



COMMONWEALTH OF MASSACHUSETTS

Independent Auditors' Reports as Required by Title 2 U.S. Code
of Federal Regulations Part 200, *Uniform Administrative Requirements,
Cost Principles, and Audit Requirements for Federal Awards and
Government Auditing Standards* and Related Information

Year ended June 30, 2020

(With Independent Auditors' Report Thereon)

COMMONWEALTH OF MASSACHUSETTS

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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. William McNamara, 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 basic 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, 2020, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements, and have issued our report thereon dated March 25, 2021. Our report contains an emphasis of matter paragraph referring to the Commonwealth's adoption, in 2020, of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our report also includes a reference to other auditors who audited the financial statements of the entities described in note 14 of the Commonwealth's basic financial statements, as described in our report on the Commonwealth's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Massachusetts Municipal Depository Trust, the Massachusetts Technology Park Corporation and the Massachusetts Life Sciences Center were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Massachusetts Municipal Depository Trust, the Massachusetts Technology Park Corporation and the Massachusetts Life Sciences Center.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Commonwealth's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and 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 a 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 through 2020-003 to be material weaknesses. 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 items 2020-004 through 2020-006 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commonwealth's 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 financial statements. 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 Responses 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 basic 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

Boston, Massachusetts
March 25, 2021



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Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Mr. William McNamara, 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 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, 2020. 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, 2020. 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 the Uniform Guidance, if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 unmodified and modified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Commonwealth's compliance.



Basis for Qualified Opinion on the Employment Service and Medicaid Clusters

As described in the accompanying schedule of findings and questioned costs, the Commonwealth did not comply with requirements regarding the Employment Service Cluster (CFDA 17.207 and 17.801) as described in finding 2020-014 for Allowable Costs/Cost Principles and the Medicaid Cluster (CFDA 93.775, 93.777, and 93.778) as described in finding 2020-007 for Provider Eligibility. Compliance with such requirements is necessary, in our opinion, for the Commonwealth to comply with the requirements applicable to these programs.

Basis for Qualified Opinion on Medicaid Cluster

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the Commonwealth with Medicaid Cluster (CFDA 93.775, 93.777, and 93.778) as described in finding 2020-010 for Special Tests and Provisions – ADP Risk Analysis and System Security Review, consequently, we were unable to determine whether the Commonwealth complied with the requirements applicable to that program.

Qualified Opinion on the Employment Service and Medicaid Clusters

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion on Medicaid Cluster paragraph and the noncompliance described in the Basis for Qualified Opinion on the Employment Service and Medicaid Clusters paragraph, 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 the Medicaid Cluster for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-009, 2020-011, 2020-012, 2020-014 through 2020-016. 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 is described in the accompanying schedule of findings and questioned costs. The Commonwealth is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The Commonwealth's responses and corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plans.



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 the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-007, 2020-010, 2020-011 and 2020-014 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-008, 2020-009, 2020-012, 2020-013, 2020-015, and 2020-016 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 is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The Commonwealth's responses and corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plans.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2020, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements. We issued our report thereon dated March 25, 2021, that referred to the reports of other auditors and contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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

Boston, Massachusetts
June 18, 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

CFDA #	Program name	Passed through to subrecipients	Federal expenditures
U.S. Department of Agriculture:			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 949	3,806,493
10.093	Voluntary Public Access and Habitat Incentive Program	192,762	192,762
10.170	Specialty Crop Block Grant Program – Farm Bill	450,487	478,368
10.171	Organic Certification Cost Share Programs	36,769	36,769
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds	535,000	535,000
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	65,385,291	73,937,603
10.558	Child and Adult Care Food Program	55,316,596	56,305,246
10.560	State Administrative Expenses for Child Nutrition	—	5,109,603
10.572	WIC Farmers' Market Nutrition Program	—	593,297
10.575	Farm to School Grant Program	—	18,237
10.576	Senior Farmers Market Nutrition Program	—	533,928
10.578	WIC Grants To States	—	508,276
10.579	Child Nutrition Discretionary Grants Limited Availability	546,339	546,339
10.580	Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	—	238,720
10.582	Fresh Fruit and Vegetable Program	2,851,119	2,992,811
10.664	Cooperative Forestry Assistance	165,336	1,127,192
10.676	Forest Legacy Program	10,940	40,264
10.680	Forest Health Protection	—	18,479
10.902	Soil and Water Conservation	—	9,315
10.931	Agricultural Conservation Easement Program	993,528	1,363,294
10.932	Regional Conservation Partnership Program	—	57,770
SNAP Cluster:			
10.551	Supplemental Nutrition Assistance Program	820	1,410,287,620
10.561	State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	6,123,193	74,854,636
	Total SNAP Cluster	6,124,013	1,485,142,256
Child Nutrition Cluster:			
10.555	National School Lunch Program	230,290,630	230,290,630
10.555	COVID-19 – National School Lunch Program	9,719,377	9,719,377
	Total National School Lunch Program	240,010,007	240,010,007
10.559	Summer Food Service Program for Children	24,043,841	24,296,876
	Total Child Nutrition Cluster	264,053,848	264,306,883
Food Distribution Cluster:			
10.565	Commodity Supplemental Food Program	231,370	239,454
10.568	Emergency Food Assistance Program administrative costs	2,242,222	2,397,880
	Total Food Distribution Cluster	2,473,592	2,637,334
	Total U.S. Department of Agriculture	399,136,569	1,900,536,239
U.S. Department of Commerce:			
11.407	Interjurisdictional Fisheries Act of 1986	—	173,375
11.417	Sea Grant Support	—	3,590
11.419	Coastal Zone Management Administration Awards	339	2,904,615
11.420	Coastal Zone Management Estuarine Research Reserves	19,983	622,907
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreement Program	9,155	148,367
11.454	Unallied Management Projects	—	770,431
11.463	Habitat Conservation	—	7,700
11.472	Unallied Science Program	533,120	691,294
11.474	Atlantic Coastal Fisheries Cooperative Management Act	—	310,991
11.549	State and Local Implementation Grant Program	—	52,000
	Total U.S. Department of Commerce	562,597	5,685,270
U.S. Department of Defense:			
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	—	1,014,433
12.400	Military Construction, National Guard	—	1,339,074
12.401	National Guard Military Operations and Maintenance (O&M) Projects	—	41,967,271
	Total U.S. Department of Defense	—	44,320,778
U.S. Department of Housing and Urban Development:			
14.181	Supportive Housing for Persons with Disabilities	965,353	965,445
14.228	Community Development Block Grants / State's Program	28,730,404	29,891,548
14.228	COVID-19 – Community Development Block Grants / State's Program	—	4,464
	Total Community Development Block Grants / State's Program	28,730,404	29,896,012
14.231	Emergency Shelter Grants Program	4,885,185	5,079,581
14.238	Shelter Plus Care	224,927	224,927
14.239	HOME Investment Partnerships Program	—	234,986,410
14.241	Housing Opportunities for Persons with AIDS	290,677	290,677
14.267	Continuum of Care Program	7,642,330	8,954,016
14.275	Housing Trust Fund	3,493,156	3,834,774
14.326	Project Rental Assistance Program of Section 811	434,112	443,168

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

CFDA #	Program name	Passed through to subrecipients	Federal expenditures
14.401	Fair Housing Assistance Program State and Local	\$ —	2,601,868
14.401	COVID-19 – Fair Housing Assistance Program State and Local	—	3,666
	Total Fair Housing Assistance Program State and Local	—	2,605,534
14.880	Family Unification Program	2,594,223	2,594,223
14.881	Moving to Work Demonstration Program	292,140,190	295,886,824
14.896	Family Self-Sufficiency Program	630,181	630,181
14.906	Healthy Homes Technical Studies Grants	110,351	238,796
	Section 8 Project-Based Cluster:		
14.182	Section 8 New Construction and Substantial Rehabilitation	20,492,164	23,458,327
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	6,981,227	7,071,270
	Total Section 8 Project-Based Cluster	27,473,391	30,529,597
	Housing Voucher Cluster:		
14.871	Section 8 Housing Choice Vouchers	6,465,461	6,465,461
	Total Housing Voucher Cluster	6,465,461	6,465,461
	Total U.S. Department of Housing and Urban Development	376,079,941	623,625,626
	U.S. Department of the Interior:		
15.153	Hurricane Sandy Disaster Relief – Coastal Resiliency Grants	1,185,533	1,593,365
15.608	Fish and Wildlife Management Assistance	—	32,490
15.611	Wildlife Restoration and Basic Hunter Education	—	1,772,406
15.611	COVID-19 – Wildlife Restoration and Basic Hunter Education	—	7,798
	Total Wildlife Restoration and Basic Hunter Education	—	1,780,204
15.615	Cooperative Endangered Species Conservation Fund	—	14,422
15.616	Clean Vessel Act Program	1,095,409	1,317,068
15.622	Sportfishing and Boating Safety Act	176,674	176,674
15.623	North American Wetlands Conservation Fund	—	83,144
15.631	Partners for Fish and Wildlife	—	15,000
15.634	State Wildlife Grants	—	1,084,748
15.657	Endangered Species Conservation – Recovery Implementation Funds	—	8,233
15.663	NFWF-USFWS Conservation Partnership	—	78,325
15.677	Hurricane Sandy Disaster Relief Activities-FWS	2,191,443	2,237,585
15.904	Historic Preservation Fund Grants-In-Aid	104,000	1,016,648
15.916	Outdoor Recreation Acquisition, Development and Planning	2,386,527	2,412,313
15.925	Agricultural Water Enhancement Program	108,397	108,397
15.947	Boston Harbor Islands Partnership	—	37,300
15.957	Emergency Supplemental Historic Preservation Fund	—	159,270
15.980	National Ground-Water Monitoring Network	—	7,355
15.981	Water Use and Data Research	—	25,121
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration Program	—	7,760,190
	Total Fish and Wildlife Cluster	—	7,760,190
	Total U.S. Department of the Interior	7,247,983	19,947,852
	U.S. Department of the Justice:		
16.017	Sexual Assault Services Formula Program	407,934	429,806
16.021	Justice Systems Response to Families	39,500	140,873
16.320	Services for Trafficking Victims	—	78,025
16.321	Antiterrorism Emergency Reserve	—	95,520
16.540	Juvenile Justice and Delinquency Prevention Allocation to States	83,232	311,724
16.543	Missing Children's Assistance	2,640	373,568
16.550	State Justice Statistics Program for Statistical Analysis Centers	—	169,092
16.554	National Criminal History Improvement Program	—	981,718
16.575	Crime Victim Assistance	38,443,666	45,314,585
16.576	Crime Victim Compensation	—	2,257,757
16.582	Crime Victim Assistance/Discretionary Grants	34,366	172,925
16.585	Drug Court Discretionary Grant Program	146,260	256,998
16.588	Violence Against Women Formula Grants	1,775,919	2,979,536
16.593	Residential Substance Abuse Treatment for State Prisoners	76,164	242,816
16.606	State Criminal Alien Assistance Program	—	5,347,842
16.609	Project Safe Neighborhoods	—	301,584
16.710	Public Safety Partnership and Community Policing Grants	—	1,518,743
16.738	Edward Byrne Memorial Justice Assistance Grant Program	32,600	957,692
16.741	Forensic DNA Capacity Enhancement Program	—	843,464
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	22,088	430,368
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	192,116	389,000
16.746	Capital Case Litigation Initiative	51,177	90,321
16.750	Support for Adam Walsh Act Implementation Grant Program	—	56,374
16.751	Edward Byrne Memorial Competitive Grant Program	104,525	326,532
16.754	Harold Rogers Prescription Drug Monitoring Program	99,738	397,853
16.812	Second Chance Act Prisoner Reentry Initiative	212,085	606,205
16.813	NICS Act Record Improvement Program	—	200,062

