



COMMONWEALTH OF MASSACHUSETTS

OMB Circular A-133 Report

June 30, 2011

COMMONWEALTH OF MASSACHUSETTS

OMB Circular A-133 Report

June 30, 2011

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

**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. Martin Benison, Comptroller
Commonwealth of Massachusetts:

We have audited the accompanying 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, 2011, which collectively comprise the Commonwealth's basic financial statements and have issued our report thereon dated January 3, 2012. Our report was modified to include a reference to other auditors and included an explanatory paragraph regarding the Commonwealth adopting the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with 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. Other auditors audited the financial statements of the entities described in note 13 to the Commonwealth's basic financial statements. The financial statements of certain entities identified in note 13 to the Commonwealth's basic financial statements were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters did not include those entities separately audited by us more fully described in note 13 to the Commonwealth's basic financial statements. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for these entities. The findings, if any, included in those reports are not included herein.

Internal Control over Financial Reporting

Management of the Commonwealth is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commonwealth's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commonwealth's internal control over financial reporting.



A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and that are described as 2011-01 through 2011-06 in the accompanying schedule of findings and questioned costs. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We have also noted certain additional matters that we reported to management of Commonwealth in a separate letter dated January 3, 2012.

The Commonwealth's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Commonwealth's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Comptroller's Advisory Board, management of the Commonwealth of Massachusetts, the Honorable Members of the General Court and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 3, 2012



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Mr. Martin Benison, Comptroller
Commonwealth of Massachusetts:

Compliance

We have audited the Commonwealth of Massachusetts' (the Commonwealth) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commonwealth's major federal programs for the year ended June 30, 2011. The Commonwealth's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commonwealth's management. Our responsibility is to express an opinion on the Commonwealth's compliance based on our audit.

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 Schedule of Expenditures of Federal Awards for the year ended June 30, 2011. Our audit, described below, did not include the operations of the entities identified in note (1) as these entities conducted separate audits in accordance with OMB Circular A-133, if required.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commonwealth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commonwealth's compliance with those requirements.

As described in findings 2011-08, 2011-16, 2011-21, and 2011-22 in the accompanying schedule of findings and questioned costs, the Commonwealth did not comply with the requirement regarding the recertification process, reporting, and student status changes that are applicable to its Supplemental Nutrition Assistance Program, Vocational Rehabilitation Cluster, Federal Family Education Loans Program, and Federal Direct Student Loans Program, respectively. Compliance with such requirements is necessary, in our opinion, for the Commonwealth to comply with the requirements applicable to these programs.



In our opinion, except for the noncompliance described in the preceding paragraph, the Commonwealth complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-07, 2011-09 through 2011-15, 2011-17 through 2011-20, and 2011-23 through 2011-45.

Internal Control over Compliance

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

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be 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 combination of deficiencies, in internal control over compliance, such that there is 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 2011-08, 2011-16, 2011-21, and 2011-22 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 the 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 2011-07, 2011-09 through 2011-15, 2011-17 through 2011-20, and 2011-23 through 2011-45 to be significant deficiencies.



Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated January 3, 2012, which referred to the use of the reports of other auditors and to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Commonwealth's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Commonwealth's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Commonwealth's responses, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the members of the Comptroller's Advisory Board, management of the Commonwealth of Massachusetts, the Honorable Members of the General Court and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 16, 2012 (except for the Schedule of Expenditures of Federal Awards, which is as of January 3, 2012)

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
U.S. Department of Agriculture:		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 10,122,458
10.156	Federal-State Marketing Improvement Program	411,702
10.199	Federal Operating Reimb-EGG Grading	2,558
10.307	Organic Agriculture Research and Extension Initiative	40,181
10.479	Food Safety Cooperative Agreements	2,239
<i>SNAP Cluster:</i>		
10.551	Supplemental Nutrition Assistance Program (SNAP)	1,268,350,412
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	302,695
10.561	ARRA – State Administrative Matching Grants for Supplemental Nutrition Assistance Program	54,491,474
<i>Total SNAP Cluster</i>		<u>1,323,144,581</u>
<i>Child Nutrition Cluster:</i>		
10.553	School Breakfast Program	37,288,053
10.555	National School Lunch Program	141,269,258
10.556	Special Milk Program for Children	346,487
10.559	Summer Food Service Program for Children	7,275,183
<i>Total Child Nutrition Cluster</i>		<u>186,178,981</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	107,031,401
10.558	Child and Adult Care Food Program	154,708,327
10.560	State Administrative Expenses for Child Nutrition	3,675,221
10.568	Emergency Food Assistance Program administrative costs	1,154,421
10.568	ARRA – Emergency Food Assistance Program Administrative Costs	949,894
10.572	WIC Farmers’ Market Nutrition Program (FMNP)	357,428
10.576	Senior Farmers Market Nutrition Program	559,746
10.578	ARRA – WIC Grants To States (WGS)	560,647
10.579	Child Nutrition Discretionary Grants Limited Availability	289,752
10.580	Supplemental Nutrition Assistance Program, Outreach/ Participation Program	166,477
10.582	Fresh Fruit and Vegetable Program	2,368,383
10.664	Cooperative Forestry Assistance	1,921,671
10.672	Rural Development, Forestry, and Communities	378
10.675	Urban and Community Forestry Program	167,324
10.678	Forest Stewardship Program	52,920
10.688	ARRA – Recovery Act of 2009: Wildland Fire Management	3,745,797
10.769	Rural Business Enterprise Grants	45,080
10.913	Farm and Ranch Lands Protection Program	5,451,661
10.914	Wildlife Habitat Incentive Program	33,288
		<u>1,803,142,516</u>

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
U.S. Department of Commerce:		
11.407	Interjurisdictional Fisheries Act of 1986	\$ 102,697
11.419	Coastal Zone Management Administration Awards	3,644,392
11.420	Coastal Zone Management Estuarine Research Reserves	596,236
11.452	Unallied Industry Projects	266,572
11.454	Unallied Management Projects	18,001
11.463	Habitat Conservation	1,117,999
11.472	Unallied Science Program	703,557
11.474	Atlantic Coastal Fisheries Cooperative Management Act	301,507
11.555	Public Safety Interoperable Communications Grant Program	1,387,464
		<u>8,138,425</u>
U.S. Department of Defense:		
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	1,381,636
12.400	Military Construction, National Guard	3,357,006
12.401	National Guard Military Operations and Maintenance (O&M) Projects	29,580,374
12.401	ARRA – National Guard Military Operations and Maintenance (O&M) Projects	1,726,811
		<u>36,045,827</u>
U.S. Department of Housing and Urban Development:		
<i>Section 8 Project-Based Cluster:</i>		
14.182	Section 8 New Construction Program	7,887,456
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	19,405,965
	<i>Total Section 8 Project-Based Cluster</i>	<u>27,293,421</u>
<i>CDBG – State – Administered Small Cities Program Cluster:</i>		
14.228	Community Development Block Grants / State’s Program	48,457,066
14.255	ARRA – Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii	6,919,704
	<i>Total CDBG – State – Administered Small Cities Program Cluster</i>	<u>55,376,770</u>
14.231	Emergency Shelter Grants Program	2,581,344
14.235	Supportive Housing Program	7,551,625
14.238	Shelter Plus Care	548,286
14.239	HOME Investment Partnerships Program	17,057,188
14.241	Housing Opportunities for Persons with AIDS	145,395
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	75,921

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program	\$ 12,608,034
14.258	ARRA – Tax Credit Assistance Program	35,486,907
14.401	Fair Housing Assistance Program State and Local	589,921
14.855	Section 8 Rental Voucher Program	1,834,584
14.871	Section 8 Housing Choice Vouchers	1,031,303
14.881	Moving to Work Demonstration Program	216,761,242
14.907	ARRA – Lead-Based Paint Hazard Control in Privately Owned Housing	1,189,426
		<hr/> 380,131,367 <hr/>
	U.S. Department of the Interior:	
	<i>Fish and Wildlife Cluster:</i>	
15.605	Sport Fish Restoration	3,254,762
15.611	Wildlife Restoration	1,178,076
	<i>Total Fish and Wildlife Cluster</i>	<hr/> 4,432,838 <hr/>
15.608	Fish and Wildlife Management Assistance	63,492
15.614	Coastal Wetlands Planning, Protection and Restoration Act	851,134
15.622	Sportfishing and Boating Safety Act	787,380
15.630	Coastal Program	18,951
15.631	Partners for Fish and Wildlife	50,859
15.633	Landowner Incentive	278,755
15.634	State Wildlife Grants	9,577
15.809	National Spatial Data Infrastructure Cooperative Agreements Program	22,873
15.904	Historic Preservation Fund Grants-In-Aid	917,454
15.916	Outdoor Recreation Acquisition, Development and Planning	101,756
15.923	Hydropower Recreation Assistance	13,076
15.926	American Battlefield Protection	26,068
15.929	Save America’s Treasures	27,349
15.999	Dept of Interior – Miscellaneous	9,428
		<hr/> 7,610,990 <hr/>
	U.S. Department of Justice:	
16.017	Sexual Assault Services Formula Program	282,367
16.393	Residential Substance Abuse Treatment For State Prisoners	174,897
16.451	Part E – Developing, Testing and Demonstrating Promising New Programs	106,812
16.523	Juvenile Accountability Incentive Block Grants	820,425
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	32,071
16.540	Juvenile Justice and Delinquency Prevention Allocation to States	794,454
16.541	Part E – Developing, Testing and Demonstrating Promising New Programs	92,168

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
16.543	Missing Children's Assistance	\$ 280,057
16.544	Youth Gang Prevention	202,155
16.550	State Justice Statistics Program for Statistical Analysis Centers	37,916
16.555	National Criminal History Implementation Program	718
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	331,114
16.575	Crime Victim Assistance	6,841,165
16.576	Crime Victim Compensation	793,097
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	633,541
16.582	Crime Victim Assistance / Discretionary Grants	130,186
16.588	Violence Against Women Formula Grants	2,711,703
16.588	ARRA – Violence Against Women Formula Grants	1,269,299
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	359,313
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	259,859
16.595	Community Capacity Development Office	277,009
16.606	State Criminal Alien Assistance Program	5,395,623
16.609	Community Prosecution and Project Safe Neighborhoods	107,149
16.610	Regional Information Sharing Systems	4,567,320
16.710	Public Safety Partnership and Community Policing Grants	5,115,233
16.726	Juvenile Mentoring Program	112,454
16.727	Enforcing Underage Drinking Laws Program	379,145
	<i>JAG Program Cluster:</i>	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	2,463,068
16.803	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	5,408,307
16.804	ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	349,653
	<i>Total JAG Program Cluster</i>	<u>8,221,028</u>
16.741	Forensic DNA Capacity Enhancement Program	811,882
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	585,874
16.744	Anti-Gang Initiative	203,798
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	90,721
16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Data Review)	130,005
16.753	Congressionally Recommended Awards	562,462
16.754	Harold Rogers Prescription Drug Monitoring Program	116,315
16.800	ARRA – Internet Crimes against Children Task Force Program (ICAC)	383,685

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
16.801	ARRA – State Victim Assistance Formula Grant Program	\$ 262,665
16.802	ARRA – State Victim Compensation Formula Grant Program	31,931
16.812	Second Chance Act Prisoner Reentry Initiative	245,955
		<u>43,753,571</u>
	U.S. Department of Labor:	
17.002	Labor Force Statistics	2,173,947
17.005	Compensation and Working Conditions	256,894
	<i>Employment Service Cluster:</i>	
17.207	Employment Service	14,038,715
17.207	ARRA – Employment Service	2,880,352
17.801	Disabled Veterans’ Outreach Program (DVOP)	1,332,748
17.804	Local Veterans’ Employment representative Program	1,583,632
	<i>Total Employment Service Cluster</i>	<u>19,835,447</u>
17.225	Unemployment Insurance	4,621,569,245
17.225	ARRA – Unemployment Insurance	156,656,006
17.235	Senior Community Service Employment Program	3,324,296
17.235	ARRA – Senior Community Service Employment Program	58,748
17.245	Trade Adjustment Assistance Workers	11,748,811
	<i>WIA Cluster:</i>	
17.258	WIA Adult Program	17,075,385
17.259	WIA Youth Activities	19,716,910
17.259	ARRA – WIA Youth Activities	4,335,542
17.260	WIA Dislocated Workers	10,229,874
17.260	ARRA -WIA Dislocated Workers	18,963,273
17.277	Workforce Investment Act (WIA) National Emergency Grants	2,238,064
17.278	WIA Dislocated Worker Formula Grants	9,432,305
	<i>Total WIA Cluster</i>	<u>81,991,353</u>
17.261	WIA Pilots, Demonstrations, and Research Projects	61,814
17.266	Work Incentives Grant	(107,720)
17.269	Community Based Job Training Grants	76,509
17.275	ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	2,219,632
17.504	Consultation Agreements	1,418,976
17.505	OSHA Data Initiative	80,981
17.600	Mine Health and Safety Grants	67,083
17.805	Homeless Veterans Reintegration Project	954,808
17.999	Dept of Labor – Miscellaneous	38,324
		<u>4,902,425,154</u>

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
U.S. Department of Transportation:		
20.106	Airport improvement Program	\$ 1,055,377
<i>Highway Planning and Construction Cluster:</i>		
20.205	Highway Planning and Construction	626,242,741
20.205	ARRA – Highway Planning and Construction	175,418,303
20.219	Recreational Trails Program	874,730
	<i>Total Highway Planning and Construction Cluster</i>	<u>802,535,774</u>
20.218	National Motor Carrier Safety	3,171,114
20.231	Performance and Registration Information Systems Management	114,999
20.232	Commercial Driver License State Programs	599,499
20.234	Safety Data Improvement Program	412,256
20.237	Commercial Vehicle Information Systems and Networks	80,613
20.238	Commercial Drivers License Information System	293,161
20.505	Federal Transit Metropolitan Planning Grants	6,997,780
20.509	Formula Grants for Other Than Urbanized Areas	8,522,219
20.509	ARRA – Formula Grants for Other Than Urbanized Areas	16,569,366
<i>Transit Services Programs Cluster:</i>		
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	592,663
20.516	Job Access Reverse Commute	1,911,411
20.521	New Freedom Program	1,580,135
	<i>Total Transit Services Programs Cluster</i>	<u>4,084,209</u>
20.600	State and Community Highway Safety	7,070,802
20.614	Safety Incentive Grants for Use of Seatbelts	378,180
20.700	Pipeline Safety	788,346
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	270,170
20.932	ARRA – Surface Transportation Discretionary Grants for Capital Investment	5,288,664
		<u>858,232,529</u>
Equal Employment Opportunity Commission:		
30.002	Employment Discrimination State and Local Fair Employment Practices Agency Contracts	<u>1,229,900</u>
National Endowment for the Arts:		
45.024	Promotion of the Arts Grants to Organizations and Individuals	48,951
45.024	ARRA – Promotion of the Arts Grants to Organizations and Individuals	19

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
45.025	Promotion of the Arts Partnership Agreements	\$ 981,275
45.025	ARRA – Promotion of the Arts Partnership Agreements	9,627
45.149	Promotion of the Humanities Division of Preservation and Access	5,172
45.163	Promotion of the Humanities Professional Development	83,153
45.312	National Leadership Grants	33,626
		<hr/>
		1,161,823
		<hr/>
	Institute of Museum and Library Services:	
45.310	State Library Program	3,551,162
		<hr/>
	National Science Foundation:	
47.070	Computer and Information Science and Engineering	12,679
47.074	Biological Sciences	159,689
47.082	ARRA -Trans-NSF Recovery Act Research Support	210,056
47.082	Trans-NSF Recovery Act Research Support	50,794
		<hr/>
		433,218
		<hr/>
	U.S. Department of Veterans Affairs:	
64.014	Veterans State Domiciliary Care	3,975,575
64.015	Veterans State Nursing Home Care	15,356,519
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		19,332,094
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	Environmental Protection Agency:	
66.032	State Indoor Radon Grants	184,622
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	683,996
66.039	ARRA – National Clean Diesel Emissions Reduction Program	388,689
66.040	State Clean Diesel Grant Program	283,633
66.040	ARRA – State Clean Diesel Grant Program	1,468,945
66.202	Congressionally Mandated Projects	186,031
66.432	State State Underground Water Source Protection	796
66.439	Targeted Watershed Grants	36,501
66.454	Water Quality Management Planning	437,825
66.454	ARRA -Water Quality Management Planning	434,322
66.456	National Estuary Program	1,284,929
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds	2,234,660
66.468	ARRA – Capitalization Grants for Drinking Water State Revolving Fund	852,313
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	95,640
66.472	Beach Monitoring and Notification Program Implementation Grants	281,324
66.474	Water Protection Grants to the States	38,386
66.605	Performance Partnership Grants	13,981,689

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
66.608	Environmental Information Exchange Network Grant Program	\$ 579,204
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	411,067
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	156,724
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	363,842
66.708	Pollution Prevention Grants Program	21,890
66.802	Superfund State, Political Subdivision, and Indian Tribe Site Specific Cooperative Agreements	979,012
66.804	State and Tribal Underground Storage Tanks Program	507,982
66.805	Leaking Underground Storage Tank Trust Fund Program	824,677
66.805	ARRA – Leaking Underground Storage Tank Trust Fund Program	1,141,110
66.808	Solid Waste Management Assistance Grants	8,066
66.817	State and Tribal Response Program Grants	1,483,501
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	394,163
66.999	Environmental Protection Agency – Miscellaneous	8,516,494
		<hr/> 38,262,033 <hr/>
	U.S. Department of Energy:	
81.041	State Energy Program	1,399,298
81.041	ARRA – State Energy Program	20,645,149
81.042	Weatherization Assistance for Low-Income Persons	4,127,459
81.042	ARRA – Weatherization Assistance for Low-Income Persons	47,998,039
81.049	Office of Science Financial Assistance Program	16,939
81.087	Renewable Energy Research and Development	225,217
81.090	State Heating Oil and Propane Programs	25,906
81.113	Defense Nuclear Nonproliferation Research	21,110
81.119	State Energy Program Special Projects	182,972
81.119	ARRA – State Energy Program Special Projects	63,789
81.122	ARRA – Electricity Delivery and Energy Reliability, Research, Development and Analysis	560,601
81.127	ARRA – Energy Efficient Appliance Rebate Program (EEARP)	31,175
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)	6,533,147
		<hr/> 81,830,801 <hr/>
	U.S. Department of Education:	
84.002	Adult education State Grant Program	9,869,388
	<i>Title I, Part A Cluster:</i>	
84.010	Title I Grants to Local Educational Agencies	233,925,001
84.389	ARRA -Title I Grants to Local Educational Agencies, Recovery Act	89,345,672
	<i>Total Title I, Part A Cluster</i>	<hr/> 323,270,673 <hr/>

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
84.011	Migrant education State Grant Program	\$ 1,982,594
84.013	Title I Program for Neglected and Delinquent Children	2,098,902
	<i>Special Education Cluster:</i>	
84.027	Special Education Grants to States	270,100,197
84.173	Special Education Preschool Grants	9,904,972
84.391	ARRA – Special Education Grants to States, Recovery Act	150,648,751
84.392	ARRA – Special Education – Preschool Grants	4,975,779
	<i>Total Special Education Cluster</i>	<u>435,629,699</u>
84.031	Higher Education Institutional Aid	250,134
	<i>TRIO Cluster:</i>	
84.042	TRIO Student Support Services	3,061,222
84.044	TRIO Talent Search	905,885
84.047	TRIO Upward Bound	1,720,222
84.066	TRIO Educational Opportunity Centers	375,613
84.217	TRIO McNair Post-Baccalaureate Achievement	21,206
	<i>Total TRIO Cluster</i>	<u>6,084,148</u>
84.048	Vocational Education Basic Grants to States	18,721,358
84.116	Fund for the Improvement of Postsecondary Education	252,983
	<i>Vocational Rehabilitation Cluster:</i>	
84.126	Vocational Rehabilitation Grants to States	50,303,513
84.390	ARRA – Rehabilitation Services-Vocational Rehabilitation Grants to States	4,018,151
	<i>Total Vocational Rehabilitation Cluster</i>	<u>54,321,664</u>
84.128	Rehabilitation Services Service Projects	63,603
	<i>Centers for Independent Living Cluster:</i>	
84.132	Centers for Independent Living	1,643,790
84.400	ARRA – Centers for Independent Living, Recovery Act.	651,412
	<i>Total Centers for Independent Living Cluster</i>	<u>2,295,202</u>
84.144	Migrant Education Coordination Program	55,290
84.161	Rehabilitation Services Client Assistance Program	213,980
	<i>Independent Living State Grants Cluster:</i>	
84.169	Independent Living State Grants	64,061
84.398	ARRA – Independent Living State Grants, Recovery Act	171,365
	<i>Total Independent Living State Grants Cluster</i>	<u>235,426</u>

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
	<i>Independent Living Services for older Individuals</i>	
	<i>Who are blind Cluster:</i>	
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	\$ 617,405
84.399	ARRA – Independent Living Services for Older Individuals Who are Blind, Recovery Act	404,496
	<i>Total Independent Living Services for older Individuals Who are blind Cluster</i>	<u>1,021,901</u>
	<i>Early Intervention Services Cluster:</i>	
84.181	Special Education Grants for Infants and Families with Disabilities	5,211,074
84.393	ARRA – Special Education – Grants for Infants and Families, Recover Act	20,257
	<i>Total Early Intervention Services Cluster</i>	<u>5,231,331</u>
84.185	Byrd Honors Scholarships	765,000
84.186	Safe and Drug-Free Schools and Communities State Grants	2,713,693
84.187	Supported Employment Services for Individuals with Severe Disabilities	485,619
	<i>Education of Homeless Children and Youth:</i>	
84.196	Education for Homeless Children and Youth	989,963
84.387	ARRA – Education for Homeless Children and Youth	630,400
	<i>Total Education of Homeless Children and Youth</i>	<u>1,620,363</u>
84.213	Even Start State Educational Agencies	949,379
84.215	Fund for the Improvement of Education	60,852
84.224	Assistive Technology	505,639
84.235	Rehabilitation Services Demonstration and Training Programs	445,093
84.243	Tech-Prep Education	1,987,838
84.265	Rehabilitation Training State Vocational Rehabilitation Unit in-service Training	103,376
84.282	Charter Schools	2,498,150
84.287	Twenty-First Century Community Learning Centers	18,529,451
84.298	State Grants for Innovative Programs	(1,012)
84.305	Education Research, Development and Dissemination	835,850
	<i>Education Technology State Grant Cluster:</i>	
84.318	Education Technology State Grants	2,029,728
84.386	ARRA – Education Technology State Grants	6,063,060
	<i>Total Education Technology State Grant Cluster</i>	<u>8,092,788</u>
84.323	Special Education – State Personnel Development	1,083,139
84.325	Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	135,935

