title I Grants to Local Education Agencies	Title I, DESE reports actual expenditures instead of the obligation amount and the date submitted is also not within the reporting deadline. In addition, one of the subawards greater than \$25,000, information was not included in the Transparency Act Reporting.	Fully	
2014-029	84.010	DOE	Title I Grants to Local Education Agencies	4 out of 40 LEA's selected for testing, the same person was reviewing and approving the LEA grant application within the <i>Program Acceptance</i> form .	Partially	See finding 2015-020
2014-030	84.367	DOE	Improving Teacher Quality State Grants (Title II, Part A)	Title II, Part A, DESE reports actual expenditures instead of the obligation amount and the date submitted is also not within the reporting deadline. In addition, one of the subawards greater than \$25,000, information was not included in the Transparency Act Reporting.	Fully	
2014-031	84.367	DOE	Improving Teacher Quality State Grants (Title II, Part A)	The 2012 federal grant award that ended its period of availability was not fully obligated. DESE has not obligated \$44,387 as of July 30, 2014 as noted on the MMARS uncommitted funds report.	Fully	
2014-032	84.367	DOE	Improving Teacher Quality State Grants (Title II, Part A)	37 of 40 LEA'S Title II, Part A applications selected for testing the same person was reviewing and approving the LEA grant application within the <i>Program Acceptance</i> form .	Fully	

Schedule of Prior Year Findings						
Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2014-033	84.367	DOE	Improving Teacher Quality State Grants (Title II, Part A)	For the two LEA program monitoring reviews selected, DESE could not locate the corrective action plan. Corrective action plan is required to ensure that DESE has properly closed out the monitoring process.	Fully	
2014-034	84.126	MRC	Rehabilitation Services Vocational Grants to States	Lack of control over determination of eligibility, ensure that counselors are adhering to the federal and state regulations, and ensure that determinations are done timely and/or the proper waivers are obtain.	Fully	
2014-035	84.126	MCB	Rehabilitation Services Vocational Grants to States	1 employee of 40 tested had time charged 100% to the Vocational Rehabilitation Services grant but not supported by a time and effort certification. Employee resigned in August and was excluded when the semi-annual certification was performed.	Fully	
2014-036	84.126	MCB	Rehabilitation Services Vocational Grants to States	Found that MCB had a total of 10 overdue cases. 7 of which had no waiver to support the extended time frame. A case is considered overdue if 60 days have passed between the date an individual applies for benefits, and the date they are approved as being eligible to receive benefits.	Fully	
2014-037	93.575, 93.596	EEC	Child Care and Development Fund	key controls were not in place to ensure reasonable compliance with federal law, regulations, and program requirements.	Fully	
2014-038	93.767	EHS	Children's Health Insurance Program	5 of the 65 program participants selected incorrectly calculated monthly income and entered into the MA-21 system. For one of these participants, the incorrect calculation and data entry resulted in incorrect eligibility determination decision. For the year June 30, 2014, approx. \$1,987 of federal funds was paid related to this participant.	Fully	
2014-039	93.778	EHS	Medical Assistance Program	Applicant is required to submit an application accompanied by a series of supporting documents. 6 of 25 files reviewed, key documentation was provided, but lacked evidence of management review	Fully	
2014-040	93.778	EHS	Medical Assistance Program	For 1 out of 65 participants receiving benefits monthly income was incorrectly calculated and entered onto the MA-21 system.	Fully	
2014-041	93.778	EHS	Medical Assistance Program	Of the 25 daily reports reviewed, none of the reports tested included preparer or reviewer sign-off evidencing investigation of discrepancies listed on report.	Fully	
2014-042	93.778	EHS	Medical Assistance Program	Of the 15 cases reviewed, 3 files had missing key supporting documentation and 4 additional files had missing supporting documentation missing management signature as evidence of completion and review	Fully	
2014-043	97.036	CDA	Disaster-Grants-Public Assistance (Presidentially Declared Disasters)	Does not have adequate controls in place to ensure timely and accurate FFATA reporting. KPMG tested 9 reportings of different disasters. Of the nine tested, six were not in compliance with FFATA reporting requirements.	Fully	