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

CFDA #	Program name	Passed through to subrecipients	Federal expenditures
16.820	Post-conviction Testing of DNA Evidence to Exonerate the Innocent	\$ 4,405	128,214
16.825	Smart Prosecution Initiative	—	50,766
16.827	Justice Reinvestment Initiative	115,994	141,913
16.833	National Sexual Assault Kit Initiative	—	125,138
16.835	Body Worn Camera Policy and Implementation	—	795
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program	—	243,991
16.839	STOP School Violence	185,252	283,406
16.842	Opioid Affected Youth Initiative	—	198,901
16.922	Equitable Sharing Program	—	681,590
	Total U.S Department of the Justice	42,029,661	67,125,697
	U.S Department of Labor:		
17.002	Labor Force Statistics	—	1,894,569
17.005	Compensation and Working Conditions	—	142,870
17.225	Unemployment Insurance	2,205,052	3,627,996,710
17.225	COVID-19 – Unemployment Insurance	—	8,048,551,970
	Total Unemployment Insurance	2,205,052	11,676,548,680
17.235	Senior Community Service Employment Program	1,517,987	1,635,034
17.245	Trade Adjustment Assistance Workers	1,648,462	13,955,935
17.261	WIOA Pilots, Demonstrations, and Research Projects	—	346,500
17.268	H-1B Job Training Grants	594,638	594,638
17.270	Reentry Employment Opportunities	—	20,000
17.271	Work Opportunity Tax Credit Program	—	44,504
17.273	Temporary Labor Certification for Foreign Workers	8,479	487,411
17.277	Workforce Investment Act (WIA) National Emergency Grants	1,555,442	2,390,429
17.281	WIA/WIOA Dislocated Worker National Reserve Technical Assistance and Training	68,707	250,297
17.285	Apprenticeship USA Grants	492,337	887,920
17.286	Hurricanes and Wildfires of 2017 Supplemental– National Dislocated Worker Grants	316,441	342,060
17.504	Consultation Agreements	—	1,116,480
17.600	Mine Health and Safety Grants	—	95,955
	Employment Services Cluster:		
17.207	Employment Service Wagner-Peyser Funded Activities	5,131,662	12,741,831
17.801	Disabled Veterans' Outreach Program	307,005	2,683,345
	Total Employment Services Cluster	5,438,667	15,425,176
	WIOA Cluster:		
17.258	WIA/WIOA Adult Program	9,442,481	10,866,298
17.259	WIA/WIOA Youth Activities	11,553,154	12,980,001
17.278	WIA/WIOA Dislocated Worker Formula Grants	9,225,244	13,616,678
	Total WIOA Cluster	30,220,879	37,462,977
	Total U.S Department of Labor	44,067,091	11,753,641,435
	U.S Department of Transportation:		
20.232	Commercial Driver License State Programs	—	31,423
20.314	Railroad Development	—	560,000
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	—	1,786,154
20.320	Rail Line Relocation and Improvement	—	170,927
20.505	Federal Transit Metropolitan Planning Grants	1,141,505	1,374,822
20.509	Formula Grants for Other Than Urbanized Areas	3,531,725	4,012,449
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	—	816,519
20.614	Safety Incentive Grants for Use of Seatbelts	—	94,868
20.700	Pipeline Safety	—	1,189,138
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	107,845	300,733
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	5,946,420	643,552,904
20.219	Recreational Trails Program	800,205	1,552,328
	Total Highway Planning and Construction Cluster	6,746,625	645,105,232
	Federal Motor Carrier Safety Assistance Cluster:		
20.218	Motor Carrier Safety Assistance	—	3,992,697
20.237	Motor Carrier Safety Assistance High Priority Activities Grant and Cooperative Agreements	—	66,884
	Total Federal Motor Carrier Safety Assistance Cluster	—	4,059,581
	Federal Transit Cluster:		
20.526	Bus and Bus Facilities Formula Program	871,085	871,085
	Total Federal Transit Cluster	871,085	871,085
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities	951,985	4,755,770
20.516	Job Access Reverse Commute	158,618	158,618
20.521	New Freedom Program	52,410	52,414
	Total Transit Services Programs Cluster	1,163,013	4,966,802

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

CFDA #	Program name	Passed through to subrecipients	Federal expenditures
20.600	Highway Safety Cluster:		
20.616	State and Community Highway Safety	\$ 1,175,786	4,475,723
	National Priority Safety Programs	1,363,561	3,846,832
	Total Highway Safety Cluster	2,539,347	8,322,555
	Total U.S Department of Transportation	16,101,145	673,662,288
	U.S Department of the Treasury:		
21.016	Equitable Sharing	—	2,253,839
21.019	COVID-19 – Coronavirus Relief Fund	78,032,612	599,156,321
	Total U.S Department of the Treasury	78,032,612	601,410,160
	Equal Employment Opportunity Commission:		
30.002	Employment Discrimination State and Local Fair Employment Practices Agency Contracts	—	1,982,980
30.002	COVID-19 – Employment Discrimination State and Local Fair Employment Practices Agency Contracts	—	7,443
	Total Equal Employment Opportunity Commission:	—	1,990,423
	National Endowment for the Arts:		
45.025	Promotion of the Arts Partnership Agreements	948,791	967,588
45.310	State Library Program	491,145	2,885,727
	Total National Endowment for the Arts	1,439,936	3,853,315
	National Science Foundation:		
47.076	Education and Human Resources	106,038	173,142
	Total National Science Foundation	106,038	173,142
	Small Business Administration:		
59.061	State Trade and Export Promotion Pilot Grant Program	341,621	341,621
	Total National Science Foundation	341,621	341,621
	U.S. Department of Veterans Affairs:		
64.014	Veterans State Domiciliary Care	—	3,289,469
64.015	Veterans State Nursing Home Care	—	17,778,043
	Total U.S. Department of Veterans Affairs	—	21,067,512
	U.S. Environmental Protection Agency:		
66.032	State Indoor Radon Grants	—	181,637
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating	—	668,463
66.040	State Clean Diesel Grant Program	—	204,147
66.204	Multipurpose Grants to States and Tribes	—	15,023
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	—	16,181
66.454	Water Quality Management Planning	142,278	142,278
66.456	National Estuary Program	725,522	1,600,791
66.461	Regional Wetland Program Development Grants	—	67,459
66.472	Beach Monitoring and Notification Program Implementation Grants	—	234,200
66.605	Performance Partnership Grants	1,369,858	16,222,669
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	82,825	181,298
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	—	364,559
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	—	147,218
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	—	308,388
66.802	Superfund State, Political Subdivision, and Indian Tribe Site Specific Cooperative Agreements	—	823,637
66.804	State and Tribal Underground Storage Tanks Program	—	410,142
66.805	Leaking Underground Storage Tank Trust Fund Program	—	623,387
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	—	26,186
	Total U.S. Environmental Protection Agency	2,320,483	22,237,663
	U.S. Department of Energy:		
81.041	State Energy Program	—	1,046,929
81.042	Weatherization Assistance for Low-Income Persons	6,701,949	7,275,237
81.086	Conservation Research and Development	—	87,500
81.138	State Heating Oil and Propane Program	—	22,288
	Total U.S. Department of Energy	6,701,949	8,431,954
	U.S. Department of Education:		
84.002	Adult education State Grant Program	5,264,432	7,326,582
84.010	Title I Grants to Local Educational Agencies	226,682,320	238,777,636
84.011	Migrant Education State Grant Program	1,015,069	1,194,998
84.013	Title I Program for Neglected and Delinquent Children	595,206	1,203,336
84.048	Vocational Education Basic Grants to States	15,812,453	18,515,438
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	923,346	39,004,754
84.144	Migrant Education Coordination Program	66,161	66,161
84.161	Rehabilitation Services Client Assistance Program	—	161,986
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	—	581,763
84.181	Special Education Grants for Infants and Families with Disabilities	3,325,584	7,998,261
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	—	676,754
84.187	Supported Employment Services for Individuals with Severe Disabilities	288	104,412
84.196	Education for Homeless Children and Youth	1,036,770	1,371,975
84.282	Charter Schools	2,404,904	2,469,643
84.287	Twenty-First Century Community Learning Centers	16,027,247	16,833,167

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

CFDA #	Program name	Passed through to subrecipients	Federal expenditures
84.305	Education Research, Development and Dissemination	\$ —	58,420
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	10,670	10,670
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	2,186,393	3,230,088
84.358	Rural Education	9,988	9,988
84.365	English Language Acquisition Grants	13,509,290	14,468,476
84.366	Mathematics and Science Partnerships	—	17,629
84.367	Improving Teacher Quality State Grants	29,364,014	32,758,255
84.369	Grants for State Assessments and Related Activities	—	6,620,090
84.372	Statewide Data Systems	60,379	1,000,352
84.377	School Improvement Grants	2,839,135	2,882,243
84.419	Preschool Development Grants	6,340,523	7,704,255
84.421	Disability Innovation Fund	21,987	982,730
84.424	Student Support and Academic Enrichment Program	13,370,068	13,990,200
84.425	COVID-19 – Education Stabilization Fund	6,113,153	6,139,322
	Total Education Stabilization Fund	6,113,153	6,139,322
84.938	Hurricane Education Recovery	306,608	320,775
84.999	Department of Education – Miscellaneous	—	170,474
	Special Education Cluster (IDEA):		
84.027	Special Education Grants to States	253,724,639	281,917,103
84.173	Special Education Preschool Grants	7,471,305	10,147,844
	Total Special Education Cluster (IDEA)	261,195,944	292,064,947
	Total U.S. Department of Education	608,481,932	718,715,780
89.003	National Archives and Records Administration: National Historical Publications and Records Grants	6,513	44,195
	U.S. Election Assistance Commission:		
90.401	Help America Vote Act Requirements Payments	—	5,939,653
90.404	2018 HAVA Election Security Grants	—	1,159,482
	Total U.S. Election Assistance Commission	—	7,099,135
	U.S. Department of Health and Human Services:		
93.041	Neglect, and Exploitation Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse,	—	118,227
93.042	Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	—	410,360
93.043	Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	393,640	393,640
93.048	Special Programs for the Aging Title IV and Title II Discretionary Projects	—	69,146
93.051	Alzheimer's Disease Demonstration Grants to States	78,740	88,739
93.052	National Family Caregiver Support	3,529,326	3,580,469
93.052	COVID-19 – National Family Caregiver Support	9,000	9,000
	Total National Family Caregiver Support	3,538,326	3,589,469
93.069	Public Health Emergency Preparedness	4,139,975	12,109,963
93.070	Environmental Public Health and Emergency Response	145,014	1,896,079
93.071	Medicare Enrollment Assistance Program	361,164	361,164
93.072	Lifespan Respite Care Program	—	192,202
93.073	Birth Defects and Developmental Disabilities – Prevention and Surveillance	650,125	1,118,213
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	—	128,010
93.090	Guardianship Assistance	—	6,644,896
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	642,955	872,647
93.103	Food and Drug Administration Research	—	1,369,520
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	744,959	1,355,221
93.110	Maternal and Child Health Federal Consolidated Programs	164,526	669,499
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	158,562	1,976,739
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity	—	54,723
93.127	Emergency Medical Services for Children	—	223,544
93.130	Primary Care Services Resource Coordination and Development	—	281,470
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,153,724	5,432,242
93.150	Projects for Assistance in Transition from Homelessness	1,535,944	1,537,748
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	417,617	643,241
93.165	Grants to States for Loan Repayment	—	550,000
93.184	Disabilities Prevention	107,104	430,823
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93,249	512,121
93.217	Family Planning Services	338,069	353,141
93.234	Traumatic Brain Injury State Demonstration Grant Program	—	230,975
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	270,206	695,317
93.236	Grants for Dental Public Health Residency Training	—	360,405
93.240	State Capacity Building	—	291,691
93.241	State Rural Hospital Flexibility Program	30,000	272,531
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	3,376,329	6,949,592
93.251	Universal Newborn Hearing Screening	70,029	256,862
93.262	Occupational Safety and Health Program	—	666,605
93.268	Immunization Cooperative Agreements	37,143	83,398,879
93.270	Adult Viral Hepatitis Prevention and Control	—	567,579