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
84.327	Special Education Technology and Media Services for Individuals with Disabilities	\$ 31,027
84.330	Advanced Placement Program	395,310
84.331	Grants to States for Incarcerated Youth Offenders	114,120
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	3,857,648
84.350	Transition to Teaching	3,575
84.357	Reading First State Grants	982,950
84.358	Rural Education	28,005
84.358	High School Graduation Initiative	12,843
84.360	English Language Acquisition Grant s	11,638,576
84.366	Mathematics and Science Partnerships	2,443,060
84.367	Improving Teacher Quality State Grants	55,646,481
84.369	Grants for State Assessments and Related Activities	6,889,575
84.371	Striving Readers	55,500
	<i>Statewide Data Systems Cluster:</i>	
84.372	Statewide Data Systems	2,580,506
84.384	ARRA – Statewide Data Systems, Recovery Act	684,533
	<i>Total Statewide Data Systems Cluster</i>	<u>3,265,039</u>
84.374	Teacher Incentive Fund	397,624
	<i>School improvement Grants Cluster:</i>	
84.377	School Improvement Grants	5,385,476
84.388	ARRA – School Improvement Grants, Recovery Act	2,584,742
	<i>Total School improvement Grants Cluster</i>	<u>7,970,218</u>
84.378	College Access Challenge Grant Program	935,133
	<i>State Fiscal Stabilization Fund Cluster:</i>	
84.394	ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	165,947,191
84.397	ARRA – State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act	21,074,527
	<i>Total State Fiscal Stabilization Fund Cluster:</i>	<u>187,021,718</u>
84.395	ARRA – State Fiscal Stabilization Fund (SFSF) – Race-to- the-Top Incentive Grants, Recovery Act	4,837,925
84.410	ARRA – Education Jobs Fund	71,917,440
84.999	Dept of Education – Miscellaneous	731,622
		<u>1,261,584,818</u>
	National Archives and Records Administration:	
89.003	National Historical Publications and Records Grants	<u>4,000</u>
	U.S. Election Assistance Commission:	
90.401	Help America Vote Act Requirements Payments	<u>1,747,415</u>

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
U.S. Department of Health and Human Services:		
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	\$ 79,224
93.041	Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	66,444
93.042	Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	25,725
93.043	Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	341,535
<i>Aging Cluster:</i>		
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	9,271,883
93.045	Special Programs for the Aging Title III, Part Nutrition Services	15,809,860
93.053	Nutrition Services Incentive Program	5,064,457
93.705	ARRA – Aging Home-Delivered Nutrition Services for States	3,467
93.707	ARRA – Aging Congregate Nutrition Services for States	12,586
<i>Total Aging Cluster</i>		<u>30,162,253</u>
93.048	Special Programs for the Aging Title IV and Title II Discretionary Projects	1,005,133
93.051	Alzheimer’s Disease Demonstration Grants to States	76,512
93.052	National Family Caregiver Support	3,376,623
93.069	Public Health Emergency Preparedness	23,435,749
93.070	Environmental Public Health and Emergency Response	409,869
93.071	Medicare Enrollment Assistance Program	327,146
93.087	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	504,291
93.089	Emergency System for Advance Registration of Volunteer Health Professionals	66,793
93.103	Food and Drug Administration Research	1,038,753
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	2,032,854
93.110	Maternal and Child Health Federal Consolidated Programs	734,755
93.913	Grants to States for Operation of Offices of Rural Health	173,278
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	1,920,953
93.917	HIV Care Formula Grants	24,895,167
93.121	Oral Diseases and Disorders Research	489,368
93.127	Emergency Medical Services for Children	139,242
93.130	Primary Care Services Resource Coordination and Development	12,633
93.134	Grants to Increase Organ Donations	5,228
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,585,950
93.137	Community Programs to Improve Minority Health Grant Program	109,307
93.150	Project s for Assistance in Transition from Homelessness (PATH)	1,517,230

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	\$ 754,524
93.165	Grants To States for Loan Repayment Program	166,000
93.184	Disabilities Prevention	268,700
93.187	Undergraduate Scholarship Program for Individuals from Disadvantaged Backgrounds	5,182
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	1,130,571
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	103,719
93.226	Research on Healthcare Costs, Quality and Outcomes	518,695
93.234	Traumatic Brain Injury State Demonstration Grant Program	177,860
93.236	Grants for Dental Public Health Residency Training	468,310
93.240	State Capacity Building	358,208
93.241	State Rural Hospital Flexibility Program	90,576
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	7,776,817
93.251	Universal Newborn Hearing Screening	331,457
93.262	Occupational Safety and Health Program	759,776
	<i>Immunization Cluster:</i>	
93.268	Immunization Grants	71,855,263
93.712	ARRA – Immunization	724,696
	<i>Total Immunization Cluster</i>	<u>72,579,959</u>
93.270	Adult Viral Hepatitis Prevention and Control	72,564
93.275	Substance Abuse and Mental Health Services-Access to Recovery	730,764
93.276	Drug-Free Communities Support Program Grants	73,157
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	15,778,371
93.296	Small Rural Hospital Improvement Grant Program	53,278
93.301	Advanced Education Nursing Traineeships	160,700
93.358	Advanced Education Nursing Traineeships	32,000
93.402	ARRA – State Loan Repayment Program	100,000
93.411	Equipment to Enhance Training for Health Professionals	324,380
93.411	ARRA – Equipment to Enhance Training for Health Professionals	292,522
93.414	ARRA – State Primary Care Offices	56,949
93.500	Pregnancy Assistance Fund Program	92,096
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	105,601
93.507	Strengthening Public Health Infrastructure for Improved Health Outcomes	248,484

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	\$ 544,016
93.512	Affordable Care Act (ACA) Personal and Home Care Aide State Training Program (PHCAST)	101,765
93.518	Affordable Care Act – Medicare Improvements for Patients and Providers	70,329
93.519	Affordable Care Act (ACA) – Consumer Assistance Program Grants	227,757
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	200,833
93.523	The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	89,268
93.551	Abandoned Infants	613,170
93.556	Promoting Safe and Stable Families	5,022,647
	<i>TANF Cluster:</i>	
93.558	Temporary Assistance for Needy Families	376,911,863
93.714	ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	29,198,182
	<i>Total TANF Cluster</i>	<u>406,110,045</u>
93.563	Child Support enforcement	55,965,141
93.563	ARRA – Child Support enforcement	3,115,905
93.564	Child Support enforcement research	129,057
93.566	Refugee and Entrant Assistance State Administered Programs	9,373,483
93.568	Low-Income Home Energy Assistance	188,530,783
	<i>CSBG Cluster:</i>	
93.569	Community Services Block Grant	17,230,731
93.710	ARRA -Community Services Block Grant	9,811,920
	<i>Total CSBG Cluster</i>	<u>27,042,651</u>
	<i>CCDF Cluster:</i>	
93.575	Child Care and Development Block Grant	112,094,904
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	79,480,687
93.713	ARRA – Child Care and Development Block Grant	16,019,704
	<i>Total CCDF Cluster</i>	<u>207,595,295</u>
93.576	Refugee and Entrant Assistance Discretionary Grants	2,104,544
93.583	Refugee and Entrant Assistance Wilson / Fish Program	3,050,066
93.586	State Court improvement Program	1,033,155
93.590	Child Abuse Prevention Activities	563,811
93.597	Grants to States for Access and Visitation Programs	164,019
93.599	Chafee Education and Training Vouchers Program (ETV)	982,824

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
	<i>Head Start Cluster:</i>	
93.600	Head Start	\$ 218,922
93.708	ARRA – Head Start	118,747
	<i>Total Head Start Cluster</i>	<u>337,669</u>
93.617	Voting Access for Individuals with Disabilities Grants to States	255,437
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,444,929
93.643	Children’s Justice Grants to States	216,794
93.645	Child Welfare Services State Grants	4,188,170
93.658	Foster Care Title IV-E	56,446,817
93.658	ARRA – Foster Care Title IV-E	2,513,920
93.659	Adoption Assistance	31,258,797
93.659	ARRA – Adoption Assistance	2,446,464
93.667	Social Services Block Grant	82,199,051
93.669	Child Abuse and Neglect State Grants	641,292
93.671	Family Violence Prevention and Services / Grants for Battered Women’s Shelters Grants to States and Indian Tribes	1,858,966
93.674	Chafee Foster Care Independence Program	3,139,975
93.701	ARRA – Trans-NIH Recovery Act Research Support	515,567
93.717	ARRA – Preventing Healthcare-Associated Infections	753,183
93.723	ARRA – Prevention and Wellness-State, Territories and Pacific Islands	1,914,851
93.724	ARRA – Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	154,275
93.725	ARRA – Communities Putting Prevention to Work: Chronic Disease Self-Management Program	546,767
93.729	ARRA – Health Information Technology and Public Health	247,284
93.767	State Children’s Insurance Program	411,635,019
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	21,452
93.773	Medicare Hospital Insurance	10,614,513
	<i>Medicaid Cluster:</i>	
93.720	ARRA – Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative	106,315
93.775	State Medicaid Fraud Control Units	3,761,818
93.777	State Survey and Certification of Health Care Providers and Suppliers	8,504,701
93.778	Medical Assistance Program	6,758,878,812
93.778	ARRA – Medical Assistance Program	1,244,660,052
	<i>Total Medicaid Cluster</i>	<u>8,015,911,698</u>

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	\$ 1,437,747
93.790	Alternate Non-Emergency Service Providers or Networks	106,923
93.791	Money Follows the Person Rebalancing Demonstration	169,810
93.793	Medicaid Transformation Grants	152,222
93.822	Health Careers Opportunity Program	36,629
93.837	Cardiovascular Diseases Research	140,821
93.888	Specially Selected Health Projects	119,613
93.889	National Bioterrorism Hospital Preparedness Program	9,191,612
93.926	Healthy Start initiative	5,542,007
93.928	Special Projects of National Significance	84,591
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	1,154,074
93.940	HIV Prevention Activities Health Department Based	9,036,273
93.941	HIV Demonstration, Research, Public and Professional Education Projects	840,275
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	425,562
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	342,271
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	182,612
93.958	Block Grants for Community Mental Health Services	7,339,401
93.959	Block Grants for Prevention and Treatment of Substance Abuse	31,491,643
93.977	Preventive Health Services Sexually Transmitted Diseases Control Grants	1,610,744
93.978	Preventive Health Services Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	340,711
93.982	Mental Health Disaster Assistance and Emergency Mental Health	559,378
93.991	Preventive Health and Health Services Block Grant	2,539,313
93.994	Maternal and Child Health Services Block Grant to the States	10,833,692
93.999	Dept of Health and Human Services – Miscellaneous	2,768,045
		<hr/> 9,826,482,658 <hr/>
	Corporation for National and Community Services:	
94.004	Learn and Serve America School and Community Based Programs	<hr/> 765,083 <hr/>
	Social Security Administration:	
96.001	Social Security Disability Insurance	45,023,428
96.008	Social Security Benefits Planning, Assistance, and Outreach Program	252,954

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Federal agency/program or cluster title	Expenditures
96.999	Dept of Health and Human Services – Miscellaneous	\$ 474,800
		<u>45,751,182</u>
	U.S. Department of Homeland Security:	
97.067	Homeland Security Grant Program	19,842,031
97.007	Homeland Security Preparedness Technical Assistance Program	44,660
97.008	Non-Profit Security Program	3,710,883
97.012	Boating Safety Financial Assistance	1,277,134
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	135,917
97.029	Flood Mitigation Assistance	40,017
97.036	Public Assistance Grants	29,726,559
97.039	Hazard Mitigation Grant	1,339,204
97.041	National Dam Safety Program	35,761
97.042	Emergency Management Performance Grants	2,348,941
97.043	State Fire Training Systems Grants	27,379
97.045	Cooperating Technical Partners	71,661
97.047	Pre-Disaster Mitigation	251,302
97.053	Citizen Corps	58,845
97.055	Interoperable Communications Equipment	808,974
97.056	Port Security Grant Program	2,217,547
97.071	Metropolitan Medical Response System	707,427
97.075	Rail and Transit Security Grant Program	11,188,602
97.078	Buffer Zone Protection Plan (BZPP)	1,134,972
97.089	Real ID Program	3,856,352
97.091	Homeland Security Biowatch Program	690,667
97.110	Severe Loss Repetitive Program	86,750
97.111	Regional Catastrophic Preparedness Grant Program (RCPGP)	1,578,022
97.113	Rail and Transit Security Grant Program (ARRA)	409,594
97.116	ARRA – Port Security Grant Program (ARRA)	685,642
		<u>82,274,843</u>
99.999	Federal Reimbursement – Miscellaneous	1,455,071
	Student Financial Assistance Cluster:	
	U.S. Department of Education:	
84.007	Federal Supplemental Educational Opportunity Grants	3,631,542
84.033	Federal Work-Study Program	5,256,399
84.063	Federal Pell Grant Program	199,723,008
84.375	Academic Competitiveness Grants	2,291,509
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	330,305
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	63,563
	Total U.S. Department of Education	<u>211,296,326</u>

COMMONWEALTH OF MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

<u>CFDA number</u>	<u>Federal agency/program or cluster title</u>	<u>Expenditures</u>
	U.S. Department of Health and Human Services:	
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	\$ 91,906
93.364	Nursing Student Loans	433,036
93.407	Scholarships for Disadvantaged Students	<u>60,323</u>
	Total U.S. Department of Health and Human Services	<u>585,265</u>
	<i>Total Student Financial Assistance Cluster</i>	<u>211,881,591</u>
	Total Federal Expenditures	<u>\$ 19,617,228,071</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, 2011

(1) Single Audit Reporting Entity

For purposes of complying with The Single Audit Act of 1984, as amended in 1996, the Commonwealth of Massachusetts (the Commonwealth) reporting entity is defined in note 1 to its June 30, 2011 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 Investment Accounts Managed by the Health Care Security Trust Board, the University of Massachusetts 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, 2011.

(2) Basis of Presentation

The accompanying SEFA is presented on the cash basis of accounting. Prior to fiscal 2011, the Commonwealth prepared its SEFA on a statutory basis of accounting which accrued payroll and federal payables for goods and services received by June 30, to the extent payments are approved. No adjustments have been made to the fiscal 2011 SEFA for any items paid in fiscal 2011 that were accrued and reported as federal disbursements in the prior year.

The SEFA is drawn primarily from the Massachusetts Management Accounting and Reporting System (MMARS), the centralized accounting system and includes certain federal programs administered by the Commonwealth's public institutions of higher education, except for the University of Massachusetts which issues its own OMB Circular A-133 Report. The higher education institutions and responsible administrative departments maintain the detail of such program activity.

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

(3) Matching Costs

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

(4) Relationship to Federal Financial Reports

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

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

(5) Social Security Disability Insurance Program

The Massachusetts Rehabilitation Commission operates the Social Security-Disability Insurance Program (CFDA 96.001) and the Supplemental Security Income Disability Program (CFDA 96.006) under a single state appropriation and departmental program account. On an operating basis, expenditures are allocated between the programs based on medical expenses incurred; personnel and overhead costs are determined by the Social Security Central Office. For the fiscal year ended June 30, 2011 expenditures of \$21,310,544 were attributed to the Supplemental Security Income Disability Program.

(6) Noncash Awards

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

CFDA number	Program title	Noncash awards
10.551	Supplemental Nutrition Assistance Program	\$ 1,268,049,196
10.555	National School Lunch Program	16,875,525
10.558	Child and Adult Care Food Program	222,949
10.559	Summer Food Service Program for Children	51,449
93.268	Immunization Grants	66,149,738
	Total	<u>\$ 1,351,348,857</u>

Commodity inventories for the Food Donation Program at June 30, 2011 totaled approximately \$3,737,000.

(7) Federal Family Education (FFEL) and Federal Direct Student Loans (FDL)

The Schedule does not include FFEL (CFDA 84.032) or FDL (CFDA 84.268) which are made directly to individual students. For Massachusetts residents, FFEL loans are guaranteed by the American Student Assistance Corporation, which is not part of the reporting entity of the Commonwealth. FDL loans are made directly by the U.S. Department of Education. FFEL loans made to students enrolled in the Commonwealth's public institutions of higher education, excluding the University of Massachusetts, during fiscal year 2011 totaled \$46,213,412 and FDL Loans totaled \$155,397,570.

(8) Federal Perkins Loan Program

The Federal Perkins Loan Program (CFDA 84.038) is administered by the Commonwealth's public institutions of higher education. Fiscal year 2011 activity, excluding the University of Massachusetts, included loan repayments of \$1,386,135 and loan funds disbursed of \$1,127,198. Loans outstanding at June 30, 2011 totaled \$13,032,420.

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

(9) Unemployment Insurance Program (UI) CFDA 17.225

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

Commonwealth UI Funds – Benefits	\$ 1,088,170,642
Federal UI Funds – Benefits	3,452,206,936
Federal UI Funds – ARRA	156,656,006
Federal UI Funds – Administration	<u>81,191,667</u>
Total expenditures	<u>\$ 4,778,225,251</u>

(10) ARRA Expenditures Under the Supplemental Nutrition Assistance Program

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under Section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by the Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in the participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 16.55 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2011.

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

(11) Subrecipients

In OMB Circular A-133 § __.105 subrecipients are defined as nonfederal entities that expend federal awards received from a pass through entity to carry out a federal program, but do not benefit from that program. Negative amounts represent refunds of prior year expenditures or refunds of unspent federal awards. In fiscal year 2011, the Commonwealth passed through the following amounts to subrecipients:

CFDA number	Program title	Expenditures
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 134,890
10.156	Federal-State Marketing Improvement Program	366,554
10.307	Organic Agriculture Research and Extension Initiative	40,181
10.551	Food Stamps	300,029
10.553	School Breakfast Program	36,376,231
10.555	National School Lunch Program	137,814,737
10.556	Special Milk Program for Children	337,995
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	75,568,390
10.558	Child and Adult Care Food Program	54,789,850
10.559	Summer Food Service Program for Children	7,026,674
10.561	State Administrative Matching Grants for Food Stamp Program	786,968
10.568	Emergency Food Assistance Program administrative costs	1,980,878
10.579	Child Nutrition Discretionary Grants Limited Availability	162,380
10.582	Fresh Fruit and Vegetable Program	2,285,829
10.664	Cooperative Forestry Assistance	292,263
10.676	Forest Legacy Program	10,377
10.678	Forest Stewardship Program	22,549
10.688	Recovery Act of 2009: Wildland Fire Management	312,612
10.913	Farm and Ranch Lands Protection Program	2,387,226
11.419	Coastal Zone Management Administration Awards	82,000
11.420	Coastal Zone Management Estuarine Research Reserves	64,001
11.452	Unallied Industry Projects	85,271
11.454	Unallied Management Projects	5,001
11.472	Unallied Science Program	621,436
11.555	Public Safety Interoperable Communications Grant Program	10,000
14.182	Section 8 New Construction Program	5,053,201
14.228	Community Development Block Grants / State's Program	46,940,772
14.231	Emergency Shelter Grants Program	2,579,531
14.235	Supportive Housing Program	7,396,570
14.238	Shelter Plus Care	548,063
14.239	HOME Investment Partnerships Program	15,713,711
14.255	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	6,828,292
14.257	Homelessness Prevention and Rapid Re-Housing Program	12,380,933

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Program title	Expenditures
14.258	Tax Credit Assistance Program	\$ 35,486,907
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	18,298,352
14.871	Section 8 Housing Choice Vouchers	1,022,096
14.881	Moving to Work Demonstration Program	216,445,111
14.907	Lead-Based Paint Hazard Control in Privately Owned Housing	1,105,291
15.614	Coastal Wetlands Planning, Protection and Restoration Act	851,134
15.622	Sportfishing and Boating Safety Act	668,668
15.631	Partners for Fish and Wildlife	9,923
15.904	Historic Preservation Fund Grants-In-Aid	149,000
15.916	Outdoor Recreation Acquisition, Development and Planning	101,756
15.923	Hydropower Recreation Assistance	11,686
15.926	American Battlefield Protection	26,068
16.017	Sexual Assault Services Formula Program	268,266
16.393	Residential Substance Abuse Treatment For State Prisoners	47,752
16.540	Juvenile Justice and Delinquency Prevention Allocation to States	551,064
16.544	Youth Gang Prevention	192,947
16.575	Crime Victim Assistance	5,961,288
16.588	Violence Against Women Formula Grants	2,333,248
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	139,414
16.595	Community Capacity Development Office	54,762
16.609	Community Prosecution and Project Safe Neighborhoods	51,727
16.610	Regional Information Sharing Systems	4,567,320
16.726	Juvenile Mentoring Program	110,154
16.727	Enforcing Underage Drinking Laws Program	296,745
16.738	Edward Byrne Memorial Justice Assistance Grant Program	1,093,552
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	66,525
16.744	Anti-Gang Initiative	3,000
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	90,685
16.753	Congressionally Recommended Awards	47,334
16.800	Internet Crimes against Children Task Force Program (ICAC)	19,883
16.801	State Victim Assistance Formula Grant Program	90,407
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	5,041,323
16.804	Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	314,551
16.812	Second Chance Act Prisoner Reentry Initiative	56,926
17.207	Employment Service	6,626,320
17.225	Unemployment insurance	2,066,452

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Program title	Expenditures
17.235	Senior Community Service Employment Program	\$ 3,304,112
17.245	Trade Adjustment Assistance Workers	451,479
17.258	WIA Adult Program	14,629,935
17.259	WIA Youth Activities	23,080,895
17.260	WIA Dislocated Workers	23,966,009
17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	2,118,601
17.277	Workforce Investment Act (WIA) National Emergency Grants	2,238,064
17.278	WIA Dislocated Worker Formula Grants	6,529,853
17.801	Disabled Veterans' Outreach Program (DVOP)	87,889
17.804	Local Veterans' Employment representative Program	128,160
17.805	Homeless Veterans Reintegration Project	843,756
20.205	Highway Planning and Construction	75,459,185
20.219	Recreational Trails Program	701,725
20.234	Safety Data Improvement Program	107,545
20.505	Federal Transit Metropolitan Planning Grants	3,096,697
20.509	Formula Grants for Other Than Urbanized Areas	12,309,892
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	35,532
20.516	Job Access Reverse Commute	817,064
20.521	New Freedom Program	675,585
20.600	State and Community Highway Safety	1,488,238
20.614	Safety Incentive Grants for Use of Seatbelts	180,806
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	47,596
45.025	Promotion of the Arts Partnership Agreements	981,850
45.310	State Library Program	1,304,594
47.082	Trans-NSF Recovery Act Research Support	154,097
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	47,383
66.040	State Clean Diesel Grant Program	1,598,373
66.432	State Underground Water Source Protection	796
66.439	Targeted Watershed Grants	17,871
66.454	Water Quality Management Planning	516,923
66.456	National Estuary Program	240,818
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	39,519
66.474	Water Protection Grants to the States	602
66.608	Environmental Information Exchange Network Grant Program	247,636
66.808	Solid Waste Management Assistance Grants	2,871
66.817	State and Tribal Response Program Grants	87,081
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	1,444

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Program title	Expenditures
81.041	State Energy Program	\$ 10,372,341
81.042	Weatherization Assistance for Low-Income Persons	49,496,341
81.119	State Energy Program Special Projects	162,288
81.127	Energy Efficient Appliance Rebate Program (EEARP)	6,235
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)	5,054,706
84.002	Adult education State Grant Program	7,398,192
84.010	Title I Grants to Local Educational Agencies	219,973,606
84.011	Migrant education State Grant Program	1,937,220
84.013	Title I Program for Neglected and Delinquent Children	1,093,175
84.027	Special Education Grants to States	246,231,336
84.048	Vocational Education Basic Grants to States	16,799,088
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	5,489,980
84.132	Centers for Independent Living	1,507,365
84.144	Migrant Education Coordination Program	55,290
84.173	Special Education Preschool Grants	8,349,136
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	37,574
84.181	Special Education Grants for Infants and Families with Disabilities	2,209,566
84.185	Byrd Honors Scholarships	765,000
84.186	Safe and Drug-Free Schools and Communities State Grants	2,342,878
84.187	Supported Employment Services for Individuals with Severe Disabilities	144,534
84.196	Education for Homeless Children and Youth	736,643
84.213	Even Start State Educational Agencies	865,220
84.224	Assistive Technology	324,176
84.235	Rehabilitation Services Demonstration and Training Programs	48,175
84.243	Tech-Prep Education	1,586,147
84.282	Charter Schools	2,386,416
84.287	Twenty-First Century Community Learning Centers	17,727,700
84.318	Education Technology State Grants	1,652,461
84.330	Advanced Placement Program	395,310
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	2,984,643
84.357	Reading First State Grants	551,218
84.358	Rural Education	25,532
84.365	English Language Acquisition Grants	10,718,562
84.366	Mathematics and Science Partnerships	2,168,726
84.367	Improving Teacher Quality State Grants	50,989,361
84.372	Statewide Data Systems	451,991

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Program title	Expenditures
84.374	Teacher Incentive Fund	\$ 308,965
84.377	School Improvement Grants	4,131,348
84.378	College Access Challenge Grant Program	700,000
84.386	Education Technology State Grants,	6,002,637
84.387	Education for Homeless Children and Youth	627,732
84.388	School Improvement Grants, Recovery Act	2,386,045
84.389	Title I Grants to Local Educational Agencies, Recovery Act	86,638,158
84.391	Special Education Grants to States, Recovery Act	148,128,175
84.392	Special Education – Preschool Grants	4,899,566
84.393	Special Education – Grants for Infants and Families, Recover Act	3,113
84.394	State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	81,461,657
84.395	array – State Fiscal Stabilization Fund (SFSF) – Race-to-the- Top Incentive Grants, Recovery Act	3,383,942
84.397	State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act	18,589,832
84.399	Independent Living Services for Older Individuals Who are Blind, Recovery Act	151,961
84.400	Centers for Independent Living, Recovery Act.	645,567
84.410	Education Jobs Fund	69,481,080
93.041	Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	19,044
93.043	Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	341,535
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	8,241,763
93.045	Special Programs for the Aging Title III, Part Nutrition Services	15,809,860
93.048	Special Programs for the Aging Title IV and Title II Discretionary Projects	700,973
93.051	Alzheimer’s Disease Demonstration Grants to States	76,512
93.052	National Family Caregiver Support	3,280,997
93.053	Nutrition Services Incentive Program	3,810,242
93.069	Public Health Emergency Preparedness	4,955,493
93.070	Environmental Public Health and Emergency Response	94,791
93.071	Medicare Enrollment Assistance Program	327,146
93.087	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	402,791
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,280,300
93.110	Maternal and Child Health Federal Consolidated Programs	6,056

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Program title	Expenditures
93.127	Emergency Medical Services for Children	\$ 188
93.136	Injury Prevention and Control Research and State and Community Based Programs	557,436
93.137	Community Programs to Improve Minority Health Grant Program	11,900
93.150	Project s for Assistance in Transition from Homelessness (PATH)	1,515,760
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	492,011
93.165	Grants T o States for Loan Repayment Program	166,000
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	273,979
93.234	Traumatic Brain Injury State Demonstration Grant Program	61,512
93.236	Grants for Dental Public Health Residency Training	80,132
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	3,204,748
93.268	Immunization Grants	109,357
93.276	Drug-Free Communities Support Program Grants	3,595
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	2,018,034
93.301	Small Rural Hospital Improvement Grant Program	160,700
93.402	ARRA – State Loan Repayment Program	100,000
93.500	Pregnancy Assistance Fund Program	78,001
93.507	Strengthening Public Health Infrastructure for Improved Health Outcomes	138,200
93.518	Affordable Care Act – Medicare Improvements for Patients and Providers	70,329
93.551	Abandoned Infants	416,641
93.556	Promoting Safe and Stable Families	3,333,343
93.566	Refugee and Entrant Assistance State Administered Programs	5,578,169
93.568	Low-Income Home Energy Assistance	186,761,479
93.569	Community Services Block Grant	16,560,282
93.576	Refugee and Entrant Assistance Discretionary Grants	1,195,289
93.583	Refugee and Entrant Assistance Wilson / Fish Program	628,434
93.590	Child Abuse Prevention Activities	520,744
93.630	Developmental Disabilities Basic Support and Advocacy Grants	427,371
93.643	Children’s Justice Grants to States	31,494
93.645	Child Welfare Services State Grants	872,581
93.669	Child Abuse and Neglect State Grants	113,091
93.671	Family Violence Prevention and Services / Grants for Battered Women’s Shelters Grants to States and Indian Tribes	1,356,656

COMMONWEALTH OF MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

CFDA number	Program title	Expenditures
93.674	Chafee Foster Care Independence Program	\$ 25,220
93.701	Trans-NIH Recovery Act Research Support	358,277
93.705	Aging Home-Delivered Nutrition Services for States	876
93.707	Aging Congregate Nutrition Services for States	7,323
93.710	Community Services Block Grant	9,562,694
93.712	Immunization	67,413
93.713	Child Care and Development Block Grant	14,958,256
93.723	ARRA – Prevention and Wellness-State, Territories and Pacific Islands	15,625
93.725	ARRA – Communities Putting Prevention to Work: Chronic Disease Self-Management Program	431,033
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,261,236
93.790	Alternate Non-Emergency Service Providers or Networks	100,000
93.889	National Bioterrorism Hospital Preparedness Program	5,951,982
93.917	HIV Care Formula Grants	5,589,903
93.940	HIV Prevention Activities Health Department Based	4,021,761
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	425,562
93.958	Block Grants for Community Mental Health Services	7,103,347
93.959	Block Grants for Prevention and Treatment of Substance Abuse	17,092,657
93.978	Preventive Health Services Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	19,852
93.991	Preventive Health and Health Services Block Grant	586,309
93.994	Maternal and Child Health Services Block Grant to the States	1,476,491
94.004	Learn and Serve America School and Community Based Programs	604,571
97.008	Non-Profit Security Program	2,790,136
97.029	Flood Mitigation Assistance	40,000
97.036	Public Assistance Grants	18,615,814
97.039	Hazard Mitigation Grant	1,254,024
97.042	Emergency Management Performance Grants	77,404
97.047	Pre-Disaster Mitigation	243,874
97.053	Citizen Corps	57,455
97.056	Port Security Grant Program	2,060,367
97.067	Homeland Security Grant Program	15,815,283
97.071	Metropolitan Medical Response System	707,427
97.075	Rail and Transit Security Grant Program	10,916,359
97.078	Buffer Zone Protection Plan (BZPP)	1,030,990
97.110	Severe Loss Repetitive Program	86,617
97.111	Regional Catastrophic Preparedness Grant Program (RCPGP)	1,577,231

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified
Internal control over financial reporting:
• Material weakness(es) identified?
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?
Noncompliance material to the financial statements noted?

Federal Awards

Internal control over major programs:
• Material weakness(es) identified?
• Significant deficiency(ies) identified that are not considered to be material weaknesses?
Type of auditors' report issued on compliance for major programs: Unqualified except for:

Qualified Opinion

SNAP Cluster (10.551 and 10.561)
Vocational Rehabilitation Cluster (84.126 and 84.390)
Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 93.364, 93.407 and 93.925)

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

Identification of Major Programs

U.S. Department of Agriculture

- SNAP Cluster (10.551 and 10.561)
• Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)
• Child and Adult Care Food Program (10.558)

U.S. Department of Defense

- National Guard Military Operations and Maintenance (O & M) Projects (12.401)

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

U.S. Department of Housing and Urban Development

- CDBG Cluster (14.228 and 14.255)
- Tax Credit Assistance Program (14.258)
- Moving to Work Demonstration Program (14.881)

U.S. Department of Labor

- Unemployment Insurance (17.225)
- WIA Cluster (17.258, 17.259, 17.260, 17.277 and 17.278)

U.S. Department of Transportation

- Highway Planning and Construction Cluster (20.205 and 20.219)

U.S. Department of Energy

- Weatherization for Low-Income Persons (81.042)

U.S. Department of Education

- Title I, Part A Cluster (84.010 and 84.389)
- Special Education Cluster (84.027, 84.173, 84.391 and 84.392)
- Career and Technical Education – Basic Grants to States (84.048)
- Vocational Rehabilitation Cluster (84.126 and 84.390)
- Improving Teacher Quality State Grants (84.367)
- State Fiscal Stabilization Fund (SFSF) Cluster (84.394 and 84.397)
- Education Jobs Fund (84.410)
- Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 93.364, 93.407 and 93.925)

U.S. Department of Health and Human Services

- Aging Cluster (93.044, 93.045, 93.053, 93.705 and 93.707)
- Immunization Cluster (93.268 and 93.712)
- TANF Cluster (93.558 and 93.714)
- Child Support Enforcement (93.563)
- Low-Income Home Energy Assistance (93.568)
- Child Care Development Fund Cluster (93.575, 93.596, and 93.713)
- Foster Care – Title IV-E (93.658)
- Adoption Assistance (93.659)

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- Social Services Block Grant (93.667)
- State Children’s Insurance Program (93.767)
- Medicaid Cluster (93.720, 93.775, 93.777 and 93.778)
- Block Grants for Preventive and Treatment of Substance Abuse (93.959)

Social Security Administration

- Social Security – Disability Insurance (96.001)

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

\$30 million

Auditee qualified as low-risk auditee?

_____ yes x no

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

See accompanying pages 37 through 44.

(3) Findings and Questioned Costs Relating to Federal Awards

See accompanying pages 45 through 124.

**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, 2011

Office of the Comptroller

Timeliness of Closing Process

Finding Reference: 2011-01

Observation

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

Currently, the closing process is such that complete and accurate fund trial balances are not available until just prior to the established deadlines which increases the risk of errors or omissions in its published financial results. At a minimum, the closing process should be completed such that the independent auditor would have at least two weeks to review both the SBFR and CAFR before they are issued.

There are many factors that contribute to the timing of the financial reporting process, including enactment of the final supplemental appropriations bill just before the deadline date for the SBFR. That coupled with the complexity of both the SBFR and the CAFR only magnify the importance of proper planning and coordination of the process.

Recommendation

The Comptroller's staff should continue to review the current organizational structure, including roles and responsibilities, to ensure that there is an appropriate balance of responsibilities and an appropriate level of skills in the respective functions of the Comptroller's office to expedite the completion of financial reporting. We continue to suggest that consideration be given as to whether a hard close of the Commonwealth's financial records takes place at interim dates throughout the year such that certain account balances, capital assets for example, are not reconciled on just an annual basis. While it may not be practical to perform a hard close on an entity wide basis, there are many accounts within the control of the Comptroller's office for which an interim hard close would facilitate the closing process at year-end. As part of the process described above, management should assess the timelines provided to departments for completion of GAAP packages and period 13 reporting to see if those timelines can be accelerated. Finally, the documentation to support certain account balances is made up of different reports that must be combined to arrive at the balances reported in the Commonwealth's financial statements. The audit trails related to these balances are often not clear and require a significant commitment of time to tie out and to support explanations during the audit process. Management should consider ways to provide better analysis and documentation for these respective balances which will better facilitate the audit process.

Views of Responsible Officials and Corrective Actions

The Comptroller will encourage the Administration and Legislature to enact the final supplemental appropriations bill as soon as possible after June 30th, to assist in a timely closing process.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

The closing process includes system assurance and review of financial information when using the data in MMARS as the base to produce the financial statements. This is a slow and time-consuming process as we have to make sure that all the departments agree to any correcting entries / adjustments. The Comptroller's Office will continue to look for efficiencies in this process.

Responsible Official: Howard Merkowitz, Deputy Comptroller, Office of the Comptroller
Julia Burns, Director, General Accounting Bureau
B.J. Trivedi, Director, Financial Analysis and Reporting Bureau

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Office of the Comptroller

Reporting of the Commonwealth's Fiduciary Funds

Finding Reference: 2011-02

Observation

During the preparation of the fiscal 2011 CAFR, the Commonwealth identified significant adjustments in the prior period reporting of its fiduciary funds. The majority of these adjustments were related to the allocation of external investment Trust Fund net assets between Commonwealth and non-Commonwealth entities. (It should be noted that total net assets were not affected by these adjustments and were correct.)

The adjustments were not discovered until days prior to the release of the CAFR and are likely due to legacy issues dating back several years if not longer.

Recommendations

- For the pension trust funds (State Employees' and Teachers' PERS), we recommend that the Office of the Comptroller (CTR) reconcile its books and records with those of the separately maintained books and records of the State Employees' and Teachers' retirement systems on a monthly basis. The Commonwealth may also consider requiring a separate audit of its pension trust funds which would provide an independent source of information for the CAFR reporting process.
- For the external investment trusts (MMDT and PRIT), we recommend that CTR reconcile its books and records to the separately issued MMDT and PRIT audited financial statements on an annual basis to properly identify and report the amount of net assets held by these external investment pools for entities not otherwise included in the Commonwealth's CAFR. The amount of net assets held by such entities is required by generally accepted governmental accounting standards to be reported in the Commonwealth's external investment trusts.

Views of Responsible Officials and Corrective Actions

The Comptroller's Office agrees with these recommendations. We plan to meet with the Investment Trust staff to review our reporting needs. We plan to obtain the information – a detailed breakdown of internal and external investment components as of March 31st and June 30th, 2012 in order to ensure that MMAARS and the financial statements reflect proper balances

Responsible Official: B.J. Trivedi, Director, Financial Reporting and Analysis Bureau

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Office of the Comptroller

Fixed Asset Additions and Disposals

Finding Reference: 2011-03

Observation

During fiscal 2011 the Commonwealth identified approximately \$40.8 million in previously unrecognized assets and approximately \$231 million in disposals which had not previously been identified in the appropriate fiscal year. These adjustments highlight the need for continued monitoring and training on the identification of capital assets at the Commonwealth.

Similar to the identification of capital additions, individual departments are responsible for the proper identification of asset transfers and disposals. The Comptroller has issued policies to assist departments in the proper identification of eligible expenditures and in the proper classification of assets for financial reporting purposes. Periodically, capital assets may be transferred between departments. These transfers do not give rise to a new capital asset but rather the property records should be updated to reflect the current location and condition of the asset. In connection with our audit, we noted that certain construction projects are managed by Commonwealth departments such as DCAM and are subsequently transferred to departments such as UMASS. These transfers should be identified and recorded accordingly at the time the asset is transferred.

Recommendation

We recommend that the Commonwealth consider the need for more comprehensive training at the departmental level and a more comprehensive management review process in the Office of the Comptroller to ensure that items which are charged to capital expenditure accounts during a given fiscal year have been considered for capitalization under the Commonwealth's policies and procedures and that items recognized as additions meet the definitions set forth by the Comptroller.

Views of Responsible Officials and Corrective Actions

We have implemented these recommendations and believe that the capital asset additions and disposals stem from our on-going effort to have departments review and update capital asset information reported on MMARS. Two major departments – the Division of Capital Planning (DCP) and the Division of Conservation and Recreation (DCR) – hold the majority of the Commonwealth's capital assets. These two departments are going through a lengthy process of reviewing and updating their Capital Asset Inventory. DCR was responsible for approximately \$35 million of the \$40.8 million in previously unrecognized assets added in FY 2011. DCP was responsible for \$222 million of the \$231 million in capital asset disposals from prior years. We believe this is part of our continuing effort to have departments review and certify their capital asset inventory to ensure proper balances are reported in MMARS.

Responsible Official: BJ Trivedi, Financial Reporting and Analysis Bureau Director, Office of the Comptroller

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Group Insurance Commission

Post-Employment Benefits Accrual

Finding Reference: 2011-04

Observation

The Group Insurance Commission (GIC) provides health insurance and other benefits to state and certain authority employees, retirees, and their survivors and dependents. The GIC also provides health-only benefits to participating municipalities. Non-Commonwealth entities benefit from being part of a larger risk pool, yet remain individually responsible for the premiums associated with their own members.

GIC contracts with several third-party administrators (TPAs) to process claims and provide claim information that is summarized into GIC's Magic reporting system. The Magic system serves as the source data used by the Commonwealth's outside actuary to estimate both Commonwealth and non-Commonwealth entities' Other Post-Employment Benefit (OPEB) obligations.

For financial reporting purposes, the Commonwealth needs information in order to apportion the liability between the Commonwealth and non-Commonwealth participating employers on an individual claim basis. The Magic system currently does not provide such information. Consequently, certain assumptions are developed to provide a reasonable break down of the OPEB obligation for financial reporting purposes.

Recommendation

We recommend GIC evaluate whether the Magic system is adequate to support its current and future operating and financial reporting needs.

Views of Responsible Officials and Corrective Actions

The GIC staff is in the process of working with its vendors to switch to reporting state OPEB obligations based on the claims of the individuals who are the state's OPEB liability. However, there are a number of obstacles to making not only changes in our MAGIC system, but more broadly, changing our vendors' (eight vendors offer our members a total of 17 health plan options) financial reporting and changing our financial reporting to match. These obstacles include delays created by the need to divert staff resources to implementing new groups including county sheriffs, MassDOT, and the well-over-a-dozen new municipalities that have joined the GIC in the past year that have forced the postponement of this project."

Responsible Official: Catherine Moore, Budget Director, Group Insurance Commission

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Executive Office of Health and Human Services

Access Privileges

Finding Reference: 2011-05

Observation

The EOHHS Security Request Process requires an annual access review of all applications containing Personally Identifiable Information or of additional applications as specified by Management.

We were informed that a review of NewMMIS users was not performed in FY 2011.

The lack of formal user access reviews for applications increases the risk that active user accounts belonging to terminated employees may not be disabled for a prolonged period of time. In addition, inappropriate employee access privileges may not be detected and modified in a timely manner.

Recommendation

EOHHS should perform a periodic review of end user NewMMIS application access privileges to ensure that only authorized personnel have system access based on their job responsibility. IT Administrators should perform follow-up procedures to perform corrective action for identified deviations.

Views of Responsible Officials and Corrective Actions

During FY11 Security Operations prepared Access Reviews for all of MassHealth (MH). This includes MH Operations, Office of Acute and Ambulatory Care, Office of Clinical Affairs and Behavioral Health. There remain outstanding questions for MH Operations in regard to the following units: Change Management, Customer Support, operations Support and have not received a completed access review from the COO of Training Communications. Corrective action will continue until EOHHS is fully in compliance.

Responsible Official: Walter Johnson, Director, IT Operations, EOHHS

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Information Technology Division

Change Management – Commonwealth Information Warehouse

Finding Reference: 2011-06

Observation

The Commonwealth Information Warehouse (CIW) is comprised of two applications: Informatica and Netezza. We noted that developers had access to Netezza to perform changes. Further, we were informed that the current version of Netezza does not have sufficient auditing ability to generate an activity report that will allow ITD to implement a monitoring control.

Developers with access to the production environments may circumvent change management controls such as testing and approval. As a result, developer access to the production environments increases the risk that unauthorized changes are performed to programs, parameters and data.

Recommendations

- Due to limited IT resources, consider granting developer access on as-needed basis, i.e. only give production access when required and when supported by documented approvals. Apply monitoring controls when temporary access is granted.
- Proactively monitor developer activities in the production environment. This should include monitoring activities performed at all levels of access (server, applications, consoles, databases, etc.). The logs should be reviewed and signed-off by management on a periodic basis. The review should be documented and retained. Monitoring controls are only effective if they are pro-actively reviewed to mitigate the specific risk posed by this access. Care needs to be taken to ensure those being monitored cannot modify the transactions/activities being tracked and monitored.

Views of Responsible Officials and Corrective Actions

Informatica:

This is a mission critical system; 24 x 7 support is essential and coverage is provided via an on-call rotation. Each person participating in this on-call rotation requires administrative rights allowing them to create, drop views, link tables, etc. in order to provide the required support. In response to this finding, each developer was issued a named account but only those who participate in the on-call rotation have access to the production database; all others can only access the development environment. Management now generates an unscheduled, periodic Informatica report listing what named ID performed changes on the database via Informatica, what those changes were and the computer name/IP address the command was issued from.

Netezza:

There remains no systemic auditing capability on the Netezza appliance. As mentioned in the KPMG response, this was supposed to be addressed in Netezza's 4.5 release (which we upgraded to in August 2009); however the capability was further delayed until release 4.6.5. Due to the very high risk of compatibility issues between the 4.6.5 release and our ETL software (Informatica release 8.1), we are unable to upgrade at this time and are reviewing possible options.

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While these options are being reviewed, we have initiated several internal controls:

- Weekly management review of the Informatica audit report listed above
- Initiation of separation of duties and named accounts
- Formalized and documented internal technical walkthroughs on the changes being made
- Development team approval of the approach being taken as well as management approval before any changes can be migrated to the SPT environment for testing and, from there, secondary management approval before it can be migrated from SPT to the production environment.

Responsible Official: Maureen Chew, Chief Application Officer, ITD
Lou Angeloni, Chief Financial Officer, ITD

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

COMMONWEALTH OF MASSACHUSETTS

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Year ended June 30, 2011

Department of Transitional Assistance

Supplemental Nutritional Assistance Program (SNAP) (10.551)

Federal Award Number: 4MA400402 **Award Year:** 2011

U.S. Department of Agriculture

Finding Reference: 2011-07

Requirement

The State is required to maintain adequate security over, and documentation/records for, EBT cards (7 CFR Section 274.12(h)(3)), to prevent their: theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR Sections 274.7(b) and 274.11(c)).

Finding

We selected 3 Temporary Assistance Office (TAO) locations to review the local offices' EBT card issuance signature sheets, which are used to document both the SNAP recipient and a TAO clerk's signature as an acknowledgement of the issuance and receipt of the EBT card.

During our visit to the Framingham TAO office, the TAO staff was unable to locate and provide the EBT card issuance signature sheets for the time period July 1, 2010 to January 31, 2011.

Recommendation

We recommend the Department of Transitional Assistance institute controls over safeguarding and maintaining EBT card issuance signature sheets as a record and authorization for who distributed and received EBT cards. These signature sheets are also necessary in assuring a proper inventory of EBT cards is maintained.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

The Department agrees with this finding.

The documentation issue has been addressed via a December 20, 2011 update to the DTA Benefit issuance Unit *Card Issuance System (CIS) Security and Handling Procedures* which now states (update in bold):

EBT CARD SIGNATURE SHEETS (EBT-15)

When an applicant or client receives a new or replacement EBT card and/or a PIN, an EBT Card Signature Sheet must be completed by the client or the applicant (Attachment E). The EBT Card Signature Sheet includes a "Print Name" section. It is important that a legible entry be made in this column for each card/PIN issuance. All other sections of the signature sheet must be completed.