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

CFDA #	Program name	Passed through to subrecipients	Federal expenditures
93.276	Drug-Free Communities Support Program Grants	\$ 2,796	58,631
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	—	25,419
93.296	State Partnership Grant Program to Improve Minority Health	66,452	258,913
93.301	Small Rural Hospital Improvement Grant Program	71,196	71,196
93.301	COVID-19 – Small Rural Hospital Improvement Grant Program	327,148	327,148
	Total Small Rural Hospital Improvement Grant Program	398,344	398,344
93.305	National State Based Tobacco Control Programs	—	1,157,065
93.314	Early Hearing Detection and Intervention Information System Surveillance Program	—	231,331
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	—	5,977,843
93.323	COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases	—	302,692
	Total Epidemiology and Laboratory Capacity for Infectious Diseases	—	6,280,535
93.324	State Health Insurance Assistance Program	384,824	592,284
93.336	Behavioral Risk Factor Surveillance System	—	350,950
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	704,754	5,232,517
93.367	Flexible Funding Model – Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	—	421,365
93.369	ACL Independent Living State Grants	216,353	414,698
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	—	48,750
93.413	The State Flexibility to Stabilize the Market Grant Program	—	165,276
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	143,357	1,612,417
93.432	ACL Centers for Independent Living	—	1,543,996
93.434	Every Student Succeeds Act/Preschool Development Grants	—	480,606
93.435	Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-	941,934	1,570,391
93.464	ACL Assistive Technology	—	639,867
93.469	Assistive Technology Alternative Financing Program	—	104,643
93.471	Title IV-E Kinship Navigator Program	—	154,037
93.500	Pregnancy Assistance Fund Program	753,477	857,309
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	—	516
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease and Emerging Infections Program Cooperative Agreements	—	88,620
93.535	Affordable Care Act Program for Early Detection of Certain Medical Conditions Related to Environmental Health Hazards	446,003	497,852
93.539	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 Prevention and Public Health Funds	—	352,882
93.556	Promoting Safe and Stable Families	—	4,335,967
93.558	Temporary Assistance for Needy Families	—	387,182,430
93.563	Child Support Enforcement	—	76,299,327
93.563	COVID-19 – Child Support Enforcement	—	5,127
	Total Child Support Enforcement	—	76,304,454
93.566	Refugee and Entrant Assistance State Administered Programs	2,760,728	13,753,877
93.568	Low-Income Home Energy Assistance	124,075,012	125,450,040
93.568	COVID-19 – Low-Income Home Energy Assistance	—	175
	Total Low-Income Home Energy Assistance	124,075,012	125,450,215
93.569	Community Services Block Grant	16,986,495	17,999,168
93.569	COVID-19 – Community Services Block Grant	—	175
	Total Community Services Block Grant	16,986,495	17,999,343
93.576	Refugee and Entrant Assistance Discretionary Grants	90,313	106,774
93.583	Refugee and Entrant Assistance Wilson / Fish Program	229,640	731,601
93.584	Refugee and Entrant Assistance Targeted Assistance Grants	—	2
93.586	State Court improvement Program	—	381,023
93.590	Child Abuse Prevention Activities	483,130	494,544
93.597	Grants to States for Access and Visitation Programs	—	172,333
93.599	Chafee Education and Training Vouchers Program	—	1,053,722
93.603	Adoption Incentive Payments	—	115,221
93.630	Developmental Disabilities Basic Support and Advocacy Grants	158,492	1,261,429
93.631	Developmental Disabilities Projects of National Significance	—	194,134
93.634	ACA Support for Demonstration Ombudsman Programs Serving Beneficiaries of State Demonstrations to Integrate Care for Medicare-Medicaid	266,609	619,436
93.643	Children's Justice Grants to States	—	256,482
93.644	Adult Medicaid Quality: Improving Maternal and Infant Health Outcomes in Medicaid and CHIP	—	21,923
93.645	Child Welfare Services State Grants	—	3,985,314
93.658	Foster Care Title IV-E	—	126,568,656
93.659	Adoption Assistance	—	33,426,391
93.665	COVID-19 – Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	—	10,173
	Total Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	—	10,173

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

CFDA #	Program name	Passed through to subrecipients	Federal expenditures
93.667	Social Services Block Grant	\$ —	79,261,111
93.669	Child Abuse and Neglect State Grants	—	1,020,440
93.671	Family Violence Prevention and Services / Grants for Battered Women's Shelters Grants to States and Indian Tribes	2,193,186	2,262,987
93.674	Chafee Foster Care Independence Program	—	3,358,145
93.733	Performance – financed in part by the Prevention and Public Health Fund (PPHF-2012) Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	—	49,698
93.735	State Public Health Approaches for Ensuring Qitline Capacity – Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012)	—	477,089
93.747	Elder Abuse Prevention Interventions Program	5,190	350,215
93.767	State Children's Health Insurance Program	—	644,250,406
93.773	Medicare Hospital Insurance	—	7,723,359
93.788	Opioid STR	28,769,677	38,671,597
93.800	Organized Approaches to Increase Colorectal Cancer Screening	—	697,906
93.810	Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	—	961,003
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases	—	8,000
93.817	Hospital Preparedness Program Ebola Preparedness and Response Activities	1,380,817	1,663,139
93.817	COVID-19 – Hospital Preparedness Program Ebola Preparedness and Response Activities	6,343	6,343
	Total Hospital Preparedness Program Ebola Preparedness and Response Activities	1,387,160	1,669,482
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	5,076,217	6,953,771
93.889	National Bioterrorism Hospital Preparedness Program	2,756,755	3,942,423
93.889	COVID-19 – National Bioterrorism Hospital Preparedness Program	138,537	138,537
	Total National Bioterrorism Hospital Preparedness Program	2,895,292	4,080,960
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	799,981	2,786,062
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	—	183,333
93.913	Grants to States for Operation of Offices of Rural Health	—	134,744
93.917	HIV Care Formula Grants	16,643,100	34,831,142
93.940	HIV Prevention Activities Health Department Based	2,777,056	7,402,203
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome and Human Immunodeficiency Virus Infection in Selected Population Groups	—	28,074
93.944	Human Immunodeficiency Virus/ Acquired Immunodeficiency Virus Syndrome Surveillance	—	281,225
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	13,908	410,160
93.958	Block Grants for Community Mental Health Services	12,862,658	13,373,956
93.959	Block Grants for Prevention and Treatment of Substance Abuse	20,313,851	41,502,785
93.977	Preventive Health Services Sexually Transmitted Diseases Control Grants	106,830	1,863,520
93.978	Sexually Transmitted Diseases (STD) Provider Education Grants	—	73,121
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	58,966	430,800
93.991	Preventive Health and Health Services Block Grant	1,352,303	4,874,205
93.994	Maternal and Child Health Services Block Grant to the States	2,063,575	11,767,486
	Aging Cluster:		
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	7,871,279	9,134,477
93.045	Special Programs for the Aging Title III, Part Nutrition Services	12,091,447	12,091,447
93.045	COVID-19 – Special Programs for the Aging Title III, Part Nutrition Services	106,286	398,717
	Total Special Programs for the Aging Title III, Part Nutrition Services	12,197,733	12,490,164
93.053	Nutrition Services Incentive Program	2,096,465	4,110,220
	Total Aging Cluster	22,165,477	25,734,861
	CCDF Cluster:		
93.575	Child Care and Development Block Grant	—	130,242,186
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	—	68,560,059
	Total CCDF Cluster	—	198,802,245
	Head Start Cluster		
93.600	Head Start	—	182,015
	Total Head Start Cluster	—	182,015
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	—	7,107,071
93.777	State Survey and Certification of Health Care Providers and Suppliers	41,000	12,758,198
93.778	Medical Assistance Program	—	11,445,692,581
	Total Medicaid Cluster	41,000	11,465,557,850
	Total U.S. Department of Health and Human Services	287,081,540	13,557,053,837
	Social Security Administration:		
96.008	Social Security Benefits Planning, Assistance, and Outreach Program	—	227,407
	Disability Insurance/SSI Cluster:		
96.001	Social Security Disability Insurance	—	45,075,476
	Total Disability Insurance/SSI Cluster	—	45,075,476
	Total Social Security Administration	—	45,302,883

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

CFDA #	Program name	Passed through to subrecipients	Federal expenditures
	U.S. Department of Homeland Security:		
97.008	NonProfit Security Program	\$ 481,100	481,100
97.012	Boating Safety Financial Assistance	—	1,551,145
97.023	Community Assistance Program State Support Services Element	—	186,086
97.029	Flood Mitigation Assistance	419,426	452,598
97.036	Public Assistance Grants	33,490,201	35,033,948
97.036	COVID-19 – Public Assistance Grants	51,568	210,411
	Total Public Assistance Grants	<u>33,541,769</u>	<u>35,244,359</u>
97.039	Hazard Mitigation Grant	4,282,799	4,596,337
97.041	National Dam Safety Program	—	83,289
97.042	Emergency Management Performance Grants	1,455,736	6,641,294
97.044	Assistance to Firefighters Grant	—	434,783
97.047	Pre-Disaster Mitigation	132,914	187,994
97.056	Port Security Grant Program	—	1,165,665
97.067	Homeland Security Grant Program	17,448,659	21,108,975
97.076	CyberTipline	—	23,280
97.082	Earthquake Consortium	—	15,896
97.091	Homeland Security Biowatch Program	—	1,855,264
97.132	Financial Assistance for Countering Violent Extremism	58,842	65,173
	Total U.S. Department of Homeland Security	<u>57,821,245</u>	<u>74,093,238</u>
	Total	<u>\$ 1,927,558,856</u>	<u>30,150,360,043</u>

See accompanying notes to schedule of expenditures of federal awards.

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

(1) Single Audit Reporting Entity

For purposes of complying with U.S. Code of Federal Regulations Title 2, *Grants and Agreements Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), the Commonwealth of Massachusetts (the Commonwealth) reporting entity is defined in Note 1 to its June 30, 2020 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, 2020.

(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 may not necessarily reconcile with the amounts reported in the accompanying Schedule.

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

(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 award
10.551	Supplemental Nutrition Assistance Program	\$ 1,404,269,210
10.555	National School Lunch Program	27,874,011
10.558	Child and Adult Care Food Program	2,788
93.268	Immunization Grants	75,629,199
	Total noncash awards	<u>\$ 1,507,775,208</u>

Commodity inventories for the Food Donation Program at June 30, 2020 totaled \$2,641,336.

(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 the Uniform Guidance, 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 amount under CFDA Number 17.225:

Commonwealth UI Funds – Benefits	\$ 11,591,568,784
Federal UI Funds – Benefits	4,725,751
Federal UI Funds – Administration	60,226,066
COVID-19 – Federal UI Funds	
– Administration	<u>20,028,079</u>
Total expenditures	<u>\$ 11,676,548,680</u>

(7) 10% De Minimis Cost Rate

The Commonwealth does not use the 10% De Minimis Indirect Cost rate exclusively, but each department that has a direct grant will have a negotiated rate with the cognizant federal agency who issued the award.

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

(8) Loans

The HOME Investor Partnership Program (CFDA No. 14.239) is administered by the Commonwealth's Department of Housing and Community Development (DHCD) to expand the supply of affordable housing in the Commonwealth. Details of the Fiscal Year 2020 loan activity is as follows:

	Beginning balance	Additions	Deletions	Ending balance
\$	226,137,173	8,017,329	(470,753)	233,683,749

As required by Uniform Guidance, the value of new loans made during the fiscal year plus the beginning balance of loans outstanding is included in the SEFA.

(9) Donated Personal Protective Equipment (Unaudited)

In response to the COVID-19 pandemic, the federal government donated personal protective equipment (PPE) to the Commonwealth of Massachusetts. As of June 30, 2020, the Commonwealth is unable to determine the fair value of donated PPE received. Per the 2020 Compliance Supplement Addendum, donated PPE is not included in the Schedule of Expenditures of Federal Awards and is not subject to audit.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

(1) Summary of Auditors' Results

Financial Statements

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
- Material weaknesses: **Yes**
 - Significant deficiencies: **Yes**
- (c) Noncompliance material to the financial statements: **No**

Federal Awards

- (d) Internal control deficiencies over major programs disclosed by the audit:
- Material weaknesses: **Yes**
 - Significant deficiencies: **Yes**
- (e) Type of report issued on compliance for major programs:
- Qualified opinions (Noncompliance) – Employment Service (17.207 and 17.801) and Medicaid (93.775, 93.777 and 93.778) Clusters
 - Qualified opinion (Scope Limitation) – Medicaid Cluster (93.775, 93.777 and 93.778)
 - The opinions for all other programs are unmodified.
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**
- (g) Major Programs:

U.S. Department of Agriculture

- Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)

U.S. Department of Housing and Urban Development

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

U.S. Department of Labor

- Employment Service Cluster (17.207 and 17.801)
- WIOA Cluster (17.258, 17.259 and 17.278)

U.S. Department of Transportation

- Highway Safety Cluster (20.600 and 20.616)

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

U.S. Department of the Treasury

- COVID-19 – Coronavirus Relief Fund (21.019)

U.S. Department of Education

- Title I Grants to Local Educational Agencies (84.010)
- Twenty-First Century Community Learning Centers (84.287)
- English Language Acquisition Grants (84.365)
- Special Education Cluster (IDEA) (84.027 and 84.173)

U.S. Department of Health and Human Services

- Immunization Cooperative Agreements (93.268)
- Opioid STR (93.788)
- Medicaid Cluster (93.775, 93.777 and 93.778)

U.S. Department of Homeland Security

- Homeland Security Grant Program (97.067)

(h) Dollar threshold used to distinguish between Type A and Type B programs: **\$45,225,540**

(i) Auditee qualified as low-risk auditee: **No**

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

See accompanying pages 20 through 30.

(3) Findings and Questioned Costs Relating to Federal Awards

See accompanying pages 31 through 54.

**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, 2020

Office of the Comptroller

Finding Reference: 2020-001

Other Postemployment Benefits Valuation

Type of Finding: Material Weakness

Prior Year Findings: No

Statistically Valid Sample: No

Observation

Annual claims costs used to project the net OPEB liability were improperly reduced twice for Medicare Part D drug subsidy reimbursements (under the Employee Group Waiver Program (EGWP)) resulting in errors in the net OPEB liability and related OPEB amounts as of the June 30, 2019 measurement date.

The OPEB Plan's third-party actuary, Aon Consulting, included an adjustment for drug subsidy reimbursements in their valuation but was unaware that claims data they used to project claims costs already included such reimbursements, in effect double counting drug subsidy reimbursements.

The error resulted in an understatement of the net OPEB liability and OPEB expense totaling \$3.7 billion and \$0.6 billion, respectively, and an overstatement of total deferred inflows of resources totaling \$3.0 billion. The error, with percentage allocated, occurred in the following opinion units:

- Governmental activities (87.1%)
- Discretely presented component units (4.5%)
- University of Massachusetts (4.8%)
- State Universities (2.3%)
- Community Colleges (1.3%)

The claims costs are provided to Aon by the Group Insurance Commission (GIC), the administrator of the benefits provided through the OPEB plan. Decreasing claims costs were driving a large reduction in the net OPEB liability in 2019. When KPMG performed further inquiries with the GIC as to why the claims costs were decreasing, they stated it was due to Medicare Part D drug subsidy reimbursements received under the EGWP. The GIC stated that the claims costs provided by the GIC to Aon were net of EGWP reimbursements received during the period. Under current GAAP, netting of EGWP reimbursements in the actuarial valuation to calculate the net OPEB liability is appropriate. However, Aon thought the claims costs provided were gross (i.e., did not reflect any Medicare Part D drug subsidy reimbursements). Accordingly, Aon improperly included a further reduction in claims costs for projected Part D drug subsidy reimbursements. As a result, reimbursements were included twice in the valuation resulting in the understatement of the net OPEB liability.

The cause of the error appears to be 1) inadequate communication between GIC and Aon in terms of what was included in the claims data, 2) the lack of a control to reconcile claims cost data used by the actuary in the projection of the net OPEB liability to gross claims costs paid, and 3) a weakness in management's review whereby the GIC, who has the most knowledge of the Plan, was not involved in the internal review of the actuarial valuation report in order to help detect material misstatements.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Recommendation

We recommend management enhance internal controls to ensure claims data used in the actuarial valuation is complete and accurate.

Views of Responsible Officials and Corrective Actions

Management has contracted with a new actuarial firm (Deloitte Consulting) to perform the GASB 74 OPEB valuations starting in FY2020 and forward. The Commonwealth, GIC and Deloitte Consulting have met frequently throughout the valuation process to discuss all aspects of the valuation. GIC along with Management, reviews all inputs as well as draft reports and findings prior to Deloitte Consulting signing off on the report.

Implementation Date

September 21, 2020

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Labor and Workforce Development

Office of the Comptroller

Finding Reference: 2020-002

Financial Reporting

Type of Finding: Material Weakness

Prior Year Findings: Yes, 2019-001

Statistically Valid Sample: No

Observation

The Executive Office of Labor and Workforce Development (EOLWD) is responsible for maintaining the books and records of the Unemployment Compensation Trust Fund (the Fund), which is a major fund in the Commonwealth of Massachusetts Comprehensive Annual Financial Report (Annual Report). In order to prepare financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP), the Office of the Comptroller (CTR) receives certain accrual information from EOLWD, including information related to unemployment benefits payable.

During our 2020 audit of the Fund, we identified the following errors:

- Unemployment benefits payable. Initial documentation provided by EOLWD to CTR reported GAAP entries based on links to external queries of supporting documentation. This financial reporting package reported a benefits payable amount that was linked to an amount net of certain deductions, instead of the gross benefits payable amount as required according to GAAP. The adjustment to the financial statements to correct unemployment benefits payable totaled approximately \$56 million.
- Reimbursable employers accrued revenue. EOLWD inadvertently excluded \$7.1 million of accrued revenue related to reimbursable employers. These funds are typically received prior to year-end, however, due to a filing deadline extension until after year-end, an accrual was necessary to properly record the activity.

The errors appear to result from inadequate self-review of GAAP accrual information prepared by EOLWD and submitted to CTR.

Recommendation

We recommend EOLWD enhance existing internal controls to ensure accrual information prepared by EOLWD and submitted to CTR is complete and accurate.

Views of Responsible Officials and Corrective Actions

Office of the Comptroller

The Office of the Comptroller will meet with representatives of EOLWD during the summer to assess and review the FY20 audit process and the GAAP reporting package. Management will thoroughly review the entire reporting package and will require that EOLWD management fully understand all aspects of the reporting package and that a full and complete review be performed prior to submitting to the Comptroller's Office, which will perform a detailed review prior to releasing for audit.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Labor and Workforce Development

EOLWD Finance inadvertently included incorrect values in the accrual calculation before submitting to the CTR. EOLWD will implement an additional review step to ensure the accrual amounts calculated are accurate before submission to the CTR.

Responsible Officials

Office of the Comptroller

Michael Rodino, Chief Financial Reporting Officer

Executive Office of Labor and Workforce Development

Sheila Tunney, Chief Financial Officer

Implementation Date

June 30, 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Labor and Workforce Development

Office of the Comptroller

Finding Reference: 2020-003

Financial Reporting

Type of Finding: Material Weakness

Prior Year Findings: No

Statistically Valid Sample: No

Observation

The Executive Office of Labor and Workforce Development (EOLWD) is responsible for maintaining the books and records of the Employment Security Trust Fund (the Fund), which is a major fund in the Commonwealth of Massachusetts Comprehensive Annual Financial Report (Annual Report). In order to prepare financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP), the Office of the Comptroller (CTR) receives certain accrual information from EOLWD, including information related to the allowance for doubtful accounts.

During our 2020 audit of the Fund, EOLWD estimated \$43 million of uncollectible accounts using the methodology applied to the Unemployment Insurance Trust Fund. That methodology is based on a long history of billings and collections. As a new fund, the Family and Employment Security Trust Fund only has a history of six months of billings and collections. When analyzed, it was determined that all amounts outstanding at year-end were collected after year-end and an allowance was not necessary.

The error appears to result from an assumption that collection data on a mature revenue source would mirror the collection data of a new revenue source. The error also appears to have not been prevented, or detected and corrected, at the CTR level due to inadequate review of accrual information submitted to them by EOLWD.

Recommendation

We recommend EOLWD enhance existing internal controls to ensure accrual information prepared by EOLWD and submitted to CTR is complete and accurate. We further recommend that the CTR enhance controls to ensure that information provided to them by other departments is complete and accurate prior to recording such information in the Annual Report.

Views of Responsible Officials and Corrective Actions

Office of the Comptroller

As the Employment Security Trust Fund activities are in their infancy, the Office of the Comptroller will work with EOLWD to analyze subsequent cash collections to determine the need for an allowance. Once an adequate collection history has been established, CTR will work with EOLWD to develop a logical allowance calculation.

Executive Office of Labor and Workforce Development

EOLWD Finance will continue to strengthen the methodology for the Family and Employment Security Trust Fund as the department grows to ensure that the methodology is appropriate for the circumstances and reflects management's best estimate of accounts receivable collectability.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Responsible Officials

Office of the Comptroller

Michael Rodino, Chief Financial Reporting Officer

Executive Office of Labor and Workforce Development

Sheila Tunney, Chief Financial Officer

Implementation Date

June 30, 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Group Insurance Commission

Finding Reference: 2020-004

Recording of Retired Employee Healthcare Payments

Type of Finding: Significant Deficiency

Prior Year Finding: Yes, 2019-003

Statistically Valid Sample: No

Observation

Active employee healthcare payments are recorded in the Commonwealth's general fund while retired employee healthcare payments are recorded in the State Retiree Benefit Trust Fund (SRBTF), an OPEB trust fund. When healthcare invoices are received by the Group Insurance Commission (GIC), which contain amounts payable related to active and retired employees, the invoices paid are recorded in the general fund. Monthly, retired employee healthcare payments are transferred to the SRBTF up to a ceiling set by the legislature in the annual budget. This ceiling, which totaled \$450 million in fiscal year 2020, is not reflective of the total retired employee healthcare spending under U.S. Generally Accepted Accounting Principles (GAAP).