The EBT Card Signature Sheets must be retained in the TAO for three (3) years.

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Additional Department corrective actions include:

Management will review compliance with Transitional Assistance Office EBT issuance internal controls to ensure that the EBT Card Log, as well as all other logs, are safeguarded and maintained in a secure manner. This action will be part of the daily and weekly required reconciliation process.

During the annual EBT review, the Department will confirm and document that the three EBT specific logs are retained in a safe and secure area as certified by the local office manager during daily and weekly reconciliations; and

The Department will provide training to new staff regarding the security requirements of the EBT logs (curriculum updated January 2012).

Contact: Bruce Goodro, Acting Assistant Commissioner of Program Integrity

Implementation Date: January 9, 2012

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Transitional Assistance

Supplemental Nutrition Assistance Program (SNAP) (10.551)

Federal Award Number: 4MA400402 **Award Year:** 2011

U.S. Department of Agriculture

Finding Reference: 2011-08

Requirement

No household may participate beyond the expiration of the certification period assigned in accordance with 7 C.F.R. §273.10(f) without a determination of eligibility for a new period. The State agency must establish procedures for notifying households of expiration dates, providing application forms, scheduling interviews, and recertifying eligible households prior to the expiration of certification periods. Households must apply for recertification and comply with interview and verification requirements (7 C.F.R. 273.14a).

Finding

We selected a sample of 40 individuals who received SNAP benefits during the State Fiscal Year 2011 to test that the Department of Transitional Assistance (DTA) cuts off households from receiving SNAP benefits after the expiration of the eligibility period unless the household was recertified. For 10 out of the 40 individuals tested, the households received ineligible SNAP benefits after the eligibility period had ended but before the household was recertified and approved for their next eligibility period.

Per discussion with program personnel and review of federal reports, DTA was notified by the U.S. Department of Agriculture (USDA) that DTA was knowingly not in compliance with 7 C.F.R. 273.14 which requires timely approvals for households that timely file for recertification if they are found to still be eligible to receive benefits. DTA failed to recertify cases in a timely manner because of a significant increase in volume which resulted in a backlog of recertifications. Consequently, DTA suspended its eligibility control when a recertification form was initiated in the system but not completed. This resulted in SNAP payments to ineligible households. DTA has provided the USDA an estimate that \$21 million in over issuances and \$5 million in under issuances had occurred from June 2009 through March 31, 2011.

Recommendation

DTA should ensure that recertifications are completed on a timely basis and that the control whereby the eligibility system automatically cuts off households from receiving SNAP benefits after the expiration of an eligibility period, unless they are recertified, is in place and working effectively.

Questioned Costs

\$13,392 (Based on the sample tested)

Views of Responsible Officials and Corrective Actions

The Department of Transitional Assistance agrees with this finding. The Department completed the required corrective action in March of 2011.

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The SNAP caseload has increased by more than 332% since the beginning of FY02 while total Department staffing levels decreased by almost 35% in that same time period. Within the last year alone, the SNAP caseload has increased by more than 48,000 individuals (nearly 32,000 households), or 7%, and is projected to continue to grow. Currently, more than 833,000 individuals – or about 1 in 8 residents of Massachusetts – now receive SNAP. According to figures recently released by USDA, Massachusetts has the 8th highest rate of participation in the SNAP program in the country, and the 6th fastest rate of participation increase of any state.

USDA requires that all SNAP applications be processed within seven (for expedited benefits) to 30 days. When one is determined eligible for SNAP, a “certification period” is established for a maximum duration of 24 months, depending on the circumstances of the household. Before their certification period ends, the client must submit a certification form to the Department, along with any necessary verifications, as well as participate in an in-person or telephonic interview with a Department caseworker. If, after all these actions are taken, it is determined that the household continues to be SNAP-eligible, a new certification period is established. USDA requires this processing to occur before the end of the original certification period, to prevent households from receiving benefits after their certification period expires. Prior to June 2009, in compliance with USDA rules, the Department automatically terminated SNAP benefits at the end of the certification period.

During the period of explosive SNAP caseload growth, the Department was able to keep up with its application timeliness requirements but had difficulties in completing all the required steps of SNAP recertification processing prior to the end of clients’ certification periods. As a result, clients who had submitted the necessary recertification documents were in jeopardy of losing SNAP benefits through no fault of their own. Given the Department’s core mission-to assist low-income individuals and families to meet their basic needs-the Department decided to take the short-term action to stop the automatic closure of SNAP cases for those who had submitted their paperwork, but whose certification periods expired before the Department was able to complete the recertification process. The goal was to ensure no clients who were complying with the rules were harmed. The Department intended to reinstate the automatic closure process as soon as the recertification backlog was eliminated.

After suspending the automatic case closures in June 2009, the caseload continued its rapid growth, due, in part, to the effects of the economic recession. During this period, the Department prioritized the processing of the large volume of new SNAP applications. Despite its best efforts, including the implementation of business process improvements, the Department fell steadily behind on processing timely recertifications. The backlog grew to more than 30,000 households. In late 2010, USDA expressed concern about the situation, and in January 2011 required that DTA reinstate the automatic case closure and clear the backlog as quickly as possible. These mandates were completed in March of 2011.

Despite its challenges, the Department has excelled in many areas over the past several years. In addition to the enormous increase in program participation, the Department has received more than \$14 million from USDA in SNAP bonus awards for timeliness, program access and accuracy, including a \$1.6 million application timeliness bonus last year. The Department’s main focus now is to continue to streamline its business practices in order to ensure that it is able to both meet federal compliance requirements and best serve our clients.

Contact: Bruce Goodro, Acting Assistant Commissioner for Program Integrity

Implementation Date: Implementation Completed

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Transitional Assistance

Temporary Assistance for Needy Families (93.558)

Federal Award Number: 2011G99152 **Award Year:** 2011
2011G996115

U.S. Department of Health and Human Services

Finding Reference: 2011-09

Requirement

A State may not provide assistance for a minor child who has been or is expected to be absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 180 consecutive days unless the State grants a good cause exception, as provided in its State Plan (42 USC 608(a)(10)).

Finding

The Department of Transitional Assistance (DTA) has defined this eligibility requirement in the approved State Plan as ‘assistance may not be provided for a minor child who has been or is expected to be absent from the home for over 120 consecutive days’. As part of our audit we selected 40 recipients who had a minor child removed from their home by the Commonwealth’s Department of Youth Services (DYS) or Department of Children and Families (DCF) for over 120 consecutive days to determine whether benefits were processed appropriately.

- We noted that 3 of the 40 recipients tested had dependents removed from the home for a period greater than 120 consecutive days, yet both the dependent and recipient remained active and received benefits after 120 days.
- As part of the periodic data matching between DTA and DCF, 3 recipients were identified as absentee children who were out of the home for over 120 days. DTA in compliance with their policy, attempted to verify the accuracy of the data match with DCF. However, DCF did not respond timely in one instance and not at all for the other two instances.

Recommendation

We recommend DTA improve the data matching process with DCF to ensure that children who remain out of the home for over 120 consecutive days are properly identified and that follow up procedures are performed timely.

Questioned Costs

Cannot be determined

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Views of Responsible Officials and Corrective Actions

DTA concurs with the finding. DTA is working with DCF to develop procedures to improve the timely response by DCF to verify these placements. DTA will take primary responsibility for insuring that any requests for verifications follow these new procedures.

Contact: Bruce Goodro, Acting Assistant Commissioner for Program Integrity

Implementation Date: June 2012

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State Military Department

National Guard Military Operations and Maintenance (O&M) Projects (12.401)

Federal Award Number: W912SV-11-2-1001 **Federal Award Year:** 2011

U.S. Department of Defense

Finding Reference: 2011-10

Requirement

2 CFR Part 225 Appendix B 8(h)(1) indicates that charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

Finding

During our audit we selected fifteen (15) employees for the biweekly payroll period ended March 26, 2011 and noted that four (4) employees did not have proper supervisory signatures on their timesheets. The absence of a payroll supervisor's signature does not provide for adequate assurance that payroll expenditures are accurate and valid and the program is being charged only for the actual time an employee worked on a program.

Recommendation

Procedures should be implemented to ensure the supervisors are reviewing and approving employee timecards on a biweekly basis.

Questioned Cost

Cannot be determined

Views of Responsible Officials and Corrective Action

A standard biweekly timesheet has been developed for all employees and supervisors. Employees submit a signed timesheet to their supervisor. Supervisors are responsible for reviewing, approving and maintaining the employee's signed timesheet. A supervisor then submits a signed timesheet detailing all exceptions for their subordinate employees to payroll.

Contact: Jeanne Spadorcia, Grants Manager

Implementation Date: Immediately

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State Military Department

National Guard Military Operations and Maintenance (O&M) Projects (12.401)

Federal Award Number: W912SV-11-2-1001 **Federal Award Year:** 2011

U.S. Department of Defense

Finding Reference: 2011-11

Requirement

A physical inventory of the property was taken and the results reconciled with the previous grantee property records reported to the grantor (National Guard Regulation 5-1 Chapter 8-2(c)(2) Equipment Use, Accountability and Disposition).

Finding

As part of our audit, we obtained the June 30, 2011 final inventory listing and noted that it had not been updated for fiscal 2011 activity. Failure to maintain proper inventory records does not adequately safeguard against loss or theft of valuable assets.

Recommendation

We recommend that procedures be implemented to ensure the inventory list is properly maintained. This includes updating the listing for any new purchases in addition to reviewing the listing for items taken out of service.

Questioned Cost

Cannot be determined

Views of Responsible Officials and Corrective Action

Procedures are being developed to implement a standard operating procedure (SOP) of all reporting and maintaining an updated physical inventory list. This SOP will address duties and responsibilities, define which items are to be included on the list, and proper disposition of such items.

Contact: Jeanne Spadorcia, Grants Manager

Implementation Date: December 2012

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Department of Workforce Development

Unemployment Insurance (17.225)

Federal Award Number: UI195881055A25 **Federal Award Year:** 2011
UI19588FNO

U.S. Department of Labor

Finding Reference: 2011-12

Requirement

Certain benefits accrue to States and employers when the State has a federally approved experience-rated UI tax system. All States currently have an approved system. For the purpose of proper administration of the system, the State Workforce Agency (SWA) maintains accounts, or subsidiary ledgers, on State UI taxes received or due from individual employers, and the UC benefits charged to the employer. The employer's "experience" with the unemployment of former employees is the dominant factor in the SWA computation of the employer's annual State UI tax rate. The computation of the employer's annual tax rate is based on State UI law (26 USC 3303) (A-133 Compliance Supplement).

The contribution rate for each employer for a given calendar year shall be determined and the employer notified thereof as soon as practicable after the computation date, but in no event later than ten days prior to the due date of the first contribution of the year. Any such employer may apply to the commissioner for a review as to the determination of his contribution rate provided that such application is filed within sixty days of the date of such determination (Massachusetts General Law Part I Title XXI Chapter 151A Section 14 (m)).

Finding

For one out of twenty-five employers selected, the experience-related tax rate was calculated incorrectly. This employer received their 2011 Rate Notice which showed the incorrect rate. The incorrect rate was higher than the actual rate the employer should have been paying. Per discussion with program personnel, this error was due to a known Quest system defect. The agency's rate setting unit caught this system problem in March 2011 and they manually corrected the rates. This employer was listed on the query showing which rates were incorrectly recalculated; however, this employer's rate was not adjusted by the agency.

Recommendation

The agency should strengthen their controls to ensure that once an error is identified, a check is done to ensure that all rates have been adjusted appropriately.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

A system defect regarding adjustment filings which were in "Pending" or "In Review" status was discovered during the rate testing process in early March 2011. This defect could not be fixed prior to the final rate run in our production environment, therefore a query was run to capture the entire population of employers who were

COMMONWEALTH OF MASSACHUSETTS

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affected by this defect. The population of employers identified by the query was 1423. Each employer was manually reviewed and recalculated and, if necessary, manual adjustments were made to each individual employer's account. As rates are recalculated for an employer, the adjusted taxable amount due is updated on the employer's account, and the employer's online rate notice reflects the newly calculated rate. These manually calculated adjustments took approximately 2 months to correct and post to the online QUEST database. In the event that an employer's rate was not changed as a result of the manual adjustments, the rate notice was not recalculated. After completion of the defect investigation and adjustment corrections, a sample of approximately 900 employers was validated for accuracy.

In addition, it is standard process that all employers with questions/concerns relative to their annual rate calculations are provided the opportunity to request a review of their rate calculation. Rates are subsequently investigated for accuracy, and results are conveyed to the employers. Additionally, employers call the Rate Setting Unit directly with questions regarding their rate calculations throughout the year. Any rate reviews that potentially uncover issues for a larger employer population are investigated further so DUA can take a proactive resolution.

Contact: Michelle Amante, Revenue Director, Department of Unemployment Assistance
Walter Goldstein, Director of Revenue Operations, Department of Unemployment Assistance

Implementation Date: Implemented

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Department of Workforce Development

WIA Adult Program (17.258)

WIA Youth Activities (17.259)

NEGs (17.277)

WIA Dislocated Workers Formula Grants (17.278)

Federal Award Number:	AA201991055A25	Federal Award Year:	2011
	EM219271160A25		2011

U.S. Department of Labor

Finding Reference: 2011-13

Requirement

The Federal Funding Accountability and Transparency Act (FFATA or the Act) require grant and cooperative agreement recipients and contractors to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report certain subaward data through FSRS.

For grants and cooperative agreements, the effective date is October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date.

Finding

During fiscal 2011, the Department was subject to the FFATA reporting requirements; however the Department did not demonstrate a “good faith effort” to comply with the FFATA reporting requirements. The Department indicated that they were not aware of the FFATA reporting requirements as such they did not attempt to report such awards subject to the Act nor were they able to provide documentation that they attempted to report such awards subject to the Act.

Recommendation

The Department should designate an individual to be responsible for Federal Funding Accountability and Transparency Act reporting. In addition, the agency should put procedures in place to track reporting deadlines and ensure all federal reports are submitted timely and accurately.

Questioned Costs

None

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Views of Responsible Officials and Corrective Actions

The Executive Office of Labor and Workforce Development (EOLWD) has developed a comprehensive policy to ensure timely and accurate FFATA reporting. EOLWD will continue to comply with FFATA reporting requirements for all first-tier sub awards (sub grants and subcontracts) related to prime Federal awards. EOLWD's designated staff has registered and started the reporting on the FFATA Subaward Reporting System (FSRS).

Contact:

Kevin Burns, Director Executive Office of Labor & Workforce Development

Barbara McDonough, Chief Financial Officer Executive Office of Labor & Workforce Development
Male Kanya, Senior Internal Auditor Executive Office of Labor & Workforce Development

Implementation Date:

Effective immediately

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Department of Housing and Community Development

Weatherization Assistance for Low-Income Persons (81.042)

Federal Award Number: DE-EE0000130 **Federal Award Year:** 2010-2012

U.S. Department of Energy

Finding Reference: 2011-14

Requirement

According to the Office of the Comptroller (CTR) policies and procedures, departments are required to monitor grant activity on a weekly basis to ensure that weekly reimbursement requests are properly drawn down. Upon completion of the weekly Automated Central Draw (ACD) cycle, departments should commence their reconciliation process. The weekly reconciliation process should include:

- A review of the Cash Management Improvement Act (CMIA) Selection Report. This report allows departments to account for expenditures and cash deposits. The details of payment vouchers should equal the cash draw down file by department and appropriation.
- A review of the CMIA Weekly Draw Status Report (MMARS NCA495 reports) to identify rejected draw downs and develop a corrective action plan to ensure revenue is accurately posted to the MMARS BQ82, BQ88 and BQ89 budget screens.

Additionally, CTR requires departments to perform this reconciliation process because Massachusetts General Law requires that all appropriations, including federal fund accounts, “shall not exceed the appropriations and require the weekly reconciliation to ensure that sufficient revenue has been received to fund federal grant expenditures.”

Finding

The Commonwealth’s Weatherization Assistance for Low-Income Persons (WAP) program expended approximately \$52.1 million dollars during fiscal 2011. The WAP program utilizes the Commonwealth’s ACD process to comply with the CMIA. The process is integrated into the Commonwealth accounting system (MMARS) whereby WAP grant payments entered into MMARS automatically generate a drawdown of federal funds. The drawdown is accomplished through an electronic transfer of funds from the U.S. Treasury to the Office of the State Treasurer (OST). The WAP federal grant account in MMARS is charged with the payment and the revenue when received is credited to a revenue account and to the appropriation account to offset the payment. CTR generates MMARS accounting reports to account for federal fund draw downs from the federal treasury and deposits with OST. These reports identify the program, appropriation number, letter of credit, fund accounts and payment document information such as voucher number, amount and department. Additionally, system generated screens (referred to as budget documents screens) reflect additional transaction summary information to assist the departments in the management of their accounts.

Our review of the Department of Housing and Community Development’s (DHCD) grant management practices disclosed that balances of available WAP funds are not reconciled to MMARS. By not requiring the weekly monitoring of the MMARS NCA495 reports, federal accounts could reflect negative balances, requiring DHCD’s immediate attention to reallocate funds.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Recommendation

DHCD should follow CTR policies and procedures in reconciling weekly automated cash draw downs.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

The Chief Accountant and the Weatherization Assistance for Low-Income Persons (WAP) Fiscal Director will work together to reconcile the WAP expenditures to the weekly CMIA Weekly Draw Status Report (NCA495W) on a weekly basis. The procedure will be as follows:

The Chief Accountant will print the NCA495W report and compare the draw report to the federal payment system's report by the Friday after the previous week's draw cycle as long as the federal report is available. The federal payment system reports can have a lag at times.

Once the NCA495W draw total for the subaccount has been verified to the federal government payment system (amount sent to the Commonwealth Treasury) then the Chief Accountant will sign the NCA495W report and initial any WAP administrative charges. The Chief Accountant will then send the report to the WAP Fiscal Director to sign off on the programmatic expenditures that were drawn. The Fiscal Director will return the signed NCA495W report to the Chief Accountant by the following Friday (no later than 2 weeks from the date of draw).

Once the report is signed and received by the Chief Accountant, the Chief Accountant will update an access database that details all WAP expenditures and three columns will manually be entered (Date of Draw, Draw Cycle ID and Subaccount).

The Chief Accountant will reconcile that the proper revenue is posted to WAP on a monthly basis by reconciling to the NGA208W report. The NGA208W reports are monthly reports by "Period" and the reconciliation will be done by the 15th of the month following the Period that ended. The Chief Accountant will enter WAP's CDs or CRs into the WAP access database by manually entering the following information from the NGA208W report (CD or CR Record Date" and "CD or CR Doc Identifier). The Chief Accountant will also verify the NGA208W report totals are accurately posted in the MMARS BQ89, BQ88 and BQ82 budget screens.

Contact:

Annette Connolly, Director of Accounting
Jennifer Maddox, CFO

Implementation Date:

WAP's FY2012 expenditures are reconciled to date but the procedure to reconcile to the NCA495W report according to OSC policies and procedures will begin with the draw cycle 02/17/2012.

The procedure to reconcile revenue will be implemented on or around March 14th after the NGA208W period 8 reports is published. The Chief Accountant will go back and reconcile periods 1 through 8 before the close of FY2012.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Housing and Community Development

Low-Income Home Energy Assistance (93.568)

Federal Award Number: G-11BIMALIEA Federal Award Year: 2010-2012

U.S. Department of Health and Human Services

Finding Reference: 2011-15

Requirement

According to the Office of the Comptroller (CTR) policies and procedures, departments are required to monitor grant activity on a weekly basis to ensure that weekly reimbursement requests are properly drawn down. Upon completion of the weekly Automated Central Draw (ACD) cycle, departments should commence their reconciliation process. The weekly reconciliation process should include:

- A review of the Cash Management Improvement Act (CMIA) Selection Report. This report allows departments to account for expenditures and cash deposits. The details of payment vouchers should equal the cash draw down file by department and appropriation.
- A review of the CMIA Weekly Draw Status Report (MMARS NCA495 reports) to identify rejected draw downs and develop a corrective action plan to ensure revenue is accurately posted to the MMARS BQ82, BQ88 and BQ89 budget screens.

Additionally, CTR requires departments to perform this reconciliation process because Massachusetts General Law requires that all appropriations, including federal fund accounts, “shall not exceed the appropriations and require the weekly reconciliation to ensure that sufficient revenue has been received to fund federal grant expenditures.”

Finding

The Commonwealth’s Low-Income Home Energy Assistance Program (LIHEAP) expended approximately \$188.5 million dollars during fiscal 2011. LIHEAP utilizes the Commonwealth’s ACD process to comply with the CMIA. The process is integrated into the Commonwealth accounting system (MMARS) whereby LIHEAP grant payments entered into MMARS automatically generate a drawdown of federal funds. The drawdown is accomplished through an electronic transfer of funds from the U.S. Treasury to the Office of the State Treasurer (OST). The LIHEAP federal grant account in MMARS is charged with the payment and the revenue when received is credited to a revenue account and to the appropriation account to offset the payment. CTR generates MMARS accounting reports to account for federal fund draw downs from the federal treasury and deposits with OST. These reports identify the program, appropriation number, letter of credit, fund accounts and payment document information such as voucher number, amount and department. Additionally, system generated screens (referred to as budget documents screens) reflect additional transaction summary information to assist the departments in the management of their accounts.

Our review of the Department of Housing and Community Development’s (DHCD) grant management practices disclosed that balances of available LIHEAP funds are not reconciled to MMARS. By not requiring the weekly monitoring of the MMARS NCA495 reports, federal accounts could reflect negative balances, requiring DHCD’s immediate attention to reallocate funds.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

A similar finding was reported in the prior year single audit report as finding number 2010-11.

Recommendation

DHCD should follow OSC policies and procedures in reconciling weekly automated cash draw downs.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

The Chief Accountant and LIHEAP's Fiscal Director will work together to reconcile the LIHEAP expenditures to the weekly CMIA Weekly Draw Status Report (NCA495W) on a weekly basis. The procedure will be as follows:

The Chief Accountant will print the NCA495W report and compare the draw report to the federal payment system's report by the Friday after the previous week's draw cycle as long as the federal report is available. The federal payment system reports can have a lag at times.

Once the NCA495W draw total for the subaccount has been verified to the federal government payment system (amount sent to the Commonwealth Treasury) then the Chief Accountant will sign the NCA495W report and initial any LIHEAP administrative charges. The Chief Accountant will then send the report to the LIHEAP Fiscal Director to sign off on the programmatic expenditures that were drawn. The Fiscal Director will return the signed NCA495W report to the Chief Accountant by the following Friday (no later than 2 weeks from the date of draw).

Once the report is signed and received by the Chief Accountant, the Chief Accountant will update an access database that details all LIHEAP expenditures and three columns will manually be entered (Date of Draw, Draw Cycle ID and Subaccount).

The Chief Accountant will reconcile that the proper revenue is posted to LIHEAP on a monthly basis by reconciling to the NGA208W report. The NGA208W reports are monthly reports by "Period" and the reconciliation will be done by the 15th of the month following the Period that ended. The Chief Accountant will enter LIHEAP CDs or CRs into the LIHEAP access database by manually entering the following information from the NGA208W report (CD or CR Record Date" and "CD or CR Doc Identifier). The Chief Accountant will also verify the NGA208W report totals are accurately posted in the MMARS BQ89, BQ88 and BQ82 budget screens.