At year end during the preparation of the Comprehensive Annual Financial Report, the Office of the Comptroller (CTR), with GIC assistance, identifies the total retired employee healthcare spending and adjusts the SRBTF benefit expense to reflect the GAAP based retired employee healthcare spending during the fiscal year. In 2020, the CTR recorded a journal entry to increase retired employee healthcare expense in the SRBTF by \$73.2 million.

Subsequent to recording the journal entry, while gathering data in response to KPMG's audit request, GIC discovered a misstatement due to a programming error that occurred while determining the split between SRBTF and non-SRBTF healthcare claims. They found the original data used to determine the \$73.2 million journal entry contained coding errors such that the overall retired employee healthcare expense in the SRBTF was understated by \$1.4 million. The coding errors related the assignment of individuals who were retirees during the fiscal year but were deceased subsequent to year-end.

The error appears to be due to ineffective internal controls surrounding management's review of the assignment of retiree healthcare costs to the SRBTF.

Recommendation

We recommend that the GIC implement policies and procedures to ensure the output from the computer program used to determine SRBTF and non-SRBTF healthcare claims is reviewed for completeness and accuracy prior to submission to the CTR for processing of the related journal entry.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Views of Responsible Officials and Corrective Actions

The GIC acknowledges the deficiency described here and although this issue involved less than 100 people out of over 400,000 GIC members who incurred claims during the year, we recognize the important need for corrective action. We have escalated the ongoing review of data collection, processing and reporting to strengthen data accuracy and the control environment and have identified some immediate and long-term improvements we can make to the process and the controls around it.

- Certain vendors provide claims data that require manual intervention by programmers at the GIC to format the claims file for inclusion in reporting. Work to correct these issues and further automate the data collection process had already begun prior to this finding and will be further expedited.
 - This effort includes requiring all vendors to use the GIC preferred member identifiers in their data transmission to avoid GIC having to match any records manually.
 - This requirement will reduce the need for manual queries of the database to complete financial reporting work, reduce the potential for errors, and improve our ability to test and quality control the data.
- The frequency of data loading, testing and reporting will increase quarterly to start, with a goal of moving to monthly. Both the IT department and Fiscal department will perform testing on the data. The IT department is developing additional quality control queries and sampling in response to this finding, and the fiscal department will randomly test output data at the same quarterly/monthly intervals for accuracy.
- The fiscal department will continue to review the output for each invoice selected for testing, in order to check that the claims split is within an expected range. We will also enhance our existing internal auditing to test the claims data output, which will involve checking that the correct agencies are included and checking that the correct claims are included for employees who retired during the claims year, retirees and survivors who died during the claims year, and newly widowed (former) spouses of state retirees. This targeted sampling will improve our ability to detect any inconsistencies prior to reporting the SRBTF expense amount.
- In addition to the steps described above, the GIC will on an ongoing basis review this process for improvements and implement any steps necessary to assure the accuracy of this figure before reporting it to the Comptroller.

Responsible Official

James Rust, Chief Financial Officer, GIC

Implementation Date

June 30, 2021

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Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Office of the Comptroller

Finding Reference: 2020-005

Recognition of Nonexchange Transactions

Type of Finding: Significant Deficiency

Prior Year Finding: No

Statistically Valid Sample: No

Observation

In 2020, under the statutory basis of accounting, the Commonwealth recognized \$350 million of general fund revenue for estimated reimbursements from the Federal Emergency Management Agency (FEMA) due to the COVID-19 pandemic. Such revenue was recognized due to a change in the definition of statutory basis revenue.

Under the modified accrual basis of accounting, such amounts are not recognizable as general fund revenue under Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as reimbursements were not received within 60 days of year-end, the availability period established by the Commonwealth for such revenues.

While preparing the Comprehensive Annual Financial Report (Annual Report), the statutory basis revenue recognized for estimated FEMA reimbursements was not analyzed to determine if it is recognizable under the modified accrual basis of accounting. The Annual Report was adjusted to derecognize \$350 million of FEMA initially recorded in the general fund.

Recommendation

We recommend that the Commonwealth enhance their internal controls over financial reporting to ensure that revenue recognized under the modified basis of accounting meet the criteria for recognition under GASB Statement No. 33. Such controls should include a review of changes to the definition of statutory basis revenue and a determination of whether such revenue is also recognizable on the modified accrual basis of accounting.

Views of Responsible Officials and Corrective Actions

Management will review all potential receivables related to reimbursements and will determine the extent that revenues have been earned in accordance with GASB Statement No. 33 and will record the receivables as appropriate (i.e., deferral versus accruing revenue).

Responsible Official

Michael Rodino, Chief Financial Reporting Officer

Implementation Date

June 30, 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Health and Human Services (EOHHS)

Office of the Comptroller

Finding Reference: 2020-006

Accounting and Financial Reporting for Drug Rebates

Type of Finding: Significant Deficiency

Prior Year Finding: No

Statistically Valid Sample: No

Observation

In 2020, the Commonwealth recorded approximately \$460 million of drug rebates receivable in the general fund. Drug rebates are amounts due from drug manufacturers that are derived from prescription drug spending by the Commonwealth's Medicaid program.

For financial reporting purposes, the Commonwealth has considered such amounts to be fully collectible. However, during the audit, information was obtained to suggest that some receivables relate to prescription drug expenditures more than 4 years prior and may not be collectible.

While preparing the Comprehensive Annual Financial Report (Annual Report), the drug rebate receivable was not analyzed to determine if there are amounts that may not be collectible. The Commonwealth estimated that receivables related to prescription drug expenditures more than 4 years old may not be collectible and adjusted the Annual Report to record an estimated \$100 million allowance for doubtful accounts in the general fund.

In addition, we found one sample selection where the payment data against that receivable was not retrievable upon request from a third-party contractor.

Recommendation

We recommend the Commonwealth work to establish a methodology to estimate a drug rebate receivable allowance for doubtful accounts that takes billing and payment history into account. Further, the Commonwealth should analyze those receivables and, for financial reporting purposes, write-off receivables that are likely not collectible. Finally, the Commonwealth should establish policies and procedures to ensure all payment information is maintained and retrievable upon request.

Views of Responsible Officials and Corrective Actions

Office of the Comptroller

The Office of the Comptroller will meet with representatives of EOHHS during the summer to assess and review the FY20 audit process and the GAAP reporting package. Management will thoroughly review the entire reporting package and will require that EOHHS management fully understand all aspects of the reporting package and that a full and complete review be performed prior to submitting to the Comptroller's Office which will perform a detailed review prior to releasing for audit.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Health and Human Services

MassHealth is not able to write-off or calculate an allowance for drug rebate receivable on an operational basis by Centers for Medicare and Medicaid Services. For financial reporting purposes, however, MassHealth will review all outstanding drug rebate receivables and calculate an allowance for financial reporting in the Comprehensive Annual Financial Report purposes only. The allowance will be based on the length of time that the rebates have been outstanding as of the fiscal year end. This allowance will be included as part of the annual GAAP reporting package that is submitted to the Office of the Comptroller.

Responsible Official

Office of the Comptroller

Michael Rodino, Chief Financial Reporting Officer

Executive Office of Health and Human Services

Mohamed Sesay, MassHealth Director of Finance

Implementation Date

June 30, 2021

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

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Health and Human Services (MassHealth)

Medicaid Cluster (93.775, 93.777, 93.778)

Federal Award Numbers: XIX-MAP20, XIX-ADM-20

Award Year: 2020

U.S. Department of Health and Human Services

Finding Reference: 2020-007

Special Tests and Provisions – Provider Eligibility

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: Yes, 2019-012, 2018-022 & 2017-047

Statistically Valid Sample: No

Criteria

In order to receive Medicaid payments, providers of medical services furnishing services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)) and the providers must make certain disclosures to the State (42 CFR part 455, subpart B, sections 455.100 through 455.106). The State Medicaid agency must (a) have a method for verifying that any provider purporting to be licensed in accordance with the laws of any State is licensed by such State (b) confirm that the provider's license has not expired and there are no current limitations on the providers' license. (42 CFR 455.412).

Further, in accordance with 45 CFR section 75.303(a), Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition Found

MassHealth uses third parties (MAXIMUS, DentaQuest and Optum) to assist with ensuring all providers required to be licensed under State law are currently licensed and eligible to provide services to Medicaid beneficiaries. Providers are required to be revalidated every five years under the Affordable Care Act (ACA) regulations. Provider information is maintained in the MMIS system and is updated as needed by the third parties. Many of the provider and license data points require manual entry into the MMIS system (i.e. not populated by electronic interfaces).

During our testing of provider eligibility, we found 7 providers of 65 tested (10%), 2 of which were Dental Clinics and 5 of which were Group Practice, did not have the required revalidations. Additionally, for 4 of the 65 providers (6%) tested, MassHealth was not able to provide documentation to support the provider was eligible to provide Medicaid services.

We also noted some providers had inaccurate information in MMIS. Three of the 65 (5%) provider's tested had licenses dates within MMIS that were not updated. All 3 providers had current provider licenses.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Also, 16 of the 65 providers (8%) tested had revalidation dates within MMIS that were not within the next three to five years as required by federal regulations. These 12 providers reflected the default date of December 31, 2299. All 12 providers had recently completed the revalidation process. Four of the 65 providers (5%) tested had revalidation dates that were not reset from their prior revalidation. All 4 providers had recently completed the revalidation process.

Further, we noted management's internal controls were not implemented at a level of precision to ensure provider license and revalidation dates are accurately provider license and revalidation dates are accurately maintained in MMIS.

Possible Asserted Effect

Incomplete or missing provider enrollment documentation as well as inaccurate provider license and revalidation dates increases the risk that payments may be made to ineligible providers.

Recommendation

We recommend MassHealth enhance its internal controls for maintaining provider enrollment documentation and validating key points of provider data. One such control could be to use data queries designed to identify outdated data. For example, key expiration date fields could be queried to identify historical dates, dates within the next 30 to 60 days, and/or default dates.

We also recommend MassHealth improve controls over the revalidation process to monitor the quality of work done by the third parties.

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

MassHealth agrees with the recommendation and notes that all but one of the identified findings relate to MassHealth's Dental Third-Party Administrator (TPA). To address the findings and recommendations, MassHealth will implement a corrective action plan to enhance internal controls for the accuracy of provider enrollment documentation and the validation of key points of provider data. As part of this corrective action plan, MassHealth will require its TPAs to ensure that all required documents are obtained during validation and revalidation processes for both individual and group practices. Additionally, TPAs will be required to implement internal controls to ensure provider license and revalidation dates are verified and maintained in MMIS upon provider enrollment and subsequent revalidations. To support this, TPAs will be required to provide additional training to their provider enrollment staff on these provider documentation requirements.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Responsible Officials

Tuyen Vu, Dental Program Manager, MassHealth

Priscilla Portis, Director, FFS Provider Network, MassHealth

Yorick Uzes, Director of Operations and Finance, Office of Long-Term Services and Support, MassHealth

Implementation Date

April 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Health and Human Services (MassHealth)

Medicaid Cluster (93.775, 93.777, 93.778)

Federal Award Number: XIX-MAP20, XIX-ADM-20

Award Year: 2020

U.S. Department of Health and Human Services

Finding Reference: 2020-008

Eligibility and Special Tests and Provisions – Utilization Control and Program Integrity

Type of Finding: Significant Deficiency

Prior Year Finding: Yes, 2019-013, 2018-024 & 2017-043

Statistically Valid Sample: No

Criteria

The State plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long-term care institutions. In addition, the State must have (1) methods or criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures, developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials (42 CFR parts 455, 456, and 1002). Also, the State Medicaid agency must provide for the periodic audits of financial and statistical records of participating providers. The specific audit requirements will be established by the State Plan (42 CFR section 447.253).