Contact:

Annette Connolly, Director of Accounting
Jennifer Maddox, CFO

Implementation Date:

LIHEAP's FY2012 expenditures are reconciled to date but the procedure to reconcile to the NCA495W report according to OSC policies and procedures will begin with the draw cycle 02/17/2012.

The procedure to reconcile revenue will be implemented on or around March 14th after the NGA208W period 8 reports is published. The Chief Accountant will go back and reconcile periods 1 through 8 before the close of FY2012.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Massachusetts Rehabilitation Commission

Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)

Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act (84.390)

Federal Award Number:	H390A090028A	Award Year:	2010
	H126A100028B		2011
	H126A110028B		2012

U.S. Department of Education

Finding Reference: 2011-16

Requirement

A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to: (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes (34CFR 80.20 (a)).

The financial management systems of other grantees and subgrantees must meet the following standards: (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. (34CFR 80.20 (b)).

Finding

In our review of the quarterly Financial Status Report (SF-269) and the Federal Financial Report (SF-425), for the quarters ending September 30, 2010 and March 31, 2011 (FY 2010 grant), respectively, and the semi-annual Federal Financial Report (SF-425) for the period ending March 31, 2011 (FY 2011 grant) and the Financial Status Report (SF-269) (ARRA) for the period ending March 31, 2011 we noted that the Massachusetts Rehabilitation Commission (MRC) did not have controls in place to ensure the accuracy and completeness of these reports. Our audit disclosed the following reporting deficiencies:

- State expenditures totaling \$819,062 reported on the VR September 2010 SF-269 report for the fiscal year 2009 grant lacked supporting documentation.
- Federal unliquidated obligations were overstated by \$467,323 on the VR September 2010 SF-269 report for the fiscal year 2009 grant. Both the accrued expenses and unobligated balance were reported as unliquidated obligations in error.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- Unliquidated obligations totaling \$181,123 reported on the ARRA September 2010 SF-269 report lacked supporting documentation.
- Federal expenditures were overstated by \$897,478 on the VR March 2011 SF-425 report (FY 2011 grant) because an April 2011 cash drawdown (reimbursement) totaling \$897,478 was reported in error. The April 2011 cash drawdown should have been reported on the VR September 30, 2011 SF-425 for fiscal year 2011.
- State expenditures were understated by \$3,304,568 on the VR March 2011 SF-425 report (FY 2011 grant) because fringe benefit costs totaling \$3,304,568 were not reported.
- Federal unliquidated obligations were overstated by \$6,565,804 on the VR March 2011 SF-425 report on the fiscal year 2011 grant. The MRC reported an unobligated balance in error.

The RSA-2 report must reflect all expenditures made during the federal fiscal year from federal, state, and other rehabilitation funds. It must include those expenditures made during the reporting period and charged to Section 110 federal funds, Title VI-B federal funds, or program income funds that were carried over from the previous fiscal year. For the purposes of the RSA-2 report, expenditures include unliquidated obligations. Our audit identified the following expenditure reporting deficiencies totaling \$4,225,589:

- Federal unliquidated obligations totaling \$871,031 (of which \$455,989 represents American Recovery and Reinvestment Act (ARRA) obligations) were not included in the reporting period ending September 30, 2010. Not reporting unliquidated obligations as expenditures in the proper reporting period results in the overstatement of funds carried over to and expenditures reported in the next fiscal year (period ended September 30, 2011).
- VR expenditures did not include fringe benefit costs incurred during the period July 3, 2010 to September 30, 2010. As a result, expenditures were understated by \$2,089,888.
- Program income expenditures paid for with funds carried over from the previous fiscal year were understated by \$1,264,670.

Similar findings were reported in the prior year single audit report as finding numbers 2010-28 and 2010-29.

Recommendation

We recommend that MRC should establish written policies and procedures and make the necessary adjustments to ensure that reports submitted to the Federal government are complete and accurate.

Questioned Costs

Unable to determine

Views of Responsible Officials and Corrective Actions

The Agency previously reported that policies and procedures regarding the preparation of SF425 and RSA-2 would be designed, developed and implemented by December 31, 2011. The Agency designed, developed and implemented policies and procedures for the preparation and submission of SF425 and RSA-2 by December 31, 2011. The Agency understands the guidance and instructional document put forth in "POLICY DIRECTIVE RSA-PD-11-02: October 26, 2010 provides Information and guidance for completion of SF425" and "POLICY

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Year ended June 30, 2011

DIRECTIVE RSA-PD-09-04 DATE: August 31, 2009 provides information and guidance for completion of RSA-2” that are subject to reader interpretation. Reports for all years have been submitted and accepted and there are no outstanding questions and or concerns.

Contact: Ruth Paulson, CFO

Implementation Date: August 31, 2011

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Massachusetts Rehabilitation Commission

Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)

Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act (84.390)

Federal Award Number:	H390A090028A	Award Year:	2010
	H126A100028B		2011
	H126A110028B		2012

U.S. Department of Education

Finding Reference: 2011-17

Requirement

Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under 2 CFR Part 225, and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established policy of the governmental unit consistently applied to both Federal and non Federal activities; (2) Follows an appointment made in accordance with a governmental unit’s laws and rules and meets merit system or other requirements required by Federal law, where applicable; and (3) Is determined and supported as provided in subsection h (2 CFR Part 225 Appendix B Section 8 (a)).

These standards regarding time distribution are in addition to the standards for payroll documentation. (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit (2 CFR Part 225 Appendix B Section 8 (h)).

Finding

The Commonwealth of Massachusetts Human Resources Division’s Time and Attendance Policy (Revised May 27, 2010), requires that time sheets be approved by an employee’s supervisor. Further an Executive Office of Health and Human Services (EOHHS) Time and Attendance Reporting Training Job Aid (issued February 2007) directs EOHHS supervisors to sign and keep on file transmittal spreadsheets that are used to document payroll items such as sick days and hours worked by hourly employees. The Massachusetts Rehabilitation Commission (MRC) also issued an administrative bulletin related to payroll (issued in July 2010) that directed Unit Supervisors or managers to review and approve time and attendance for their respective Units (in comparison to the March 2010 Bulletin which included explicit emphasis that the Unit Supervisor or manager approve and sign each bi-weekly payroll report).

For the Rehabilitation Services – Vocational Rehabilitation Grants to States Program, we examined 50 weekly timesheets covering five pay periods for payroll costs charged to the federal VR grant; at least one pay period was selected for each of the 25 Area Offices. We also reviewed 38 weekly timesheets for 19 employees covering one pay periods for payroll costs charged to the VR American Recovery and Reinvestment Act (ARRA) grant. These timesheets represented 13 Area Offices and 2 Central Office departments. For the above sampled items all payroll support documentation was received from agency personnel. During our review we noted that 2 of the

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Year ended June 30, 2011

38 weekly timesheets for the ARRA grant were missing evidence of supervisory review. Questionable costs for the timesheets involved amounted to \$2,105.

As an alternative test, site visits to five VR Area Offices were conducted. The review of 50 weekly timesheets covering five pay periods disclosed that 1 of the 50 weekly timesheets was missing evidence of a supervisory approval signature. As a result, questionable costs for the timesheets involved amounted to \$10,327.

The absence of a payroll supervisor's signature does not provide for adequate assurance that payroll expenditures are accurate and valid and the program is being charged only for the actual time an employee has worked on a program.

Our review also disclosed the following deviations related to EOHHS or MRC policy:

Electronic Transmittals (EOHHS)

- 2 out of 50 EOHHS Transmittals (payroll costs charged to the VR federal grant) did not have evidence of a supervisory approval signature.
- 1 of the 38 EOHHS Transmittals (payroll costs charged to the VR ARRA federal grant) did not have evidence of supervisory approval signature.
- 2 of the 50 EOHHS Transmittals inspected during our site visits to area offices (payroll costs charged to the VR federal grant) did not have evidence of supervisory approval signature.

Bi-Weekly Payroll Reports

- In September 2010, the MRC changed its practice of distributing Bi-weekly payroll reports. Instead of delivering the reports via interoffice mail, the reports were posted on the MRC's server. During our site visits to 5 area offices in June and July 2011, Area Directors explained they were unaware of the above change (1 instance), were notified of the change by MRC management roughly 2 to 4 weeks prior to our visit (3 instances), or were advised by MRC management nearly 2 months after the change took place (1 instance).
- 8 of 25 MRC bi-weekly payroll reports (payroll costs charged to the VR federal grant) did not have evidence of review by either the Unit Supervisor or Manager. All 8 were for pay periods that took place after the change in method of delivering Bi-Weekly Payroll reports.
- 21 instances where payroll exceptions recorded on employee weekly timesheets were not accurately recorded in HR/CMS. 7 of the 21 instances were not detected by the area office Unit Supervisor or Manager because the bi-weekly report was not reviewed. An additional 14 had not been isolated even though area office reviews had been performed. Questionable costs for the payroll exceptions not correctly recorded amount to \$2,014.

A similar finding was reported in the prior year single audit report as finding number 2010-30.

Recommendation

MRC should continue to improve and strengthen its existing internal control to ensure that all payroll transactions are being reviewed and approved. MRC should provide training and dedicate adequate resources to

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Year ended June 30, 2011

ensure that existing policies and procedures are implemented. MRC should reinstate its prior payroll policy that required the review, approval, and signing of the Bi-Weekly payroll report by a Unit Supervisor or manager.

Questioned Costs

\$12,341 (84.126)

\$2,105 (84.390)

Views of Responsible Officials and Corrective Actions

The Agency continues to train staff to ensure that its Payroll Policy and Procedures are understood and followed. The Agency has instituted an internal control that reviews payroll time designation changes to ensure that the changes were made by EOHHS HR staff.

Contact: Ruth Paulson, CFO

Implementation Date: November 30, 2011

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Year ended June 30, 2011

Massachusetts Rehabilitation Commission

Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)

Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act (84.390)

Federal Award Number:	H126A090028D	Award Year:	2010
	H390A090028A		2020
	H126A100028B		2011

U.S. Department of Education

Finding Reference: 2011-18

Requirement

34 CFR 80.32(d) states, in part:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date and cost of the property, the percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data, including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Finding

The Office of the Comptroller’s Massachusetts Management Accounting and Reporting System (MMARS) Accounting and Management Policy on Fixed Assets, revised 11/1/06, sets forth the following policies, which state in part:

Annual Inventory

There shall be an annual inventory taken of fixed assets owned by every Department. This inventory shall include, at a minimum, a verification of the existence and location of fixed assets owned by a Department. This inventory shall be done on or about June 30th of each year for GAAP and non-GAAP assets.

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Schedule of Findings and Questioned Costs

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Reconciliation of Fixed Asset Inventory

There shall be a reconciliation of the fixed asset inventory against the books and records maintained by the Department, either on the Fixed Asset Subsystem or other documented methods. This reconciliation is to be done, at a minimum, on an annual basis. This reconciliation shall be available for audit either by the department's internal auditors, the State Auditor's Office or the Commonwealth's external auditors. Internal records must reconcile to the records available on the Fixed Asset Subsystem. A Department will maintain supporting documentation of fixed asset transactions available for examination by appropriate audit organizations.

Chief Fiscal Officer

The Chief Fiscal Officer of each department is responsible for the management of fixed assets. Management includes an annual physical fixed asset inventory, the reconciliation of the results of that inventory, and the reporting the results of that inventory to the proper authorities. Department staff shall be properly trained on the workings of the Fixed Asset components of MMARS.

In addition, Chapter 647 of the Acts of 1989 requires that agencies immediately report unaccounted for variances, losses, shortages, or thefts of funds or property to the Office of the State Auditor who shall review the matter to determine the amount involved which shall be reported to appropriate management and law enforcement officials.

During our review of supporting documentation of MRC's annual physical inventory of Electronic Data Processing (EDP) equipment carried out at its central office and 12 of the 25 area offices disclosed that physical inspections of EDP equipment was not complete and, as a result, did not fully account for all EDP equipment assigned. Our examination identified the following discrepancies between MRC's database-totaling 1,393 computers and printers with an acquisition cost of \$1,223,535 that were assigned to its central office and the 12 area offices selected-and supporting documentation of actual physical inspections performed:

- Of the 1,393 computers and printers, only 277 were accounted for on supporting documentation of actual physical inventories conducted. Of the 1,116 items not accounted for during physical inspections by MRC staff, 814 were computers and 302 were printers with total acquisition costs of \$910,351.
- Of the 784 computers and printers assigned to MRC's central office, only 84 were accounted for on physical inventory supporting documentation. Of the 700 items not accounted for during physical inspections, 507 were computers and 193 were printers with total acquisition costs of \$576,696.
- Of the remaining 416 items not accounted for on physical inventory supporting documentation conducted at the 12 area offices, 307 were computers while 109 were printers. Moreover, supporting documentation further showed that 9 of the 12 area offices were instructed by the central office to only conduct a physical inventory of the two FY 2011 transactions we selected as part of our test of fixed assets.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

In addition to the above review, we selected all FY 2011 EDP equipment acquisitions of computers and printers purchased with VR funds that had not been assigned to verify the assets existence, location, and proper recording. Our analysis identified 144 items-82 computers and 62 printers-that had not been assigned to the central office, an area office, or a client. In order to physically inspect all unassigned equipment, we were brought by MRC staff to two storage rooms located at the central office where management indicated all unassigned equipment was stored. Nonetheless, our inspection did not locate any of the 144 pieces of equipment designated as unassigned. As a result, our audit disclosed \$105,959 in questioned costs due to MRC's inability to account for unassigned equipment.

Recommendation

MRC should establish and implement the necessary corrective action to ensure that its management of fixed assets conforms to applicable federal and state regulations. In addition, MRC should establish a control system to properly safeguard fixed assets against loss, theft, or misuse.

Questioned Costs

\$105,959

Views of Responsible Officials and Corrective Actions

The Agency is in the processes of correcting its fixed asset inventory. The Agency is in the process of designing, developing and implementing policies and procedures as well as internal controls for fixed asset management. To support its new web-based VR consumer database (MRCIS), the Agency purchased many IT items during the fiscal year. During the same period, the Agency was in the process of transitioning IT purchases and inventory control from IT staff that are now under the supervision of EOHHS to MRC Administrative staff.

Contact: Ruth Paulson, CFO

Implementation Date: December 31, 2012

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Massachusetts Rehabilitation Commission

Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)

Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act (84.390)

Federal Award Number:	H126A090028D	Award Year:	2010
	H390A090028A		2010
	H126A100028B		2011

U.S. Department of Education

Finding Reference: 2011-19

Requirement

Once an individual has submitted an application for vocational rehabilitation services, an eligibility determination must be made within 60-days, unless exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60-days and the designated State unit and the individual agree to a specific extension of time (34 CFR 361.41 (b)(1)).

Finding

During our site visits to five area office’s we selected 25 client files (five from each area office) to ascertain whether MRC’s eligibility determination process ensured that individuals applying for VR services were determined within the 60-day time period required by state and federal regulations. Our review disclosed that in 4 of the 25 cases eligibility was not determined within 60-days of the date of the client’s application. Moreover, a closer examination of the 4 cases found that in 1 case there was an unexplained 63-day delay in recording of the client’s application date into MRCIS. With regard to this case, our review disclosed that:

- The area office director was unable to provide an explanation for the application date delay.
- MRC management informed us that MRCIS system controls prevented data from being backdated for more that 3 days. However, a special request can be made through the area office director and assistant commissioner for extenuating circumstances.
- A special request was not made in this case. Moreover, no written policies and procedures were provided regarding the MRCIS special request process. Therefore, it is unclear whether area office personnel are trained and familiar with MRCIS special request procedures.
- The incorrect application date recorded in the MRCIS resulted in only a 10 day difference, instead of 73 days, between the client’s application date and the eligibility determination date. As a result, the MRCIS monthly report used by management (area directors) to monitor area office compliance with federal and state regulations did not identify this case as noncompliant.

If the determination of client eligibility is not conducted as specified by regulations, the MRC cannot ensure that individuals requesting vocational rehabilitation services are advised of their eligibility status on a timely basis. Moreover, without adequate internal controls and documented policies and procedures, the MRC will continue to be exposed to the risk that its MRCIS client database contains inaccurate client information that will impede management’s ability to effectively monitor area office compliance with federal and state regulations.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Recommendation

MRC should establish the necessary policies, procedures and control system to ensure that client eligibility determinations are done within the timeframe promulgated by federal and state regulations. In addition, MRC should re-examine and strengthen existing internal controls to ensure that client data is timely and accurately keyed into its MRCIS system and that noncompliant cases are properly identified and reported for management's review and resolution. MRC should also establish written policies and procedures that detail the process and defines exceptional circumstances in which special request modifications to its MRCIS system ought to be performed. MRC should also ensure that the changes are appropriately authorized and documented and that the process is properly communicated to responsible personnel.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

MRC has made outstanding gains in making eligibility determinations in a timely manner. The Assistant Commissioner of VR Operations has made compliance a measurable objective for VR managers. Monthly reviews are conducted of Area Office operations with corrective action plans implemented as necessary. MRC does have the necessary policies and procedures regarding timely eligibility determinations. Further, additional training has been provided to all staff. The auditors did provide information regarding cases from a specific location where the counselor did not appropriately enter the application date. This, in turn, eroded the efficacy of the eligibility timeframe. In this situation the counselor was placed on disciplinary action. MRC is currently working on a new web based case management system. It is anticipated that this new MRCIS system will be rolled out on or about July 1, 2012. This issue has been discussed with the team of consultants building the new system. It is anticipated that safeguards will be in place that assure confidence in the accuracy of client information.

Contact: Ruth Paulson, CFO

Implementation Date: July 1, 2012

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Fitchburg State University

Federal Work Study Program (84.033)

Federal Award Number: P033A101863 **Award Year:** 2011

U.S. Department of Education

Finding Reference: 2011-20

Requirement

The institution is required to establish fiscal procedures in order to have safeguards in place over the certification of a student's Federal Work Study (FWS) hours worked in addition to proper supporting documentation prior to making a payment to the student, it states in part as follows:

The institution must also establish and maintain program and fiscal records that (i) Include a certification by the student's supervisor, an official of the institution or off campus agency that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day; (ii) Include a payroll voucher containing sufficient information to support all payroll disbursements; (iii) Include a noncash contribution record to document any payment of the institution's share of the student's earnings in the form of services and equipment (see Sec. 675.27(a)); and (iv) Are reconciled at least monthly (34 CFR 675.19 (b)(2)).

Finding

Our testing disclosed that one of the five students was paid a total of \$106.00 for 13.25 hours that were not supported by adequate documentation. Fitchburg State University (FIT) officials were unable to provide any documentation for a total of 5.25 hours paid as part of the January 3, 2011 and May 10, 2011 payrolls, and provided only the daily work schedules for a total of 8 hours paid as part of the December 28, 2010 and March 3, 2011 payrolls. The student's name on a daily work schedule does not meet the criteria of FIT's FWS payroll guidelines (no time-in and time-out entry in the computer system or student signature on a weekly time log or time card).

Recommendation

FIT should review and improve its FWS payroll policies and procedures to ensure that adequate supporting documentation are maintained for FWS payroll expenditures. FIT should establish procedures to ensure that payroll policies and procedures are functioning as intended and that they are in compliance with applicable laws, rules, and regulations.

Questioned Costs

\$106

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Views of Responsible Officials and Corrective Actions

Fitchburg State University requires appropriate documentation for all payroll expenditures, including Federal Work Study payrolls. The University uses a combination of punch cards, sign in/ sign out sheets and timecards. These procedures were not followed in one particular area. The supervisors in this area have since been retrained and timecards are now required. In addition, the University is in the process of implementing the Mass HR self service time and attendance payroll system. The system requires each employee to electronically submit their work hours in order to be paid. Included in this initiative, is the implementation of swipe card technology for our Federal Work Study and Student workers which will ensure that payroll expenditures are properly documented.

Contact: Jessica Murdoch, Associate Vice President of Human Resources
Cathy Daggett, Director of Financial Reporting

Implementation Date: August 26, 2011

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Fitchburg State University

Federal Direct Student Loans (84.268)

Federal Award Number: P268K110208 **Award Year:** 2011

U.S. Department of Education

Finding Reference: 2011-21

Requirement

A school shall (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (i) Enrolled at that school but has ceased to be enrolled on at least a half time basis; (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half time basis for the period for which the loan was intended; or (iii) Has changed his or her permanent address. (3) The Secretary provides student status confirmation reports to a school at least semi annually (34 CFR 685.309 (b)).

Finding

Fitchburg State University (FIT) contracts with the National Student Clearinghouse (NSC) to accurately report student status changes to the National Student Loan Data System (NSLDS) in a timely manner but does not verify with NSLDS that the correct enrollment status has been reported to NSLDS within the required 60-day timeframe. As a result, there is inadequate assurance that the enrollment status FIT reports to the NSC are being transmitted accurately and timely to NSLDS.

Our audit disclosed that FIT does have policies and procedures for the submission of student enrollment data to the NSLDS; however, it did not have adequate internal controls to ensure that all information was being reported and being reported in a timely manner. In addition, FIT does not have procedures in place, such as a reconciliation process, to ensure that the information sent to NSLDS from the NSC is accurate and being received timely.

We found that FIT did not report to NSLDS (through NSC) status changes for five of the 25 students tested that dropped to less than half time enrollment during our audit period.

Our audit also disclosed that student status changes were not reported timely for an additional two of the 25 students tested. Specifically, one student withdrew in May 2011, after the May monthly submission to NSC, and was not reported to NSLDS until August 2011 which was 39 days beyond the 60-day limit to report per federal regulations. Additionally, one student withdrew in March 2011 and was not reported to NSLDS until May 2011 which was one day beyond the 60-day limit to report per federal regulations.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Recommendation

FIT should improve upon its internal controls which verify that NSLDS is being timely notified of changes in student enrollment including students that graduate, withdraw, or drop to less than half time enrollment. FIT should implement a monitoring process to verify that the information reported to NSC is being accurately and timely reported to NSLDS in accordance with the federal requirements.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

The matter of less than half time reporting was addressed with the updating of the Banner validation table. Course registration codes previously incorrectly counted in enrollment are no longer counted in enrollment. The matter of withdrawn student reporting was addressed with the implementation of a new file extraction and transmission process. Additional files are now batched and transmitted to the Clearinghouse (NSC) which capture all student enrollment changes on a monthly basis. While this process was being developed, withdrawn student status was manually reported to NSC. The University is currently reviewing data to ensure that accurate enrollment data is being reported from NSC to NSLDS in a timely manner.

Contact: Pamela McCafferty, Dean of Enrollment Management
Cathy Daggett, Director of Financial Reporting

Implementation Date: Manual reporting to NSC: 8/22/11
Updates to Banner validation tables: 9/22/11
New NSC file transmissions: 11/15/11

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Framingham State University

Federal Direct Student Loans (84.268)

Federal Award Number: P268K111601 **Award Year:** 2011

U.S. Department of Education

Finding Reference: 2011-22

Requirement

A school shall (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (i) Enrolled at that school but has ceased to be enrolled on at least a half time basis; (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half time basis for the period for which the loan was intended; or (iii) Has changed his or her permanent address. (3) The Secretary provides student status confirmation reports to a school at least semi annually (34 CFR 685.309 (b)).

Finding

Our audit disclosed that although Framingham State University (FSU) had policies and procedures for transmitting information to the National Student Clearinghouse (NSC), they did not establish a transmission schedule with NSC that ensured enrollment information was being received by the National Student Loan Data System (NSLDS) in a timely manner. In addition, FSU does not have procedures in place, such as a reconciliation process, to ensure that the information sent to NSLDS from NSC is accurate and being received timely.

Our audit testing of FSU enrollment records and NSLDS records revealed that for three students out of a total of 25 tested in our sample, FSU had not reported changes in their enrollment status to NSLDS through NSC within the time limits required under federal regulations. Delayed reporting for these students ranged between 7 to 31 days beyond the 60-day limit to report. As a result, there is inadequate assurance that the enrollment status FSU reports to the NSC are being transmitted to NSLDS accurately and timely.

Recommendation

FSU should establish a transmission schedule with NSC to ensure that all enrollment information is being received by NSLDS in the required time limits established by federal regulation. FSU should also develop a reconciliation process between their own records and NSLDS' to ensure that all student enrollment information is being accurately transferred to NSLDS. These reconciliations should be scheduled on a regular basis after each Student Enrollment roster report has been returned to NSLDS.

Questioned Costs

None

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Views of Responsible Officials and Corrective Actions

In keeping with the auditor's recommendations, FSU and NSC met via phone conference on January 31, 2012 to establish a transmission schedule that will ensure that all enrollment information is received by NSLDS within the required time limits established by federal regulation.

Currently, the University Registrar transmits an enrollment file to NSC three times each semester; following the "add/drop courses" deadline, following the course withdrawal deadline, and following posting of grades for each term. NSC recommended, and the University concurred, that transmittal dates will increase to one per month. Transmittal dates of the full enrollment roster for each fall term will be September 20th, October 15th, November 15th, and December 15th. A final fall report will be transmitted as soon as the term is concluded but no later than January 10th. Transmittal dates for each spring term will be February 5th, March 1st, April 1st, May 1st; a final spring report will be uploaded no later than June 1st. Summer transmittals will continue to happen twice, July 15th and August 31st. NSC will upload FSU data to NSLDS within 30 days of each transmission of the University's roster of its unit-level enrollment data.

With respect to timely reporting of changes to individual student records, NSC confirmed its commitment to update records with NSLDS once per week. This update will occur each Wednesday. Effective immediately, FSU will implement a campus-based reconciliation practice, whereby changes made to individual student records are verified in NSLDS by a clerk in the University's Financial Aid office eight (8) working days after being recorded at the NSC website by the University Registrar. This will ensure that the agreed-upon data flow from NSC to NSLDS is timely. Should a discrepancy be noted, the student's record will be corrected in NSLDS by the University Registrar and NSC will be notified of the problem.

Contact: Susanne H. Conley, Ed.D
Vice President of Enrollment and Student Development

Implementation Date: January 31, 2012 and on-going.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Framingham State University

Federal Direct Student Loans (84.268)

Federal Perkins Loan Program (84.038)

Teacher Education Assistance for College and Higher Education Grants (84.379)

Federal Award Number:	P268K111601	Award Year:	2011
	P379T111601		2011

U.S. Department of Education

Finding Reference: 2011-23

Requirement

Before an institution disburses title IV, HEA program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan or FFEL Program funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans. Except in the case of a post-withdrawal disbursement made in accordance with Sec. 668.22(a)(5), if an institution credits a student's account at the institution with Direct Loan, DL, Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of – (i) The anticipated date and amount of the disbursement; (ii) The student's right or parent's right to cancel all or a portion of that loan, loan disbursement TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan, the TEACH Grant proceeds returned to the Secretary. However, if the institution releases a check provided by a lender under the DL Program, the institution is not required to provide this information; and (iii) The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement. The institution must provide the notice described in paragraph (a)(2) of this section in writing – (i) No earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i) of this section; or (ii) No earlier than 30 days before, and no later than seven days after, crediting the student account at the institution, if the institution does not obtain affirmative confirmation from the student under paragraph (a)(6)(i) of this Section (34 CFR 668.165(a)(1) through (3)).

Finding

Our review disclosed that although Framingham State University (FSU) was sending students an award letter notifying them of the amount of their awards, they were not sending out the required notification when their accounts were being credited with Direct Loan, Federal Perkins Loan (FPL) or Teacher Education Assistance For College and Higher Education (TEACH) Grant funds. These letters have not been sent since July 2008 when the institution converted its student accounts software to a new program.

Recommendation

FSU needs to improve its policies and procedures for documenting the process for issuing disbursement notifications for Direct Loans, FPL's, and TEACH Grants to its students to ensure compliance with Title IV requirements. FSU should incorporate procedures to ensure that the student accounts software is generating the notification letters as required by federal regulation.

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Year ended June 30, 2011

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

Prior to the audit, the University recognized the lapse created during the conversion to a new student records management system and developed a procedure that was adopted for the Fall 2011 disbursement. This procedure was developed to ensure compliance with 34 CFR 668.165 (Code of Federal Regulations).

This procedure is based on the premise that a student must accept or decline the financial aid package (Affirmative Confirmation) contained in the Award letter sent out from the Financial Aid Office.

When Direct Loans, FPL's, and TEACH Grant awards are disbursed to a student's financial account, the Student Accounts Office, within 30 days of that disbursement, will notify the student that the award has been disbursed to the student's account. This is done through an e-mail to the student's University e-mail account. Within 14 days of this notification, the student must inform the Financial Aid Office in writing that he or she wishes to decline all or a portion of the loan/grant. If the student does not respond within that time, the University assumes that the student is not declining the loan/grant and the credit will remain on the student's account. If the student responds that he or she wishes to decline all or a portion of the loan/grant, the Financial Aid Office will cancel the loan. The Student Accounts Office will, upon notification by Financial Aid, create a cashiering session with a negative loan/grant amount for that student. A receipt voucher will then be created. After the cashiering session is reviewed, the receipt voucher will be signed by the Director of Student Accounts and both the voucher and cashiering session will be forwarded to the Business Office. The Staff Assistant in the Business Office will follow the procedures for returning funds to the Federal programs. Student Accounts will notify the student that, per the student's instructions, the loan/grant has been canceled and the credit has been removed from the student's financial account. If this results in a balance due to the University, the student is responsible for paying that balance. If a student does not respond within the 14 day time period but responds at a later date to decline the loan/grant, FSU may cancel the loan/grant and follow previously stated procedures. FSU will notify the student of its decision by e-mail.

Contact: Susanne H. Conley, Vice President for Enrollment and Student Development, Framingham State University

Implementation Date: September 1, 2011

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Framingham State University

Federal Direct Student Loans (84.268)

Federal Award Number: P268K111601 **Award Year:** 2011

U.S. Department of Education

Finding Reference: 2011-24

Requirement

Except as provided in paragraph (a)(8) of this section, a school must ensure that entrance counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan student borrower prior to making the first disbursement of the proceeds of a loan to a student borrower unless the student borrower has received a prior Direct Subsidized, Direct Unsubsidized, Federal Stafford, or Federal SLS Loan (34 CFR 685.304).

Finding

Our review of 20 Framingham State University (FSU) files of students who were recipients of Direct Loans during the academic year disclosed that entrance counseling for one student had not been conducted prior to the disbursement of the Direct Loan funds or that this student had received a prior loan. As a result, we could not be assured that the student clearly understood his rights and obligations as a borrower and that the federal compliance regulations were being met. FSU has a policy regarding the entrance counseling of students in the Direct Loan program, which is discussed and included in the package given out at the orientation for new students. However, this student was a transfer student that FSU officials believe did not attend the orientation, and therefore did not receive the information. As a transfer student, entrance counseling may have been performed at a prior institution, but FSU officials were unaware as to whether this had occurred or not. Ultimately, it remains the responsibility of the current institution to document that an entrance counseling session has occurred prior to disbursing Direct Loan funds.

Recommendation

FSU needs to ensure that its policies and procedures for conducting entrance counseling sessions are being followed.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

The Framingham State University Financial Aid Office no longer certifies Federal Direct Stafford Loans until entrance counseling has been completed. This ensures that no Direct Loan funds are disbursed prior to entrance counseling being completed. This change was put into effect as of July 1, 2011.

Contact: Susanne H. Conley, Vice President for Enrollment and Student Development, Framingham State University

Implementation Date: July 1, 2011

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Year ended June 30, 2011

Roxbury Community College

Federal Pell Grant Program (84.063)

Federal Award Number:	P063P103495	Award Year:	2010-2011
	P007A101931		2010-2011
	P033A101931		2010-2011

U.S. Department of Education

Finding Reference: 2011-25

Requirement

34 CFR 668.32(e)(1)(2)(3)(4) Student Assistance General Provisions Subpart C – Student Eligibility, detail students eligibility to receive Title IV, Higher Education Act (HEA) program assistance as follows:

- (1) Has a high school diploma or its recognized equivalent.
- (2) Has obtained a passing score specified by the secretary on an independently administered test in accordance with subpart J of this grant.
- (3) Is enrolled in an eligible institution that participates in a State “process” approved by the Secretary under subpart J of this part; or
- (4) Was home-schooled, and either – (i) Obtained a secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State law; or (ii) If State law does not require a home-schooled student to obtain the credential described in paragraph (e)(4)(i) of this section, has completed a secondary school education in a home school setting that qualifies as an exemption from compulsory attendance requirements under State law.

34 CFR 668.53(a)(1)(2)(3)(4)(5) Verification of Student Aid Application Information, Subpart E – Policies and Procedures, details Roxbury Community College’s (RCC) responsibility to establish written policies and procedures to administer Title IV, HEA program assistance as follows:

- (a) An institution shall establish and use written policies and procedures for verifying information contained in a student aid application in accordance with the provisions of this subpart. These policies and procedures must include –
 - (1) The time period within which an applicant shall provide the documentation;
 - (2) The consequences of an applicant’s failure to provide required documentation within the specified time period;
 - (3) The method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant’s EFC changes and results in a change in the applicant’s award or loan;
 - (4) The procedures the institution requires an applicant to follow to correct application information determined to be in error; and

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(5) The procedures for making referrals under §668.16.

Finding

We selected a sample of 25 Roxbury Community College (RCC) students' files. One student file contained no evidence of a high school diploma or its recognized equivalent. RCC awarded \$582 in Pell Grant Funds to this student. One student file in which RCC awarded a \$3,356 Pell Grant contained conflicting information pertaining to the date of high school graduation for the student.

Recommendation

RCC should review its practices of monitoring compliance with federal regulations and its established internal control policies and procedures for documenting all required information in the enrollment process. This will ensure that each student file contains required admissions documentation for those who are applying for federal financial aid. Also, RCC should ensure that all documents supporting each student's admission is reviewed for accuracy and verified by the RCC Admissions Office when information received is in conflict with the student's application.

Questioned Costs

\$3,938

Views of Responsible Officials and Corrective Actions

To enhance the already established internal controls, RCC will implement a document checklist which will be completed and signed off by the Admissions Director or designee, before the files are submitted to the Registrar Office. The submitted files will be reviewed to insure that the checklist is complete and appropriately endorsed.

Contact: Chuks Okoli, VP of Administration & Finance

Implementation Date: March 2012

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Year ended June 30, 2011

Roxbury Community College

Federal Pell Grant Program (84.063)

Federal Award Number: P063P103495 **Award Year:** 2010-2011

U.S. Department of Education

Finding Reference: 2011-26

Requirement

34 CFR, Section 690.83(b)(1)(2)(3) states:

- (1) An institution shall report to the Secretary any change in the amount of a grant for which a student qualifies including any related Payment Data changes by submitting to the Secretary the student's Payment Data that disclosed the bases and result of the change in award for each student. The institution shall submit the student's Payment Data reporting any change to the Secretary by the reporting deadlines published by the Secretary in the Federal Register.
- (2) An institution shall submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct.
- (3) An institution that timely submits, and has accepted by the Secretary, the Payment Data for a student in accordance with this section shall report a reduction in the amount of a Federal Pell Grant award that the student received when it determines that an overpayment has occurred, unless that overpayment is one for which the institution is not liable under § 690.79(a).

The ED Federal Register, Part IV B, Earliest Submission and Deadline Dates for Submitting Federal Pell Grant Disbursement Records states:

An institution is required to submit a disbursement record not later than the earlier of:

- (a) 30 calendar days after the institution:
 - makes a payment; or
 - becomes aware of the need to make an adjustment to previously reported disbursement data.

Finding

In our sample of 25 students receiving Pell Grants, we noted 9 instances for which the Pell Grant student disbursement data was not submitted within the 30 day time frame requirement. Our audit disclosed that the disbursement records for these students were submitted 60 to 214 days after the 30 day disbursement timeframe. Disbursement amount related to these students totaled \$14,983.

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Schedule of Findings and Questioned Costs

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Recommendation

RCC should develop written policies and procedures to ensure compliance for the timely submission of Pell Grant disbursement data to the ED through the Common Origination and Disbursement System. Furthermore, RCC should address any staffing needs to ensure that the assigned responsibilities of the student Financial Aid Office are being achieved.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

RCC has recently hired a senior financial counselor and is now fully staffed. The Financial Aid Internal Control and Procedures Manual will be updated to ensure timely reporting of disbursement data to the US Department of Education, in compliance with Federal Regulations.

Contact: Chuks Okoli, VP Administration & Finance

Implementation Date: Staffing recommendation done

Internal Control Manual – update June 30, 2012

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Schedule of Findings and Questioned Costs

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Roxbury Community College

Federal Pell Grant Program (84.063)

Federal Supplemental Educational Opportunity Grant Program (84.007)

Federal Work-Study Program (84.033)

Federal Award Number:	P063P103495	Award Year:	2010-2011
	P007A101931		2010-2011
	P033A101931		2010-2011

U.S. Department of Education

Finding Reference: 2011-27

Requirement

34 CFR Section 668.5(a) states:

Written arrangements between eligible institutions. If an eligible institution enters into a written arrangement with another eligible institution, or with a consortium of eligible institutions, under which the other eligible institution or consortium provides all or part of the educational program of students enrolled in the former institution, the Secretary considers that educational program to be an eligible program if it otherwise satisfies the requirements of Section 668.8.

Finding

Our audit determined that Roxbury Community College (RCC) entered into consortium agreements with other institutions as part of RCC's educational programs. The RCC Student Handbook disclosed that six local colleges participated in cross registration with RCC allowing its students to take courses at other colleges while enrolled at RCC. However, during the audit period, RCC did not maintain written consortium agreements in compliance with federal requirements with host institutions for RCC students taking part of their educational programs. Furthermore, RCC did not maintain a listing of students taking courses at local colleges while enrolled at RCC. As a result, there is no assurance that RCC had valid agreements with other institutions for which RCC students were taking part of their educational courses at. Moreover, RCC was not in compliance with Student Financial Aid requirements regarding written agreements between colleges.

Recommendation

RCC should implement policies and procedures to ensure that written agreements between colleges are in compliance with federal requirements regarding institutional agreements. Also, RCC should establish and maintain a listing of all students who are taking or have taken courses at colleges while enrolled at RCC.

Questioned Costs

Unable to determine

Views of Responsible Officials and Corrective Actions

RCC has established a process whereby the counseling and placement department compiles all relevant data, and submits a list of all students as well as a copy of their consortium agreements to the Business Office.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Contact: Chuks Okoli, VP for Administration & Finance
Implementation Date: January 2012

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Year ended June 30, 2011

Roxbury Community College

Federal Pell Grant Program (84.063)

Federal Supplemental Educational Opportunity Grant Program (84.007)

Federal Work-Study Program (84.033)

Federal Award Number:	P063P103495	Award Year:	2010-2011
	P007A101931		2010-2011
	P033A101931		2010-2011

U.S. Department of Education

Finding Reference: 2011-28

Requirement

The Federal Student Aid Handbook, Chapter 2, Cost of Attendance (Budget) (COA) dated January 2011 states that:

The cost of attendance is determined by law (Higher Education Act, Sect. 472) and is not subject to regulation by the Department (ED). The law specifies the types of costs that are included in the cost of attendance, but the College must determine the appropriate amount to include for each category for students at the school.

The Higher Education Act of 1965, Section 472, states that the COA is:

Tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.

Finding

Our audit sample of 25 Roxbury Community College (RCC) students disclosed that 22 students' cost of attendance (COA) calculations for each student's institutional budget within PowerFAIDS (a windows based software program designed to perform specific Financial Aid Office functions and provides automation to the financial aid process) did not agree to the tuition and fee(s) amounts approved by the RCC Board of Trustees as provided in the RCC Fall 2010 and Spring 2011 Tuition State of Massachusetts Resident Budget information form. Our audit tests disclosed two instances where the COA for students was overestimated by \$468 (\$54 and \$414) and 20 instances where the COA for students was underestimated by \$2,378 (ranging from \$10 to \$457).

Recommendation

RCC should establish policies and procedures for the COA process. RCC should closely monitor student budgets by conducting reviews on the COA for each student to provide reasonable assurance that PowerFAIDS contains the most current RCC Board of Trustees approved tuition and fee amounts for each semester and to timely identify any variances.

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Year ended June 30, 2011

Questioned Costs

Unable to determine

Views of Responsible Officials and Corrective Actions

The PowerFAIDS program is now being integrated with the Jenzabar system to insure that only Board approved tuition and fees are used in calculating students' COA.

Contact: Chuks Okoli, VP of Administration & Finance

Implementation Date: Fall 2012

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Roxbury Community College

Federal Pell Grant Program (84.063)

Federal Award Number: P063P103495 Federal Award Year: 2010-2011

U.S. Department of Education

Finding Reference: 2011-29

Requirement

34 CFR Section 668.20(a)(1)(2), titled: Limitations on remedial coursework that is eligible for Title IV, Higher Education Act (HEA) program assistance, states the following:

A noncredit or reduced credit remedial course is a course of study designed to increase the ability of a student to pursue a course of study leading to a certificate or degree.

(1) A noncredit remedial course is one for which no credit is given toward a certificate or degree; and

(2) A reduced credit remedial course is one for which reduced credit is given toward a certificate or degree.

34 CFR Section 668.8(c) states the following relative to eligible programs provided by institutions of higher education:

Institution of higher education. An eligible program provided by an institution of higher education must –

(1) Lead to an associate, bachelor's, professional, or graduate degree;

(2) Be at least a two-academic-year program that is acceptable for full credit toward a bachelor's degree; or

(3) Be at least a one-academic-year training program that leads to a certificate, degree, or other recognized educational credential and certificate, degree, or other recognized educational credential and prepares a student for gainful employment in a recognized occupation.

Finding

Our audit sample of 25 Roxbury Community College (RCC) students disclosed that three students had received Title IV financial aid for ineligible courses totaling \$4,166, disbursed over a two year period (Fall 2008 through the end of Fall 2010 semesters).

One student in our sample enrolled in Associate of Arts Degree Program in the Fall of 2007 with a concentration in Health Careers received Pell Grants totaling \$2,122 for 14 Developmental courses that were not eligible for federal financial aid as the student had exceeded the allowable 30 credits by the Fall 2008 semester.

Two students in our sample (one of whom is discussed above) enrolled in an Associate of Arts Degree Program with a concentration in Health Careers received Pell Grants for an unallowable Applied Grammar course titled,

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

LAN 102. The unallowable Pell Grants totaled \$1,350 (\$656 for the student above and \$694 for the other student).

One student in our sample enrolled in Associate of Arts Degree program in the Fall of 2007 with a concentration in Social Science received a Pell Grant in the Fall 2010 for a nonrequired business course, which was outside the student's degree requirements and therefore not eligible for financial aid. The amount of the unallowable Pell Grant was \$694.

Recommendation

The RCC should establish and implement adequate written policies and procedures over the controls in its Jenzabar computer system that would provide notification to the Financial Aid Office when students reach their limit of 30 developmental credits and/or when enrolled in nonrequired courses taken outside of degree programs.

Questioned Costs

\$4,166

Views of Responsible Officials and Corrective Actions

The Jenzabar, the Student Information Management Systems is currently integrated with PowerFAIDS. Training will be provided in March 15th, 2012 that would enable the usage of the functionalities that prevent the award of financial aids to students taking more than 30 developmental credits already available in the system. Our Internal Control Document would be updated to enhance these practices.

Contact: Chuks Okoli, VP for Administration & Finance

Implementation Date: Fall 2012 & June 30, 2012

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Roxbury Community College

Federal Work-Study Program (84.033)

Federal Award Number: P033A101931 **Federal Award Year:** 2010-2011

U.S. Department of Education

Finding Reference: 2011-30

Requirement

The United States Department of Education (ED) 34 CFR 675.18(g)(i), states the following with the regards to Community Service:

For the 2000-2001 award year and subsequent award years, an institution must use at least seven percent of the sum of its initial and supplemental FWS allocation for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one:

- (i) Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or
- (ii) Family literacy project that employs one or more FWS students in family literacy activities.

Finding

Our audit disclosed that Roxbury Community College (RCC) was not in compliance with the federal requirements of the Work Study Community Service Program regarding earmarking and community service placements.

RCC did not use at least 7 percent of its Federal Work Study (FWS) allocation to compensate students employed in community service activities. Rather, RCC used only 2 percent of its FWS allocation or \$1,796 (\$83,494 x 2 percent) to compensate students working in community service employment. In accordance with federal requirements, RCC should have earmarked the amount of \$5,845 or 7 percent of the \$83,494 expended to compensate FWS students.

RCC placed one student in community service employment during the academic year 2010 – 2011 who was employed as a counselor at a summer camp for under privileged children. However, RCC did not place one or more FWS students in either a Reading Tutoring Project or Family Literacy Project in accordance with the program requirements.

Recommendation

RCC should develop written internal control and policies and procedures to ensure compliance with the FWS requirements of community service placement and earmarking. Also, RCC should provide adequate staffing within the Financial Aid Office to comply with the earmarking and placement requirements of the program.

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Questioned Costs

\$4,049

Views of Responsible Officials and Corrective Actions

The Internal Control Policies and Procedures Manual will be revised to include compliance requirements for community service placement and earmarking Federal Work Study funds. A senior financial aid counselor has been hired to oversee the FWS Program.

Further, RCC has partnered with Jumpstart to ensure that the earmarked 7% allocation of Federal Work Study Funds is used to promote reading literacy for preschool children. FWS students will begin receiving community service placement through Jumpstart in Fall 2012.

Contact: Chuks Okoli, VP of Administration & Finance

Implementation Date: Fall 2012

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Roxbury Community College

Federal Pell Grant Program (84.063)

Federal Supplemental Educational Opportunity Grant Program (84.007)

Federal Award Number:	P063P103495	Federal Award Year:	2010-2011
	P007A101931		2010-2011

U.S. Department of Education

Finding Reference: 2011-31

Requirement

34 CFR 668.22(e)(4), or (g)(2), requires the institution to return the lesser amount of unearned Title IV assistance as follows:

(e)(4) The total amount of unearned Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV assistance that was disbursed to the student as of the date of the institution's determination that the student withdrew.