To participate in Medicaid, federal law requires states to cover certain groups of individuals. Examples of these mandatory eligibility groups are Infants and Children under Age 19, Pregnant Women, and Individuals Receiving Supplemental Security Income (SSI). States may also elect to extend coverage to optional groups of individuals. Examples of optional eligibility groups are Individuals Needing Treatment for Breast or Cervical Cancer, Optional State Supplement Recipients, and Family Opportunity Act Children with a Disability. In addition, states have the option to provide coverage to medically needy individuals who have income and/or resources that exceed the eligibility standards otherwise applicable to such individuals. Mandatory, optional, and medically needy coverage options are described at 42 CFR part 435, subparts B, C, and D and the options elected by a state are detailed in the Medicaid state plan.

Further, in accordance with 45 CFR section 75.303(a), Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition Found

The MassHealth Medicaid program includes the use of third-party vendors to perform various regulatory functions as required by the Code of Federal Regulations. For example, a substantial portion of the utilization programs are contractually outsourced to either a third party or a MassHealth sister agency such as the

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

University of Massachusetts (hereafter collectively referred to as Third Parties). Inpatient Hospital and Long-Term Care Facility Audits and certain eligibility redeterminations for disability are also outsourced to Third Parties.

Monitoring as defined by COSO includes ongoing evaluations, separate evaluations, or some combination of techniques to ascertain whether the Third Party is performing as expected. Ongoing evaluations, built into business processes at different levels of the entity, provide timely information. Separate evaluations, conducted periodically, will vary in scope and frequency depending on assessment of risks, effectiveness of ongoing evaluations, and other management considerations.

MassHealth has contracts or Interdepartmental Service Agreements (ISA) with each of the Third Parties that are specific in nature to the procedures to be performed on behalf of MassHealth. In addition, the Third Parties have procedure manuals detailing how they execute the procedures with their employees or through an additional vendor. These manuals also include any oversight/control procedures being performed by the Third Parties and any periodic deliverables that are due to MassHealth.

Based on the nature of the ISAs, monitoring could include but should not be limited to (1) approval of sampling plans and/or audit approach; (2) periodic updates on results of the work being performed and potential impact to MassHealth; (3) approval of Third Party suggested action items; (4) completion/execution of the sampling plan and/or audit approach; and (5) overall assessment of the quality of work being performed by the Third Party. Quality of work can entail the qualifications of the Third-Party personnel, the concurrence with the audit procedures being performed, and/or verification through quality control procedures, including reperformance if necessary.

The following are outsourced activities where MassHealth's internal controls do not appear designed at an appropriate level of precision to address the associated risks above and/or to be adequately documented by the current monitoring processes:

- (1) Chronic disease and rehabilitation hospitals (CDRH) utilization process does not include monitoring for quality of work components.
- (2) Non-SSI disability eligibility determinations are performed by Third Parties with no monitoring of the quality of the decisions made.

Possible Asserted Effect

Risks to the Medicaid program could include (1) sampling plans being noncompliant with state policy; (2) noncompliant providers; (3) inappropriate communications with provider; (4) noncompliance with approved sampling approach; and (5) reviews not conducted by qualified personnel in accordance with contract provisions.

Recommendation

We recommend MassHealth's assign a business owner to each outsourced process establish effective monitoring controls over Third Parties, tailored to the specific subject matter being outsourced. The business owner would be responsible for collecting necessary data and/or performing oversight functions as part of the monitoring process to effectively document the monitoring processes.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

MassHealth has implemented the recommended oversight measures and will continue them going forward.

(1) Chronic Disease and Rehabilitation Hospital Utilization Review

Beginning in July of 2020 (SFY 2021), MassHealth initiated a clinical review process to directly oversee the quality of work components of its contracted third party CDRH clinical review nurses. Through this process, MassHealth clinical staff conduct a periodic review of a random sample of cases representing the three types of CDRH utilization reviews performed by its contracted third party CDRH clinical review nurses (pre-admission screenings, concurrent reviews, and conversion screenings). Through this process, MassHealth is able to review and monitor quality of work performed by its contracted third party CDRH clinical review nurses and ensure consistency with medical necessity requirements and CDRH regulations.

(2) Non-SSI Disability Eligibility Determinations

In the spring of 2020 (Q4 SFY 2020), MassHealth implemented an auditing process to monitor the accuracy of these determinations. This process includes the review of a random sample of cases on a quarterly basis using a 35-point assessment. Through this process, MassHealth is able to monitor the quality of work performed by its contracted third-party vendor and ensure accuracy in its non-SSI disability eligibility determinations.

Responsible Officials

Collin Ricketts, Vendor Operations, MassHealth

Pavel Terpelets, Office of Long-Term Services and Support, MassHealth

Implementation Date

Implemented

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Health and Human Services (MassHealth)

Medicaid Cluster (93.775, 93.777, 93.778)

Federal Award Numbers: XIX-MAP20, XIX-ADM-20

Award Year: 2020

U.S. Department of Health and Human Services

Finding Reference: 2020-009

Special Tests and Provisions – Utilization Control and Program Integrity

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: Yes, 2019-014, 2018-025 & 2017-044

Statistically Valid Sample: No

Criteria

The State plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long-term care institutions. In addition, the State must have (1) methods or criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures, developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials (42 CFR parts 455, 456, and 1002).

Further, in accordance with 45 CFR section 75.303(a), Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition Found

The Executive Office of Health and Human Services oversees the activities of MassHealth, the Department of Public Health (DPH) and the Department of Mental Health (DMH). DPH operates a system of four multispecialty hospitals and DMH operates a system of five mental health facilities, hereafter collectively referred to as state-owned providers.

The DPH facilities provide acute and chronic hospital medical care to individuals for whom community facilities are not available or access to health care is restricted. The DMH facilities provide community-based care and in/out patient care for qualified individuals. These state-owned providers are included in the MassHealth provider population for receiving Medicaid funding for allowable services rendered.

While the state-owned providers do have their own processes to assure the delivery of safe and high-quality care, those processes are not necessarily designed at an appropriate level of precision to ensure compliance with the utilization standards noted above.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

During our testing, we found MassHealth did not perform the utilization process as designed for the full year. None of the DPH facility patients selected were reviewed by MassHealth. Further, the DMH facility quarterly review process was implemented during the fiscal year, yet, only one quarter was completed in the fiscal year.

Possible Asserted Effect

Deviation from the process that safeguards against unnecessary utilization of care and services may lead to shortcomings in identifying suspected fraud cases.

Recommendation

We recommend MassHealth implement policies, procedures and related internal controls to ensure MassHealth selects the sample of patients for utilization review at DPH hospitals. MassHealth should ensure that DMH hospitals are reviewed for the entire year.

Questioned Costs

Not determinable.

Views of Responsible Officials and Corrective Actions

MassHealth has implemented the recommended oversight measures and will continue them going forward.

DPH Hospitals

Beginning in state fiscal year 2021, MassHealth has implemented an enhanced utilization review process for the four DPH CDR Hospitals. Through this process, MassHealth clinical staff selects and reviews a random sample of cases from each hospital and conducts a utilization review. Through this process, MassHealth is able to effectively monitor utilization at the DPH hospitals to ensure compliance with utilization standards.

DMH Mental Health Facilities

Similarly, during SFY 2021, the MassHealth Office of Behavioral Health (OBH) implemented a process for conducting a quarterly review of MassHealth fee for service members who have received care at state operated DMH mental health facilities. Through this process, MassHealth is able to effectively monitor utilization at the DMH mental health facilities to ensure compliance with utilization standards.

Responsible Officials

Peg Harvey and Kevin Wicker, DMH

Pavel Terpelets, DPH

Implementation Date

Implemented

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Health and Human Services (MassHealth)

Medicaid Cluster (93.775, 93.777, 93.778)

Federal Award Numbers: XIX-MAP20, XIX-ADM-20

Award Year: 2020

U.S. Department of Health and Human Services

Finding Reference: 2020-010

Special Tests – ADP Risk Analysis and System Security Review

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

State agencies must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. State agencies must perform risk analyses whenever significant system changes occur. State agencies shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of the physical and data security operating procedures, and personnel practices. The State agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).

Further, in accordance with 45 CFR section 75.303(a), Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition Found

MassHealth is currently redesigning the annual review to address the ADP risk analysis and system security review requirements including a linkage of the information collected above to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. Part of the redesign will also include a more formalized incorporation of the SOC reports into the assessment process. There was no risk assessment performed during the fiscal year. There was also no follow-up on findings identified in previous years’ risk assessments.

Further, we noted management’s internal controls were not implemented at a level of precision to ensure risk assessments are performed annually.

Possible Asserted Effect

Not assessing the security risk of the MassHealth systems may cause non-compliance of claims payment or eligibility determination performed by the MassHealth systems.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Recommendation

We recommend MassHealth complete the redesign of their annual review to address the ADP risk analysis and system security review requirements, including third party providers.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

MassHealth has implemented the recommended oversight measures and will continue them going forward.

MassHealth has implemented its redesigned annual review process that addresses ADP risk analysis and system security review requirements, including third party providers. This redesigned process entails an annual submission to the Nationwide Cybersecurity Review (NCSR) Risk Assessment, followed by a report containing risk identification and prioritization. MassHealth will review the NCSR report and develop an action plan to remediate any findings, as appropriate. MassHealth has incorporated this updated process in the IT Audit Standards document.

Responsible Officials

Sheika Babin, Access and Controls Director, MassHealth

Implementation Date

December 31, 2020

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Health and Human Services (MassHealth)

Medicaid Cluster (93.775, 93.777, 93.778)

Federal Award Numbers: XIX-MAP20, XIX-ADM-20

Award Year: 2020

U.S. Department of Health and Human Services

Finding Reference: 2020-011

Eligibility

Type of Finding: Material Weakness and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

The State Medicaid agency 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). Federal Medicaid regulations at 42 CFR 435.1200 require coordination between SMAs and other insurance affordability programs, including the federal and state exchanges. Medicaid record keeping regulations at 42 CFR 435.914 and 431.17 also require states to include the basis of eligibility and facts to support the agency's decision on an application in each applicant's case record or electronic account, as well as require the maintenance of records that include facts essential to the determination of initial and continuing eligibility.

Further, in accordance with 45 CFR section 75.303(a), Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition Found

During our testing of Medicaid eligibility, we found two applicants of 65 tested (3%) did not have supporting documentation to evidence their eligibility determination. As such we were unable to determine if they were eligible for services. During the fiscal year, MassHealth paid claims totaling \$45,512 on behalf of the two recipients. Such amounts are noted as questioned costs.

Further, we noted management's internal controls were not implemented at a level of precision to ensure eligibility documentation is adequately maintained.

Possible Asserted Effect

Payment of claims can be made on behalf of ineligible Medicaid recipients.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Recommendation

We recommend MassHealth investigate why documentation was not available in these two instances and implement policies and procedures to ensure that such documentation is properly maintained.

Questioned Costs

\$99,981

Views of Responsible Officials and Corrective Actions

MassHealth agrees with the recommendation. MassHealth is reviewing the two cases and will develop policies and procedures to improve eligibility documentation requirements. Specifically, MassHealth will:

- Conduct a review of its policy documents and existing training materials for MassHealth enrollment staff to identify possible areas of improvement on documentation requirements.
- Provide training and/or a refresher training to MassHealth enrollment staff on documentation requirements, as applicable.

Implement internal controls to ensure accurate documentation of eligibility determinations for all members.

Responsible Official

MassHealth Eligibility Operations

Jessica Perez-Rossello, Heather Rossi, KimMarie Mercure

Implementation Date

April 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Health and Human Services (MassHealth)

Medicaid Cluster (93.775, 93.777, 93.778)

Federal Award Numbers: XIX-MAP20, XIX-ADM-20

Award Year: 2020

U.S. Department of Health and Human Services

Finding Reference: 2020-012

Activities Allowed or Unallowed

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Fee-for-service (FFS) Medicaid medical service payments (e.g., hospital and doctors charges) should not be made for services that are covered by managed care. States should ensure that capitated payments to managed care plans are discontinued when a beneficiary is no longer enrolled for services.

A state may obtain a waiver of statutory requirements to provide an array of Home and Community Based Services which may permit an individual to avoid institutionalization primarily through 1915 (c) of the Act (42 CFR part 441, subpart G). Federal Financial Participation funds can be used only for Medicaid benefit payments (as specified in the state plan, federal regulations, or an approved waiver/demonstration), expenditures for administration and training, expenditures for the State Survey and Certification Program, and expenditures for the establishment and operation of state Medicaid Fraud Control Units (42 CFR sections 435.10, 440.210, 440.220, and 440.180).

Further, in accordance with 45 CFR section 75.303(a), Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition Found

During our testing of the Medicaid claims, we found that one of the 65 fee-for-service claims was paid at a rate lower than the approved rate. It appears that the rate applicable for the service was revised but not updated timely in the Medicaid Management Information System (MMIS).

Further, we noted management's internal controls were not implemented at a level of precision to ensure that updated rates are entered into MMIS timely.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Possible Asserted Effect

Claims could be paid at old rates, which could be higher resulting in unallowable costs if not updated in MMIS timely.

Recommendation

We recommend MassHealth implement policies and procedures to ensure that all rate changes are entered into MMIS timely.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

MassHealth agrees with the recommendation and has identified the claim at issue. The claim is a claim for a home and community-based waiver (HCBS) service provided by a provider that contracts with an Aging Services Access Point (ASAP) on behalf of EOEA. The provider is paid by the ASAP. For ASAP contracted HCBS waiver providers, the ASAP pays the providers directly at rates established through contracts and reports the payment to EOHHS through MMIS for federal claiming purposes. With the claim at issue, MassHealth has confirmed that the ASAP did not pay the provider at the incorrect lower rate, however the claim was incorrectly reported in MMIS. Specifically, a step was missed when the rate was updated in MMIS, the service unit for the claim was recorded at the older rate on file of \$30 and not the updated rate of \$36 however, as noted above, the provider was paid by the ASAP at the correct contracted rate in effect for the date of service on the claim.

To avoid this issue reoccurring, MassHealth's HCBS waiver unit staff will develop and implement a review process to ensure that HCBS waiver rates are timely and accurately updated in MMIS.

Responsible Officials

Amy Bernstein, Director of HCBS Waiver Administration, MassHealth

Implementation Date

March 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Public Safety and Security

Highway Safety Cluster (20.600, 20.616)

Federal Award Numbers: FastAct 402, FastAct 405

Award Years: 2019, 2020

U.S. Department of Transportation

Finding Reference: 2020-013

Matching, Earmarking, and Reporting

Type of Finding: Significant Deficiency

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

In accordance with 2 CFR 200.303(a), non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition Found

To provide reasonable assurance that the Executive Office of Public Safety and Security (EOPSS) is managing Federal awards in compliance with the matching, earmarking and reporting compliance requirements, EOPSS has designed and implemented an internal control that provides for a formal, independent review of an expenditure reconciliation and tracking workpaper. During our testing of the internal control, we found that EOPSS was unable to provide documentation that the internal control was being performed regularly.

Possible Asserted Effect

Lack of a formal, documented internal control increases the risk of noncompliance with Federal statutes.

Recommendation

We recommend EOPSS implement policies and procedures to ensure that the independent review of the expenditure reconciliation and tracking workpaper is formally documented.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

The Executive Office of Public and Security/Office of Grants and Research have reviewed the HSP finding and have implemented the below Corrective Action Plan effective April 5, 2021.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

The Highway Grant Program Federal Drawdowns are Non-Central Draw. Federal Grant Expenditures involved in Non-Central Draw are drawn on a monthly basis.

All expenditures are entered into Federal Ledger by Fiscal Accountant and or Fiscal Budget Manager on a daily basis as expenditures are made into Massachusetts Management Accounting and Reporting Systems (MMARS).

Reconciliation Process

The CIW expenditure query is made up of various Federal grant tables, including:

1. Program codes
2. Major program
3. Appropriation number
4. Posting amount-this is based on cash expenditures

The data obtained from the warehouse is exported to excel for analysis and review. Data is sorted and summed by acceptance date to the warehouse, appropriation, Major program code, and program code.

The Fiscal Budget Manager/Fiscal Director reconciles expenditures on a monthly basis to funds already drawn and utilizing the following process:

- Voucher/GTS
- Central Expenditure query run from the Commonwealth Information Warehouse (CIW) MMARS data against the general ledger
- GTS (Payment and Reporting System) displaying disbursement requests
- The total for each expenditure is checked against the voucher. The total voucher is verified against the total expenditures posted in MMARS making sure expenditures and draws agree before requesting additional funds.

The Fiscal Budget Manager/Fiscal Director will create/save an excel worksheet for the required expenditures that will be claimed in the voucher before they get entered into GTS for reimbursement.

At a minimum, each voucher shall provide the following information for expenses claimed in each program area:

- a) Program Area which expenses were incurred, and an itemization of project numbers and amount of Federal funds expended for each project for which reimbursement is being sought
- b) Federal funds obligated
- c) Amount of Federal funds allocated to local benefit (provided no less than mid-year – March 31) and with final voucher.
- d) Cumulative Total Cost to Date

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

e) Cumulative Federal Funds Expended

f) Amount Claimed this Period

g) Matching rate (or special matching write off used, i.e., sliding scale rate authorized under 23 USC 120)

1. From the ledger, vouchers are created and reviewed for accuracy before submitting to NHTSA for approval.
2. After the Fiscal Budget Manager /Fiscal Director prepares voucher for the expenditures to be claimed, the voucher is printed and submitted to the Director of Administrative for review and approval. In addition, a completed CD form with a copy of reconciled expenditures, (a copy of the excel worksheet) is submitted to the Director of Administrative and Finance for review and approval.
3. After approval of both documents by the Director of Administrative and Finance, the Fiscal Budget Manager/Fiscal Director will submit the voucher into GTS for approved by NHTSA.
4. After NHTSA approves the voucher, the CD form approved by the Director of Administrative and Finance is sent to the Cash Management unit in TRE by the Fiscal Budget Manager/Fiscal Director. Once funds are received, The Treasury Department processes the CD form by transferring funds into the correct appropriation/program code.
5. After the funds are transferred into MMARS to the correct appropriation/program code and revenue source codes, the Fiscal Budget Manager/Fiscal Director will reconcile the expenditures to draws making sure funds are posted correctly.

Responsible Officials

Corine Pryme, Director of Administration and Finance

Implementation Date

April 5, 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Labor and Workforce Development

Employment Service Cluster (17.207, 17.801)

WIOA Cluster (17.258, 17.259, 17.278)

Federal Award Numbers: DV328951955525, DV342752055525, ES294181655A25, ES309931755A25, ES318531855A25, ES333991955A25, AA283221655A25, AA307351755A25, AA320551855A25, AA332351955A25, AA347742055A25

Award Years: 2019, 2020

U.S. Department of Labor

Finding Reference: 2020-014

Allowable Costs/Cost Principles

Type of Finding: Employment Services Cluster – Material Weakness and Material Noncompliance
WIOA Cluster – Material Weakness and Noncompliance

Prior Year Finding: Yes, 2019-006

Statistically Valid Sample: No

Criteria

According to 2 CFR 200, Appendix VII, paragraph D.1, “All departments or agencies of the governmental unit desiring to claim indirect costs under Federal awards must prepare an indirect cost rate proposal and related documentation to support those costs. The proposal and related documentation must be retained for audit in accordance with the records retention requirements contained in §200.333 Retention Requirements for Records.”

Further, in accordance with 2 CFR 200.303(a), non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition Found

The Executive Office of Labor and Workforce Development (EOLWD) allocates certain department overhead costs (operations/facilities, human resources, finance, and information technology) to Federal and non-Federal programs, including the Employment Service cluster and WIOA cluster, using a federally approved indirect cost rate. The indirect cost rate is based on an indirect cost rate proposal submitted to the Federal government. Indirect costs represent approximately \$962 thousand (6%) and \$633 thousand (2%) of Employment Service cluster and WIOA cluster spending, respectively.

During our audit, we found EOLWD did not maintain documentation supporting the indirect cost rate proposal that is the basis for the indirect cost rate applied. As such, we were not able to audit the indirect cost rate proposal, including the underlying cost pool on which the indirect cost rate is based.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Further, we noted management's internal controls are not designed at a level of precision to ensure documentation supporting the indirect cost rate proposal is maintained.

Possible Asserted Effect

Indirect costs allocated to the grants were not based on an indirect cost rate prepared in accordance with federal statutes and can result in unallowable costs charged to the grant.

Recommendation

We recommend that EOLWD implement policies, procedures and related internal controls to ensure that all documentation supporting federal charges is maintained, including the cost pool transactions used as a basis for proposing indirect cost rates.

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

EOLWD is committed to documenting and implementing policies and procedures that require future indirect cost rate proposals, underlying supporting data and reports to be maintained.

Responsible Officials

Sheila Tunney, Chief Financial Officer, EOLWD

Implementation Date

June 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Labor and Workforce Development

Employment Service Cluster (17.207, 17.801)

WIOA Cluster (17.258, 17.259, 17.278)

Federal Award Numbers: DV328951955525, DV342752055525, ES294181655A25, ES309931755A25, ES318531855A25, ES333991955A25, AA283221655A25, AA307351755A25, AA320551855A25, AA332351955A25, AA347742055A25

Award Years: 2019, 2020

U.S. Department of Labor

Finding Reference: 2020-015

Reporting – Performance Report

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: Yes, 2019-007

Statistically Valid Sample: No

Criteria

On a quarterly basis, the Executive Office of Labor and Workforce Development (EOLWD) Department of Career Services (DCS) is required to report services, activities, and outcomes of service for all job seekers and veterans as part of their Participant Individual Record Layout (PIRL) submission.