(g)(2) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student.

34 CFR 668.173(b)(1) states:

(b)Timely return of Title IV, HEA program funds. In accordance with procedures established by the Secretary or FFEL program lender, an institution returns unearned Title IV, HEA program funds timely if–

(1) The institution deposits or transfers the funds into the bank account it maintains under Section 668.163 no later than 45-days after the date it determines that the student withdrew;

34 CFR 668.22(c)(i)(ii)(iii), requires the following:

(c) Withdrawal date for a student who withdraws from an institution that is not required to take attendance. (1) For purposes of this section, for a student who ceases attendance at an institution that is not required to take attendance, the student's withdrawal date is –

(i) The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution;

(ii) The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;

(iii) If the student ceases attendance without providing official notification to the institution of his or her withdrawal in accordance with paragraph (c)(1)(i) or (c)(1)(ii) of this section, the mid-point of the payment period (or period of enrollment, if applicable).

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Finding

Roxbury Community College (RCC) did not comply with the processing of Title IV refunds for 16 students of a sample of 30 students who officially or unofficially withdrew. Specifically, we noted the following:

- (a) Six refunds for students who officially withdrew were not calculated properly. We determined that RCC did not calculate Title IV refunds by taking the lesser amount of unearned assistance. Our analysis disclosed that for 6 students, RCC had incorrectly calculated refunds for 5 students resulting in an overpayment to ED in the amount of \$1,418 and incorrectly calculated refund for one student resulting in an underpayment to ED in the amount of \$479.
- (b) Three refunds totaling \$6,837 for students were not processed within the 45-day timeframe. We identified that the RCC processed its returns by electronic funds transfers and that the processing of the three returns ranged from 132 days to 179 days.
- (c) Seven refunds for students were not calculated for students who unofficially withdrew. These refunds should have been calculated when RCC determined that the students actually stopped attending. We determined that RCC should have returned \$3,849 (included in questioned costs below) of Title IV funds for the 7 students.

Recommendation

RCC should establish policies and procedures for the return of student Title IV Funds within the Internal Control Policies and Procedures Manual to ensure that the return of these funds is properly administered. RCC should monitor the return process to ensure that Title IV funds are returned accurately and timely in compliance with federal regulations.

Questioned Costs

\$3,849

Views of Responsible Officials and Corrective Actions

RCC will update the Internal Control Policies and Procedures Manual to establish policies for the Financial Aid Office to be notified immediately of students who are officially or administratively withdraw from the College. The Manual will also establish policies and processes for the accurate calculation of refunds and the timely return of Title IV funds.

Contact: Chuks Okoli, VP of Administration & Finance

Implementation Date: Fall 2012

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Roxbury Community College

Federal Work-Study Program (84.033)

Federal Award Number: P033A101931 **Federal Award Year:** 2010-2011

U.S. Department of Education

Finding Reference: 2011-32

Requirement

34 CFR Sections 668.16(c)(1) and (2), states:

- (1) Administers Title IV, HEA programs with adequate checks and balances in its system of internal controls; and
- (2) Divides the functions of authorizing payments and disbursing or delivering funds so that no office has responsibility for both functions with respect to any particular student aided under the programs. For example, the functions of authorizing payments and disbursing or delivering funds must be divided so that for any particular student aided under the programs, the two functions are carried out by at least two organizationally independent individuals who are not members of the same family, as defined in Sec. 668.15, or who do not together exercise substantial control.

34 CFR Section 675.19(a), states, in part:

The institution must also establish and maintain program and fiscal records that; (i) include a certification by the student's supervisor, an official of the institution or off-campus agency, that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day; (ii) include a payroll voucher containing sufficient information to support all payroll disbursements; (iii) include a noncash contribution record to document any payment of the institution's share of the student's earnings in the form of services and equipment (see Sec. 675.27(a)); and (iv) are reconciled at least monthly (34 CFR 675.19 (b)(2)).

Finding

We reviewed timesheets from payrolls at Roxbury Community College (RCC) for the Fall 2010 semester, Spring 2011 semester and the Summer 2011 semester for a sample of 5 students consisting of a total of 49 time sheets. Our review indicated the following condition of noncompliance with Federal Work Study (FWS) regulations for two students as follows:

- 1) The student started work study employment on June 28, 2011 and the following instances of noncompliance with federal regulations were noted:
 - a. The student's timesheet was not completed or could not be located by the RCC for the pay period ended September 24, 2011. The disbursement records indicated that the student was paid \$124 (included in questioned costs below) for this pay period (15.5 hours x \$8/hour). Furthermore, the student work study contract ended on September 6, 2011.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- b. The Federal W-4 Employee Withholding Allowance Certificate Form and State Form M-4 Massachusetts Employee's Withholding Exemption Certificate completed by the student indicated an exemption for withheld taxes for being a full time student. However, RCC withheld federal and state taxes contrary to the intentions of the student.
 - c. The RCC Jenzabar computer system was not updated to indicate that the student was officially awarded and eligible for work study. The student received, according to the RCC disbursement records, \$898 in work study payments during the Fall 2010 semester and \$898 during the Spring 2011 semester.
 - d. An Employment Eligibility Verification Form I-9 was not completed or could not be located by RCC.
 - e. The student was paid for an additional hour (pay of \$8 for that hour – included in questioned costs below) beyond the amount of time indicated on the timesheet for the pay period ended July 16, 2011.
 - f. The student was paid in excess of 2.5 hours over the allowed 35 hours for the pay period ended August 27, 2011 stipulated in the student's work study contract and the RCC Work Study Handbook. The student was paid \$20 (2.5 hours x \$8/hour) (included in questioned costs below).
 - g. The student's timesheets contained 27.5 hours that conflicted with the student's class schedule. We found eleven instances of work hours recorded on the student's timesheets where the Registrar's records indicated the student was scheduled for class. No notations were found on timesheets to indicate released time or class cancellations. The student was paid \$220 (27.5 hours x \$8/hour) (included in questioned costs below).
 - h. The student's timesheets were signed off by the student prior to the last day of the work week on eight instances. In seven of these instances, the timesheets were signed off prior to the last day worked for the work week by the work study supervisor.
- 2) The student started work study employment on December 13, 2010, and the following instances of noncompliance with federal regulations were disclosed:
- a. The student's timesheet could not be located by the RCC for the pay period ended February 26, 2011. The student was paid \$240 (30 hours x \$8/hour) (included in questioned costs below).
 - b. The student's timesheet for the pay period ended March 19, 2011 indicated that 5 additional hours were added on March 24, 2011 subsequent to the date of the supervisor's signature on March 23, 2011. There was no indication that the supervisor approved the additional hours. The student was paid \$40 (5 hours x \$8/hour) (included in questioned costs below).
 - c. The student's timesheet for the pay period ended April 2, 2011 indicated that the student was paid one-half hour more than the hours recorded on the disbursement records. The student was paid \$4 (0.5 hours x \$8/hour) (included in questioned costs below).

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- d. The student submitted a timesheet on February 18, 2011 for the pay period ended February 4, 2011 or 14 days after the pay period, contrary to the RCC Federal Work Study Handbook which states that students must submit their timesheets to supervisors by Wednesday of the following work week.
- e. The student should have been paid under the work study program funds for hours worked for the pay period ended April 4, 2011 for a total of 14 hours. Rather, the student was paid from state appropriated funds.

Recommendation

RCC should review and improve its internal controls within its FWS program. Compliance with established policies and procedures must be monitored to ensure that internal controls and payroll policies and procedures are functioning as intended and that they are in compliance with all applicable laws, rules, and regulations. These internal controls must be complied with by all RCC departments participating in the FWS program. Further, policies and procedures should be reviewed to ensure that all FWS supervisors are monitoring students' work time to ensure that it does not conflict with class schedules.

Questioned Costs

\$656

Views of Responsible Officials and Corrective Actions

RCC will review and improve its internal controls procedures for the Federal Work Study Program (FWS). The new senior financial aid counselor will work with supervisors to monitor compliance and provide an orientation for all work study students to ensure that they understand FWS regulations regarding work hours. Additionally, all FWS time sheets will be reviewed by the responsible senior financial aid counselor to ensure payroll compliance. In order to avoid the conflict of class schedule and work schedule, the work-study weekly timesheet will include not only information related to the time worked, but also information regarding the student's class schedule.

Contact: Chuks Okoli, VP of Administration & Finance

Implementation Date: Summer 2012

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Roxbury Community College

Federal Pell Grant Program (84.063)

Federal Supplemental Educational Opportunity Grant Program (84.007)

Federal Work-Study Program (84.033)

Federal Award Number:	P063P103495	Award Year:	2010-2011
	P007A101931		2010-2011
	P033A101931		2010-2011

U.S. Department of Education

Finding Reference: 2011-33

Requirement

The ED Blue Book, Information for Financial Aid Professionals, Chapter 16, The Business Office and the Federal Pell Grant Program states the following with regard to reconciliation in the Pell Grant Program:

To fulfill its responsibility to safeguard federal funds and ensure they are expended as intended, a school must perform reconciliation in each FSA program monthly. Through reconciliation, a school ensures that ED's records reconcile with the school's records, both at the cumulative and individual student levels. Monthly reconciliation for the Pell Grant program should include verifying that individually and cumulatively the –

1. Records of awards made to students maintained by the financial aid office match the records of pending disbursements for those students maintained by the business office;
2. Business office records of pending disbursements and financial aid office records of student awards match the records of actual disbursements posted to students' accounts;
3. The disbursements posted to students' accounts match the disbursements to those students in the COD system; and
4. Cumulative school and COD records of Pell Grant disbursements match Net Draws in GAPS for the award year Pell Grant Program.

Monthly reconciliation is an important internal control procedure and it can make a significant contribution to increasing the overall program integrity of the FSA programs.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Finding

Our review disclosed that Roxbury Community College (RCC) did not perform monthly reconciliation of disbursements between the financial records of the Business Office (BO) and the Financial Aid Office (FAO) for the Federal Student Aid (FSA) programs (Pell Grant and Federal Supplemental Educational Opportunity Grant (FSEOG)) for the award year 2010-2011. The BO financial records reflect the cumulative drawn-down of funds for disbursement to students and the FAO records reflect the cumulative record of disbursements to students documented in the United States Department of Education (ED) Common Origination Record (COD) system. RCC did not reconcile disbursements for these programs which resulted in a variance of \$8,817 between offices as of September 30, 2011, for the award year 2010-2011, as indicated below:

<u>FSA program</u>	<u>Business office</u>	<u>FAO office</u>	<u>Variance</u>
Pell Grant	\$ 6,701,949	6,710,218	8,269
SEOG	231,616	232,164	548
	<u>\$ 6,933,565</u>	<u>6,942,382</u>	<u>8,817</u>

Furthermore, because FSA programs records were not reconciled by these respective offices, incorrect disbursement data for Pell Grant and FSEOG programs were reported on the FISAP filed September 30, 2011, for the award year 2010-2011. RCC reported Pell Grant and FSEOG expenditure on the FISAP from SFA financial records (Pell Grant \$6,710,218 and FSEOG \$232,164) without reconciliation to the BO.

Recommendation

RCC should initiate the following actions:

- Perform monthly reconciliation of its FSA programs to verify that BO and SFA disbursement balances both individually and cumulatively are in agreement.
- Establish written policies and procedures to document the reconciliation process required to monitor FSA funds.
- Determine the source of the variance of \$8,817, and correct the FISAP accordingly within the allowable deadline of December 15, 2011.

Questioned Costs

\$8,269 (84.063)

\$548 (84.007)

Views of Responsible Officials and Corrective Actions

The recommendations listed above will be implemented.

Contact: Chuks Okoli, VP of Administration & Finance

Implementation Date: June 30, 2012

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Executive Office of Elder Affairs

Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (93.044)

Federal Award Number:	09AAMAT3SP	Award Year:	2009
	10AAMAT3SP		2010
	11AAMAT3SP		2011

U.S. Department of Health and Human Services

Finding Reference: 2011-34

Requirement

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system (see subsection 8.h.(6) of this appendix) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

Personnel activity reports or equivalent documentation must meet the following standards: (a) They must reflect an after-the-fact distribution of the actual activity of each employee, (b) They must account for the total activity for which each employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) They must be signed by the employee. (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:

- (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
- (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and

- (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

(2 CFR 225 Appendix B 8 (h) (3), (4) and (5)).

Finding

The Executive Office of Elder Affairs (EOEA) does not prepare semi-annual certifications to state that certain employees worked solely on the Title III, Part B program. We reviewed the listing of employees who had payroll charges associated with the Title III, Part B program. There were three employees who worked solely on the program and none of these employees had semi-annual certifications prepared.

EOEA does not have procedures in place to ensure that payroll charges for employees who work on multiple activities are appropriately supported by personnel activity reports or equivalent documentation. We reviewed the listing of employees who had payroll charges associated with the Title III, Part B program. There were nine employees who did not work solely on the Title III, Part B program. For these nine employees there was no documentation related to personnel activity reports or equivalent documentation evidencing how much time was spent working on the Title III, Part B program.

Recommendation

EOEA should implement procedures to ensure that semi-annual certifications are prepared for all employees who work solely on one single Federal award.

EOEA should implement procedures to ensure that the time charged to a program for employees who do not work solely on one activity are supported by personnel activity reports or equivalent documentation.

Questioned Costs

Unable to determine

Views of Responsible Officials and Corrective Actions

Regarding the periodic certifications of work being performed as being related to EOEA's responsibilities pertaining to implementation of the State Plan on Aging, EOEA has confirmed that such a procedure was abandoned in the course of an administrative centralization effort. EOEA will reinstitute this prior practice effective immediately.

EOEA offers that the breadth of charge that is inherent with the administration of a "Title III, Part B program" is considerable. It entails the administration and implementation of the State Plan on Aging. For the benefit of the general reader, it is noted that the charge is fundamentally synonymous to the statutory charge which serves as the foundation to the Department's purpose for existence.

EOEA is fully understanding of the concept of charging staff for discreet grant-related responsibilities.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

The periodic certifications will be formatted in a manner which identifies all time involved in the furtherance of the State Plan on Aging. In addition, the periodic certification will identify the component of time charged directly against the Title III, Part B, direct federal funding source (9110-1074).

The periodic certifications will contribute to an annual certification statement. In addition to the above information, the annual certification will also identify all time eligible to be purposed towards the related state matching requirements. The annual certification will detail the component of such time which EOEa elects to apply towards meeting the state matching requirement.

Contact: Peter Tiernan, Director of Administration & Finance

Implementation Date: EOEa will reinstitute procedures to make quarterly certifications regarding the suitability of payroll-related charges to be applied towards Title III-B funding lines. Such certifications will be routinely made on a quarterly basis effective SFY-2012-Q3. On or before June 15, 2012, ELD will improve upon the memorialization of justification statements related to payroll costs assigned to 9110-1074.

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Schedule of Findings and Questioned Costs

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Executive Office of Elder Affairs

Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (93.044)

Special Programs for the Aging – Title III, Part C – Nutrition Services (93.045)

Nutrition Services Incentive Program (93.053)

Federal Award Number:	11AAMAT3SP	Federal Award Year:	2011
	11AAMANSIP		2011

U.S. Department of Health and Human Services

Finding Reference: 2011-35

Requirement

The Federal Funding Accountability and Transparency Act (FFATA or the Act) require grant and cooperative agreement recipients and contractors to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report certain subaward data through FSRS.

For grants and cooperative agreements, the effective date is October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date.

Finding

During fiscal 2011, the Executive Office of Elder Affairs (EOEA) was subject to the FFATA reporting requirements; however, EOEA did not demonstrate a “good faith effort” to comply with the FFATA reporting requirements. EOEA indicated that they were not aware of the FFATA reporting requirements as such they did not attempt to report such awards subject to the Act nor were they able to provide documentation that they attempted to report such awards subject to the Act. FFATA requirements were included in the Notice of Award received from the U.S. Department of Health and Human Services.

Recommendation

EOEA should designate an individual to be responsible for Federal Funding Accountability and Transparency Act reporting. In addition, EOEA should put procedures in place to track reporting deadlines and ensure all federal reports are submitted timely and accurately.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

EOEA agrees that the Department does not meet the adopted compliance measuring standard used to make a determination regarding “good faith effort”.

EOEA is of the opinion that the Department’s record of iterative dialogue with the funding authority demonstrates cognizance of FFATA obligations. Furthermore, EOEA is of the opinion that the totality of recent

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Schedule of Findings and Questioned Costs

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Department efforts made towards meeting various newly emerging public sector transparency initiatives would warrant a “good faith effort” assessment under a more generally adopted reasonableness standard.

EOEA acknowledges that the Department did not sufficiently follow up on technical questions posed to the funding authority with the goal of achieving a most efficient FFATA reporting protocol. In the absence of response by the funding authority, EOEA will rely on existing guidance to proceed with implementing procedures necessary to collect and report in a timely manner all required FFATA data.

Contact: Ted Zimmerman, State Planner

Implementation Date: On or before March 31, 2012, EOEA will be registered with fsrs.gov for the purpose of reporting the subaward and executive compensation reporting requirements required under FFATA.

On or before March 31, 2012, EOEA will have issued guidance to the AAAs necessary to ensure the agency’s FFATA obligations are fully met.

On or before June 30, 2012, EOEA will achieve compliance with FFATA reporting requirements.

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Schedule of Findings and Questioned Costs

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Executive Office of Elder Affairs

Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (93.044)

Special Programs for the Aging – Title III, Part C – Nutrition Services (93.045)

Nutrition Services Incentive Program (93.053)

ARRA – Aging Home-Delivered Nutrition Services for States (93.705)

ARRA – Aging Congregate Nutrition Services for States (93.707)

Federal Award Number: Various Award Year: Various

U.S. Department of Health and Human Services

Finding Reference: 2011-36

Requirement

According to the Office of the Comptroller (CTR) policies and procedures, departments are required to monitor grant activity on a weekly basis to ensure that weekly reimbursement requests are properly drawn down. Upon completion of the weekly Automated Central Draw (ACD) cycle, departments should commence their reconciliation process. The weekly reconciliation process should include:

- A review of the Cash Management Improvement Act (CMIA) Selection Report. This report allows departments to account for expenditures and cash deposits. The details of payment vouchers should equal the cash draw down file by department and appropriation.
- A review of the CMIA Weekly Draw Status Report (MMARS NCA495 reports) to identify rejected draw downs and develop a corrective action plan to ensure revenue is accurately posted to the MMARS BQ82, BQ88 and BQ89 budget screens.

Additionally, CTR requires departments to perform this reconciliation process because Massachusetts General Law requires that all appropriations, including federal fund accounts, “shall not exceed the appropriations and require the weekly reconciliation to ensure that sufficient revenue has been received to fund federal grant expenditures.”

Finding

The Commonwealth’s Aging Cluster expended approximately \$30.2 million dollars during fiscal 2011. The Aging Cluster utilizes the Commonwealth’s ACD process to comply with the CMIA. The process is integrated into the Commonwealth accounting system (MMARS) whereby the Aging Cluster grant payments entered into MMARS automatically generate a drawdown of federal funds. The drawdown is accomplished through an electronic transfer of funds from the U.S. Treasury to the Office of the State Treasurer (OST). The Aging Cluster’s various federal grant accounts in MMARS are charged with the payment and the revenue when received is credited to a revenue account and to the appropriation account to offset the payment. CTR generates MMARS accounting reports to account for federal fund draw downs from the federal treasury and deposits with OST. These reports identify the program, appropriation number, letter of credit, fund accounts and payment document information such as voucher number, amount and department. Additionally, system generated screens (referred to as budget documents screens) reflect additional transaction summary information to assist the departments in the management of their accounts.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Our review of the Executive Office of Elder Affairs (EOEA) grant management practices disclosed that balances of available Aging Cluster funds are not formally reconciled to MMARS. By not requiring the weekly monitoring of the MMARS NCA495 reports, federal accounts could reflect negative balances, requiring EOEA's immediate attention to reallocate funds.

Recommendation

EOEA should follow OSC policies and procedures in reconciling weekly automated cash draw downs.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

EOEA finds it necessary to assert that the agency is actively engaged in the process of routinely reconciling its federal grants in the prescribed manner.

EOEA is in agreement that the agency has not sufficiently memorialized the active practices and procedures utilized in the course of monitoring and reconciling its federal grants. EOEA notes that in recent years, the Department has implemented a business process improvement and leveraged MMARS functionality to achieve such improvement. The Department has insufficiently documented the business process change with explanation of how such functionality was applied towards the EOEA environment in adherence with OSC policies and procedures.

For purposes of this record, EOEA is offering the following statement regarding the customary and routine process that the agency adheres to:

Warehouse queries are regularly run to review the results of the weekly central draw. Unsuccessful draws are identified, researched and appropriate actions taken to redraw the funds successfully. Actions may include the completion of expenditure correction documents, federal grant charge requests and etc. In conjunction with warehouse queries, the Federal Payment Management System is reviewed to ensure expenditures have been properly drawn and credited.

EOEA's federal grant management reconciliation process places a high reliance on MMARS functionality, specifically expenditure, revenue and Program balance data. Over the course of the last few years, enhancements have been incorporated into MMARS linking all related federal grants data. These enhancements have ensured that expenditures are drawn against correct accounts and programs.

EOEA is in continual communication with the Office of the State Comptroller and Federal Awarding agencies regarding grant expenditures and draws. The oversight of these agencies ensures a system of checks and balances in ensuring that costs against federal grant are appropriate and expended within grant amounts and time tables.

EOEA acknowledges the recommendation of the auditors to put into place written procedures for the practices it has in place for monitoring and reconciling its federal grants. In addition, EOEA acknowledges the recommendations to maintain hard copy records of grant reconciliations.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Contact:

Peggy Conneely, Director of Accounting and Contracting

Implementation Date:

Effective March 1, 2012, ELD will complete written procedures of its Grants Management Process and going forward will maintain hard copies records of its weekly reconciliation efforts.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Public Health

Immunization (93.268)

ARRA Immunization (93.712)

Federal Award Number: 5H23IP122540-07 **Award Year:** 2009

U.S. Department of Health and Human Services

Finding Reference: 2011-37

Requirement

Where employees work on multiple activities, a distribution of their salaries or wages will be supported by personnel activity reports (2 CFR 225 Appendix B 8 (h) (4)). Personnel activity reports or equivalent documentation must meet the following standards:

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

(2 CFR 225 Appendix B 8 (h) (5))

Finding

During our audit, we tested three employees whose time was allocated 50% to the Immunization program. We noted that for all three employees, the 50% allocation was pre-populated on their timesheet in what appears to be more an estimate of labor distribution rather than an after-the-fact distribution of actual activity. Management was not able to produce any reconciling information to support the 50% rate used.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

We understand that management routinely uses the same estimation process for other split-funded employees at the Department which could impact other federal programs in addition to the Immunization program.