Further, in accordance with 2 CFR 200.303(a), Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition

The information included in the PIRL submission is sourced from multiple systems, including DCS’ case management system, MOSES; the Unemployment Insurance system which includes employer wage data, UI Online; and the federal database which includes wage information from other states, WRIS. This information is combined by DCS in order to file their PIRL submission.

Information from UI Online is provided by the EOLWD Department of Unemployment Assistance (DUA) to DCS upon request, and is subject to a Data Sharing and Cost Reimbursement Agreement between the departments. This agreement outlines the confidential data requested and the procedures to be performed. The agreement does not specify procedures to be performed by DUA regarding testing the completeness and accuracy of the data to be provided to DCS.

During our audit, we found that for 2 of 2 quarters tested (quarters ended March 31, 2020 and June 30, 2020), the data validation procedures performed and the results obtained by the DUA Systems Integration group on the UI Online data were not formally documented.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Additionally, during our audit, we found 39 out of 68 (57%) items selected from two quarters of PIRL submissions did not properly display a “null” value for Data Element 1800: “Type of Recognized Credential” as per U.S. Department of Labor (U.S. DOL) instructions. The data source of this data element is the MOSES system.

For the quarters ended September 30, 2019 and December 31, 2019, which were not tested by KPMG, the U.S. DOL found that reportable individuals were not recorded in the quarterly performance reports due to a logic error in the generation of the PIRL file.

Possible Asserted Effect

Inaccurate PIRL submissions results in inaccurate reporting of employment statistics to the federal government which can result in the use of inaccurate data by the federal government when making programmatic decisions.

Recommendation

We recommend that DCS implement policies, procedures and related internal controls to ensure that data from all sources included in the PIRL database is complete, accurate, and supportable.

Questioned Costs

Not Determinable

Views of Responsible Officials and Corrective Actions

DUA will document the process that is followed when validating the accuracy and completeness of wage data supplied to DCS. Additionally, DCS has instituted formal procedures for validating that wage data obtained from DUA was the wage data that was reported in the PIRL.

Responsible Officials

Alice Sweeney, Director, Department of Career Services, EOLWD

Houda Amoakuh, Director, UI Business Process, DUA

Implementation Date

February 2021

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Executive Office of Labor and Workforce Development

Employment Service Cluster (17.207, 17.801)

WIOA Cluster (17.258, 17.259, 17.278)

Federal Award Numbers: DV328951955525, DV342752055525, ES294181655A25, ES309931755A25, ES318531855A25, ES333991955A25, AA283221655A25, AA307351755A25, AA320551855A25, AA332351955A25, AA347742055A25

Award Years: 2019, 2020

U.S. Department of Labor

Finding Reference: 2020-016

Allowable Costs/Cost Principles

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: Yes; 2019-005, 2018-011

Statistically Valid Sample: No

Criteria

The standards for documentation of personnel expenses are outlined in 2 CFR 200.430. The standards require charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- i. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- ii. Be incorporated into the official records of the non-Federal entity;
- iii. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
- iv. Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- v. Comply with the established accounting policies and practices of the non-Federal entity

Further, in accordance with 2 CFR 200.303(a), non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Condition Found

The Employment Service Cluster and the WIOA Cluster grants incur direct payroll charges and represent approximately \$6.0 million (39%) and \$3.6 million (10%) of total Employment Service cluster and WIOA cluster spending, respectively. The Executive Office of Labor and Workforce Development (EOLWD) implemented the use of combination codes within Self-Service Time and Attendance (SSTA), a module of the (HR/CMS) application, as of July 8, 2019. Prior to this date, payroll was assigned to grants based on budgeted time and effort allocations maintained in the Labor Cost Management (LCM) module of the Massachusetts Management Accounting and Reporting System (MMARS).

SSTA combination codes are used by employees to allocate and certify hours worked to Federal grants. Subsequently, employees' supervisors are required to perform a line item review of hours spent on each grant before approving timesheets. In the event that a timesheet is approved without the use of combination codes, the system will default to budgeted grant allocations entered into LCM.

We found that for 5 of 65 (7.7%) Employment Service cluster items tested and for 7 of 65 (10.8%) WIOA cluster items tested combination codes were not used in the selected timesheets, either because the timesheet selected was prior to the implementation of SSTA combination codes (8 items) or because the timesheet was approved without the use of the codes (4 items).

Additionally, we were not able to recalculate payroll allocations charged to the grants due to the budgeted time and effort supporting documentation not being maintained for the selected items noted above.

Further, we noted management's internal controls are not designed at a level of precision to ensure time and effort allocated to a grant is based on actual time and effort incurred in the event that the supervisor timesheet review control fails to identify missing combination codes.

Possible Asserted Effect

Direct payroll charges allocated to grants based on budgeted time and effort can result in federal reimbursements that are not reflective of actual time and effort working on a grant.

Recommendation

We recommend EOLWD implement policies, procedures and related internal controls to ensure that direct payroll costs charged to Federal grants are based on actual time and effort of employees, in the event that the supervisor timesheet review control fails to identify missing combination codes.

Questioned Costs

Not determinable

Views of Responsible Officials and Corrective Actions

EOLWD has implemented SSTA to track time charged against grants based on actual hours worked. Training has been provided to managers and staff on how to enter and validate time entered into SSTA. Additional training will be provided to managers to ensure they are properly reviewing time charged to grants before approving timesheets.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Responsible Official

Sheila Tunney, Chief Financial Officer, EOLWD

Implementation Date

June 2021



WILLIAM McNAMARA
COMPTROLLER

Commonwealth of Massachusetts

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Commonwealth of Massachusetts Summary Schedule of Prior Year Audit Findings FY 2020

The attached summary schedule of prior year findings (Schedule) lists the finding reference, initial finding reference, CFDA #, state agency, program and description for the findings included in the fiscal year 2019 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 the Uniform Guidance Section 200.511(b)(3) have been excluded from the Schedule.

Schedule of Prior Year Findings						
Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2019-001, 2018-001		CTR	State	Financial Reporting	Partially	See finding 2020-002
2019-001, 2018-002		EOL	State	Financial Reporting	Partially	See finding 2020-002
2019-002, 2018-003		EOL	State	Allowance for Uncollectible Receivables	Partially	See finding 2020-003
2019-003		GIC	State	Recording of Retired Healthcare Payments	Partially	See finding 2020-004
2018-009	14.182, 14.856	OCD	Section 8 Project-Based Cluster	During the testwork over the subrecipient monitoring of NC/SR developments, no LHA's and for-profit subrecipient were evaluated for risk of noncompliance in accordance with 200.331(b). Also, the Moderate Rehabilitation monitoring policies do not include the Section 8 requirements.	Partially	The department is currently working with the consultant to update the subrecipient monitoring policy and to implement procedures related to the wait list and vacant units as part of their monitoring procedures. The target date for implementation is December 31, 2021.
2019-004	12.401	MIL	National Guard Military Operations and Maintenance Projects	During testwork over grant set up in MMARS, 3 awards were set up with an incorrect CFDA number.	Fully	
2019-005, 2018-011	17.207, 17.801 17.258, 17.259, 17.260	EOL	Employment Service Cluster WIOA Cluster	The department did not have or implement policies and procedures to ensure direct payroll costs charged to Federal grants are based on actual time and effort of employees. It should also ensure that all documentation supporting federal charged is maintained.	Partially	See finding 2020-016
2019-006	17.207, 17.801 17.258, 17.259, 17.260	EOL	Employment Service Cluster WIOA Cluster	The department did not maintain documentation supporting the indirect cost rate proposal that is the basis for the indirect cost rate applied.	Partially	See finding 2020-014
2019-007	17.207, 17.801	EOL	Employment Service Cluster	During the testwork, the audit found 3 of 40 (8%) items selected from two quarters of PIRL submissions were not supported by UI Online records for Data Element 1618. Department management's internal controls were not implemented at a level of precision to ensure PIRL submissions are accurately supported by UI Online records.	Partially	See finding 2020-015
2019-008	17.207, 17.801	EOL	Employment Service Cluster	During the testwork, the audit found 2 of 2 (100%) VETS-402 reports tested did not have internal controls designed at the appropriate level of precision to ensure documentation of segregation of duties in regards to the review of the report.	Fully	
2019-009	17.225	EOL	Unemployment Insurance	During the testwork, the audit found that EOL did not file the ETA 227 report during the fiscal year. 2 of 2 (100%) ETA 581 reports tested did not agree to underlying records originating from the UI Online system for lines 45-61. 2 of 2 (100%) UI-3 reports tested did not agree to underlying records originating from the MMARS system for support category staff time. Department management's internal controls were not implemented at a level of precision to ensure the timely or accurate filing of federal reports.	Fully	
2019-010	17.225	EOL	Unemployment Insurance	During the testwork, the audit found that EOL did not deposit penalties associated with benefit overpayments due to fraud immediately into the Commonwealth's UI Trust Fund held with the U.S. Treasury. Department management's internal controls were not implemented at a level of precision to prevent noncompliance.	Fully	
2018-017	84.126	MRC	Vocational Rehabilitation Services	During the audit it found that program income was recorded during fiscal year 2018 beginning on July 3, 2017; however, expenditures were not charged against this program income until January 4, 2018. During this timeframe, federal VR funds were requested from the Federal payment system to reimburse the VR program for grant related expenditures. As such, the grantee did not disburse program income funds prior to requesting additional funds from the Federal.	Fully	
2018-018	84.126	MRC		During the testwork, it found 1 of 74 (1%) expenditures tested were charged to the grant subsequent to the period of performance. The payroll item found totaled \$5,551. Analysis performed by the department identified a total of \$9,543 in payroll transactions charged incorrectly to the expired grant, which are considered questioned costs.	Fully	

Schedule of Prior Year Findings						
Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2019-011, 2018-021	93.775, 93.777, 93.778	EHS	Medicaid Cluster	During the MMIS interface, a daily exception report is produced of the various eligibility exceptions noted. The department is currently implementing a process to work the exception reports to validate/correct the eligibility anomalies noted, however, during the year it was unable to document actions taken to resolve the 25 exceptions tested. Unresolved exceptions increases the risk of individuals receiving benefits who are no longer eligible for either fee for service or managed care services.	Fully	
2019-012, 2018-022	93.775, 93.777, 93.778	EHS	Medicaid Cluster	The department lacked internal controls for validating key points of provider data. For 4 of 65 (6%) of providers tested had license dates within MMIS that were not updated. 8 of 65 providers (12%) tested had revalidation dates within MMIS that were not within the next 3 to 5 years as required by Federal regulations.	Partially	See finding 2020-007
2019-013, 2018-024	93.775, 93.777, 93.778	EHS	Medicaid Cluster	During the testwork it was noted there are several outsourced activities that do not appear to address the associated risks as the department identified and/or to be adequately documented by the current department's monitoring processes.	Partially	See finding 2020-008
2019-014, 2018-025	93.775, 93.777, 93.778	EHS	Medicaid Cluster	The department has established policies and procedures for actively monitoring its nonstate providers in accordance with the utilization standards noted above. However, the department currently does not subject its state-owned providers to the same utilization controls as its nonstate providers.	Partially	See finding 2020-009
2019-015, 2018-026	93.775, 93.777, 93.778	EHS	Medicaid Cluster	The department has a quality control process over Medicaid eligibility to address the quality of the information being collected and input into the MA21system. During the test work, it found inconsistent documentation between the managers and the quality control unit regarding the close out process; case reviews only occurred 35 weeks of the fiscal year; and for 3 of 8 weeks selected, cases were reviewed at selected sites rather than all sites.	Fully	