Recommendation

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

Questioned Costs

Cannot be determined

Views of Responsible Officials and Corrective Actions

MA DPH accepts the recommendation to strengthen activity reporting for positions that are funded with federal dollars. We are seeking input and approval from Human Resources and Senior Management on a system that will require all employees that work on multiple activities or cost objectives, to demonstrate their distribution of time is supported by personnel activity reports. These reports will be completed every two weeks and will coincide with the applicable pay period. The activity report will be an after the fact determination of actual hours expended by the employee, and will list the number of hours spent on each activity or cost objective. These forms will be signed by the individual employee and a supervisory official having first hand knowledge of the activity performed by the employee. A sample form is attached for your review. We will continue to perform our regular semi-annual certification process.

Contact:

Carol Foltz, Chief Financial Officer
Debbie Lambert, Deputy Budget Director

Implementation Date:

6/30/2012

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Public Health

Immunization (93.268)

ARRA Immunization (93.712)

Federal Award Number: 5H23IP122540-07 **Award Year:** 2009

U.S. Department of Health and Human Services

Finding Reference: 2011-38

Requirement

Effective control and accountability must be maintained for all vaccines under the VFC program. Vaccines must be adequately safeguarded and used solely for authorized purposes (42 USC 1396s). This includes administration only to VFC program-eligible children, as defined in 42 USC 1396s(b)(2)(A)(i) through (A)(iv), regardless of the child's parent's ability to pay (42 USC 1396s(c)(2)(C)(iii)). It is required per guidance from the Centers for Disease Control and Prevention (CDC) that vaccines be appropriately stored in suitable climates.

Providers request additional vaccines by submitting an order form that includes a usage aggregate report detailing historical information on dosages administered. In addition, the provider will also submit a temperature log indicating that prior dosages were stored at the proper temperature. The Department will consider and compare the information submitted prior to approving an order.

Finding

The Department's internal control process for approving and fulfilling varicella vaccine orders is different than for other vaccines. For the varicella vaccine, authorization is documented by populating the number of doses approved section of the order form.

For other vaccines, the Department's internal control process for approving and fulfilling vaccines includes a state lab employee reviewing temperature logs, determining if the temperature range for the subject vaccine is appropriate, and if deemed appropriate the state lab employee will authorize the order. Authorization entails writing "TL" on the order form which indicates the temperature levels have been reviewed and are suitable – then the temperature logs are disposed of – and the employee must also authorize the order with his/her initials and an "APPROVED" stamp, indicating all other aspects of the order are acceptable.

Additionally, it is Department policy that the historical dosage information included in the order be compared to the accompanying usage aggregate report which documents the vaccine recipient age groups to which past orders have been distributed. The usage aggregate report is used by the Department for quality assurance purposes both at the provider level and on an aggregate level statewide to evaluate uptake of new vaccines or new vaccine recommendations. The total doses administered per the usage aggregate report should agree to the historical dosages reported on the order form.

Of the twenty-five vaccine orders tested, four were varicella and the remaining twenty-one were other vaccines. For the twenty-one non varicella vaccines, we noted one of the order forms was not stamped "APPROVED".

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Also, of the twenty-five vaccine orders tested, seven orders did not match the totals of vaccines administered per the usage aggregate report.

Recommendation

We recommend the Department consider standardizing its approval process for all vaccines. In addition, we recommend that the Department provide training to employees on the controls and manual procedures required to process vaccine order forms in a consistent and uniform manner.

Questioned Cost

Cannot be determined

Views of Responsible Officials and Corrective Actions

MA DPH accepts the recommendation and on a go forward basis the Department's approval process for varicella vaccine orders will be merged with the protocols in place for all other vaccine orders. All applicable staff will be trained as to the proper protocols for processing vaccine orders.

Contact: Ceci Dunn, Director of Operations Bureau of Infectious Disease

Implementation Date: December 2011

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Public Health

Immunization (93.268)

ARRA Immunization (93.712)

Federal Award Number: 5H23IP122540-07 **Award Year:** 2009

U.S. Department of Health and Human Services

Finding Reference: 2011-39

Requirement

A record of vaccine administered shall be made in each person's permanent medical record (or in a permanent office log or file to which a legal representative shall have access upon request) (42 USC 300aa-25) which includes:

- a) Date of administration of the vaccine;
- b) Vaccine manufacturer and lot number of the vaccine; and
- c) Name and address and, if appropriate, the title of the health care provider administering the vaccine.

Finding

To acquire or reinstate a provider that administers vaccines, the Department will have the provider complete a Provider Enrollment Form which the medical director is required to sign. This form contractually obligates the provider to comply with State and Federal requirements. To assure this agreement is being followed, the Department conducts vaccine provider assessments on 50% of the providers each year and determines, among other things, if the providers are recording the administering of vaccines appropriately.

During on site inspections, a department assessor will complete the Vaccines for Children Program (VFC) Provider Site Visit Questionnaire to document compliance with federal and/or state guidelines. Question number 32 on this form relates to the compliance requirements (records of administered vaccines). The results of this questionnaire are transferred onto the Immunization Action Plan (IMP) form which, if significant issues are identified, will be followed by a corrective action form. This corrective action form includes a section which should mirror the results of item number 32 of the VFC Provider Site Visit Questionnaire.

Of the 25 assessment samples tested, 4 of the results of the VFC Provider Site Visit Questionnaires differed from the IMP in regards to the records of administered vaccines compliance section. 3 of the 4 control findings existed because the questionnaire was initially filled out incorrectly, yet the IMP was correct. The other error existed because the IMP was not filled out appropriately, whereas the questionnaire was. The IMP is used to determine if follow-up action is necessary and since the IMP incorrectly indicated that no compliance issues (regarding records of administered vaccines) existed, the Department did not consider following up on the provider regarding this deficiency.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Recommendation

We recommend the provider assessment team more carefully transfer information from the VFC Provider Site Visit Questionnaire to the Immunization Action Plan. The information on either form should be identical to the other. Also, the Department should review these forms to identify and follow up on any errors or discrepancies.

Questioned Costs

Cannot be determined

Views of Responsible Officials and Corrective Actions

MA DPH accepts the recommendation, and the DPH Immunization Assessment Team will work to implement a more in-depth review of the assessment questionnaires and IAPs when they are submitted. The Immunization program is in the process of developing and implementing an internal audit process that would include selecting a random sample of assessment questionnaires and IAPs to ensure accuracy of all components of the assessment paperwork.

In addition, training has been developed that all assessors will be required to attend that reinforces the need for careful transfer of information from the questionnaire to the electronic database and to the IAP. The training will stress that all documents must match, and that all assessors should re-check their work before completing forms.

Contact: Ceci Dunn, Director of Operations Bureau of Infectious Disease

Implementation Date: December 2011

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Public Health

Block Grants for Prevention and Treatment of Substance Abuse (93.959)

Federal Award Number: 3B08T1010023-10S2 **Federal Award Year:** 2008

U.S. Department of Health and Human Services

Finding Reference: 2011-40

Requirement

The Department's system of internal control over payroll requires that employees document hours worked on daily attendance sheets which are reviewed and approved by a unit supervisor. Daily attendance sheets are summarized onto a departmental time log which is reviewed and approved by the department head prior to submission.

Finding

We selected 13 employees which represented 18 separate pay periods throughout the year and noted the following. The unit supervisor did not document his/her approval for the payroll cycle ending June 18, 2011. Additionally, the department head did not document his/her approval for the payroll cycles ending October 9, 2010 and June 18, 2011.

Recommendation

We recommend that the Department adhere to its policies and procedures when processing payroll. If necessary, additional training should be required to ensure that its policies are adequately enforced.

Questioned Costs

None

Views of Responsible Officials and Corrective Actions

MA DPH acknowledges that attendance sheets and payroll logs were not properly documented as required by policy and procedure. As a result of this finding the DPH Budget Office will implement a quarterly review of daily attendance sheets and the time log approval form. This review will include a random sample of attendance sheets and time logs for that quarter and will verify, 1) that daily attendance sheets are signed by both the individual employee, as well as the person authorized to sign the applicable attendance sheet, and 2) that the HR excel time log is signed by an authorized representative of the Department.

Contact: Debbie Lambert, Deputy Director of Budget

Implementation Date: December 2011

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Revenue

Child Support Enforcement (93.563)

Federal Award Number:	G0904MA4004	Federal Award Year:	2010
	G1004MA4004		2011

U.S. Department of Health and Human Services

Finding Reference: 2011-41

Requirement

For all cases referred to the IV-D agency or for those being applied for under Section 302.33 of this chapter, the IV-D agency must open all cases by establishing case records and determine necessary action by assessing : (1) Solicit necessary and relevant information from the custodial parent and other relevant sources and initiate verification of information, if appropriate; and (2) If there is inadequate location to proceed with the case, request additional information or refer the case for further location attempts, as specified in Section 303.3. (CFR 303.2 (B)) For State IV-D agencies, these services must be provided within the time frames specified in 45 CFR Sections 303.3(b)(3) and (b)(5), 303.3(c) and, 303.4(d).

Finding

During our test work we noted that the Department did not adhere to the respective time frames prescribed above for seven of the forty cases selected for test work as follows.

- One case exceeded the 90 day requirement to obtain a support order.
- One case file was not established or attempted to establish a support obligation.
- Two cases were not created within the 20 day required time frame.
- One case exceeded the 75 days' time requirement to determine the location.

A similar finding was reported in the prior year single audit report as finding 2010-34.

Recommendation

We recommend that the Department strengthen existing policies and procedures in order to comply with required time frames for establishing a case records and obtaining support orders.

Questioned Costs

None

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Views of Responsible Officials and Corrective Actions

The Department is in the process of implementing a series of management reports that track compliance with time frames through the cycle for establishment of a child support order. They are:

- Reports that track the receipt of the case through the first twenty day period are in test and initial data were reported in December of 2011. Used for applications received in paper form, currently the primary route of applications, the report will track the system date of when the application was scanned and cases not created by the 20th day will be plainly evident.
- Two new events codes by which the case worker indicates the outcome of the location activities within seventy-five days were added to COMETS in September of 2011 and tracking reports are being generated from the data warehouse. Cases which reach sixty days from case creation and lack the event codes are identified and sent to staff for follow up.
- Reports that track the ninety day period from the date the noncustodial parent's location was verified to the date of the first attempt to effectuate service of process have been run and are in further refinement as of December of 2011. The reports identify cases approaching the end of the ninety day period that are still appropriate for service of process and lack certain event codes indicating effort to effectuate service are underway. The cases will be referred to staff for investigation and action.
- A memo will go to all staff by February 1, 2012 outlining the federal case processing timeframes and providing instruction to staff on how to document their activities in support of meeting the timeframes.

Contact: Paul Cronin, Associate Deputy Commissioner

Implementation Date: February 2012

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Department of Children and Families

CFDA #93.658 – Foster Care Title IV-E

Federal Award Number:	1001MA1401	Federal Award Year:	2010 – 2011
	1101MA1401		
	1001MA1402		
	1101MA1402		
	1101MA1404		

CFDA #93.659 – Adoption Assistance Title IV-E

Federal Award Number:	1001MA1407	Federal Award Year:	2010 – 2011
	1101MA1407		
	1001MA1403		
	1101MA1403		

1101MA1405 U.S. Department of Health and Human Services

Finding Reference: 2011-42

Requirement

Charges to federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with the generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. (2 CFR 225 Appendix B 8 (h) (1)).

Finding

In reviewing payroll charged to the referenced federal programs above, the Department was unable to provide a timesheet for 6 out of 80 individuals tested. Additionally, the Department requires its managers to review a weekly time log and create an exception report, which notes any deviations from the standard 37.5 regular hours worked, prior to paying individuals. As an internal control over the accuracy of the leave records, either the weekly time log or exception report must be approved by a manager. For an additional 2 of the 80 individuals tested, 3 exception reports were not approved by a manager. Questioned costs could not be readily determined for all 9 of these exceptions as the individuals were part of the Random Moment Time Study and the salary costs were allocated to various programs including Foster Care and Adoption Assistance.

A similar finding was included in the prior year Single Audit report as finding number 2010-39.

Recommendation

The Department should develop procedures to ensure that timesheets are properly retained to support the individuals' time worked. Further, the importance of documenting the approval of leave records should be stressed to the responsible managers.

Questioned Costs

Undeterminable

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Views of Responsible Officials and Corrective Action

MA DCF acknowledges that 3 of the 160 exemption reports were produced to support relevant time/attendance but were not signed-off by an appropriate manager. In addition to that, MA DCF was unable to produce timesheets for 6 of the 80 employee records tested. The missing timesheets can, in part, be attributed to an organizational restructuring that the Department went through in October 2010 and resulted in the closing of two Regional Offices. With this downsizing, field office administrative management reporting relationships changed. This caused some disruption in time-reporting and record-keeping, most noticeably at the Regional Office level for samples taken between 10/9/2010 and 1/1/2011. Based on recent feedback received from its field offices, changes have since been made in time-reporting and record-keeping practices to address the areas found to be deficient as cited in the FY11 Single State Audit.

DCF will continue to provide guidance and stress the importance of documenting time/attendance. The Department will notify all Supervisory and Managerial staff that:

- 1) Timesheets must be reviewed and signed by appropriate Supervisor and retained on site for review.
- 2) Completed weekly attendance (exception) reports must be approved and/or signed by an authorized office manager with a hard copy kept in a secure location with unit timesheets attached.
- 3) An internal audit of randomly selected time and attendance records will be conducted sometime during Q3 of FY12.
- 4) Implementation of the new Mass-HR Self-Service Time & Attendance application is expected in the next year. This application will allow all Commonwealth of Massachusetts employees to complete HR activities including time reporting and viewing leave balance online, 24/7. The online Self-Service Time & Attendance application will give each employee (and his/her supervisor) daily responsibility for reporting and approving time. Mass-HR will deliver standardized learning and development programs across all Executive Departments. DCF will encourage all employees to participate in available trainings so that the significance, knowledge and skills required to make the application successful are understood.

Contact: Barry Kroening, Administrative Manager for Internal Control and Audits

Implementation Date: Beginning January 23, 2012 and continuing throughout calendar year

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Executive Office of Health and Human Services

Medical Assistance Payments (93.778)

Federal Award Number:	1005MA5MAP	Federal Award Year:	2010
	1005MA5MAP		2011

U.S. Department of Health and Human Services

Finding Reference: **2011-43**

Requirement

A State plan must provide that the Medicaid agency and, where applicable, local agencies administering the plan will maintain an accounting system and supporting fiscal records to assure that claims for Federal funds are in accordance with applicable Federal requirements (42 CFR 433.32 (a)).

Finding

The Executive Office is responsible of the quarterly preparation of the CMS-64 report. During our testwork over the CMS-64 report we noted that the Executive Office did not report expenditures on Line 27 – Emergency Services Undocumented Aliens for any of the quarterly reports submitted during the audit period. Further, we noted during our testwork that the Commonwealth’s Medicaid Program does incur costs related to emergency services for undocumented aliens which are reported in the line items corresponding to the type of service provided.

The Executive Office is unable to report expenditures for emergency services for undocumented aliens as the claims payment system cannot separate these payments from payments made for emergency services for documented immigrants who are eligible for federal funding of emergency services. Expenditures for emergency services for undocumented and documented aliens for fiscal year 2011 was approximately \$42.6M. In prior year similar amounts were \$45.5M (2008), \$45.7M (2009), and \$41.0M (2008).

A similar finding was reported in the prior year single audit report as finding 2010-42.

Recommendation

We recommend that the Executive Office revise existing policies and procedures to ensure that costs incurred for emergency services for undocumented aliens are reported on the correct line of the CMS-64 report.

Questioned Costs

None

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Views of Responsible Officials and Corrective Actions

The code for the line 27 enhancement has been deployed to the Quality Assurance environment. The new code will enable the Commonwealth to break out expenditures for emergency services for undocumented aliens on Line 27. In the past, the Commonwealth was not able to break out expenditures for emergency services to undocumented aliens from emergency services for documented immigrants. If everything goes as planned, we expect the code changes to be deployed to production as early as January, 2012. Per the current project schedule, the anticipated implementation date is 06/30/12 and will be reflected on the QE 6/12 CMS 64.

Contact: Janice Axelrod, Director Federal Revenue Claiming

Implementation Date: June 2012

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Executive Office of Health and Human Services

State's Children Health Insurance Program (SCHIP) (93.767)

Federal Award Number:	1005MA5MAP	Federal Award Year:	2010
	1005MA5MAP		2011

U.S. Department of Health and Human Services

Finding Reference: **2011-44**

Requirement

There are specific requirements that must be followed to ensure that individuals meet the financial and categorical requirements for Medicaid/SCHIP. These include that the State or its designee shall re-determine the eligibility of Medicaid/SCHIP recipients with respect to circumstances that may change (e.g., income eligibility), at least every 12 months. The agency may consider blindness and disability as continuing until the review physician or review team determines that the recipient's blindness or disability no longer meets the definition contained in the plan. There must be procedures designed to ensure that recipients make timely and accurate reports of any changes in circumstances that may affect their eligibility. The State must promptly re-determine eligibility when it receives information about changes in a recipient's circumstances that may affect his or her eligibility (42 CFR Section 435.916).

Finding

During our testwork, we selected 40 program participants receiving benefits from the State's Children Health Insurance Program that used the MA-21 and/or PACES eligibility system. In order to continue eligibility, the Executive Office is required to re-determine the eligibility of program recipients with respect to circumstances that may change at least every 12 months and/or re-determine the eligibility of program recipients that turned 19 during the year. In our selection of 40 program participants we noted that the re-determination for one participant that turned 19 during the year was not performed.

A similar finding was reported in the prior year single audit report as finding 2010-44.

Recommendation

We recommend that the Executive Office adhere to their existing policies and procedures to ensure that Federal requirements are complied with.

Questioned Costs

Not determinable

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Views of Responsible Officials and Corrective Actions

MassHealth currently has business rules in place that require selection of members turning age 19 to be selected for a review. This case was reported to systems during the audit. MassHealth is reviewing the profile-select business rules and will make any necessary changes to ensure that all members turning age 19 are selected for review without exception.

Contact: Joseph Sousa, Senior Policy Analyst MassHealth Member and Provider Services

Implementation Date: April 30, 2012

COMMONWEALTH OF MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Executive Office of Health and Human Services

Medical Assistance Payments (93.778)

Federal Award Number:	1005MA5MAP	Federal Award Year:	2010
	1005MA5MAP		2011

U.S. Department of Health and Human Services

Finding Reference: 2011-45

Requirement

To be allowable, Medicaid costs for medical services must be: (1) covered by the State plan and waivers; (2) for an allowable service rendered (including supported by medical records or other evidence indicating that the service was actually provided and consistent with the medical diagnosis); (3) properly coded; and (4) paid at the rate allowed by the State plan. Additionally, Medicaid costs must be net of applicable credits (e.g., insurance, recoveries from other third parties who are responsible for covering the Medicaid costs, and drug rebates), paid to eligible providers, and only provided on behalf of eligible individuals.

Finding

During our testwork, we selected 40 claims processed through the MMIS System. Claims are processed in the MMIS System using the updated service code (CMR codes) at the time the service is rendered. The CMR codes are updated in the MMIS System if they were amended. In our selection of 40 claims, we noted that an incorrect service code rate was used for one claim. The correct code rate that should have been applied was \$16.44 instead of the \$18.08 rate used.

Recommendation

We recommend that the Executive Office review its controls to ensure that the proper CMR code is applied on a consistent basis.

Questioned Costs

Not Determinable

Views of Responsible Officials and Corrective Actions

Based on a review of this claim, MassHealth has determined that MMIS did, in fact, have the incorrect fee on file. Effective for dates of service beginning 2/1/2009, the correct fee for procedure code 80050 was \$16.44. Office of Acute & Ambulatory Care, Specialty Provider Network program staff reviewed the documentation provided to claims operations staff to update MMIS according to the 2/1/09 rate update and determined that program staff failed to include this procedure code (80050) as requiring a rate update. As a result, claims were inappropriately processed as the max fee on file was listed as \$18.08 rather than \$16.44.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2011

This code was inadvertently included with the list of service codes that are subject to ATP (automated profile tests) pricing as described at 114.3 CMR 20.04. As such, program staff inadvertently excluded this code from the list of service codes requiring maximum fee updates for 2/01/2009. Codes subject to ATP are priced according to the methodology described at 114.3 CMR 20.04 and not the maximum fee listed on file.

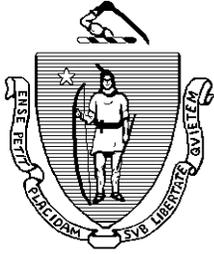
On 10/14/2009 claims operations staff updated the MMIS system to ensure that all future claims with procedure code 80050 are paid with the correct fee on file. Office of Acute & Ambulatory Care, Specialty Provider program staff is currently working on a request to claim operations staff to reprocess approximately 30,000 claims which were inappropriately paid beginning 2/1/2009 in the approximate amount of \$46,000. In addition, a corresponding message text is being developed to instruct providers that these claims are being reprocessed. Finally, program staff is documenting ATP panel pricing updates to ensure this code is not inadvertently excluded from fee schedule updates in the future.

Contact: Christopher King, Diagnostic Benefits Service Manager
Office of Acute & Ambulatory Care, Specialty Provider Network

Implementation Date: December, 2011

**SUMMARY OF PRIOR YEAR'S FINDINGS
AND QUESTIONED COSTS**

(Not Covered by Auditors' Reports)



Martin J. Benison
Comptroller

***Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, Massachusetts 02108***

Phone (617) 727-5000
Fax (617) 727-2163
Internet <http://www.mass.gov/osc>

**Commonwealth of Massachusetts
Summary Schedule of Prior Year Audit Findings
FY 2011**

The attached summary schedule of prior year findings (Schedule) lists the finding reference, CFDA #, state agency, program and description for each of the 47 findings included in the fiscal year 2010 Single Audit Report. It also lists the status of any other prior year finding whose corrective action plan has not been fully implemented. The Schedule indicates “fully” if the corrective action plan (CAP) was fully implemented, “partially” if the CAP was not fully implemented and “not implemented” if not implemented at all. If not fully implemented, an updated CAP is included.

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

Schedule of Prior Year Findings

Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2010-01 & 2009-01			State	Fixed Asset Additions and Disposals		See Finding 2011-03. OSC has implemented more comprehensive training for departments and a more comprehensive management review process to ensure capital asset information is reported accurately.
		OSC			partially	
2010-02		EOL	State	A/P & Accrued Liabilities UC Trust	fully	
2010-03 & 2009-03		EOL	State	Reconciliation of Cash Accounts	fully	
2010-04 & 2009-04		EOL	State	Allowance for Uncollectible Items	fully	
2010-05 & 2009-02			State	Post Employment. Benefits Accrual		If GIC continues to receive funding for FY11 and FY12, which it believes it will, the magic modernization project is scheduled to be completed at the end of FY12. therefore, GIC anticipates that it will have the systems in place to meet the recommendation beginning with FY13 claims.
		GIC			partially	
2010-06 & 2009-06			State	Logical Access Control - MMIS		During FY11 Security Operations prepared Access Reviews for all of MassHealth. There remain outstanding questions for MH Operations in regard to certain units. Corrective action will continue until EOHHS is fully in compliance.
		EHS			partially	
2010-07 & 2009-10			State	Change Management - CIW		There remains no systemic auditing capability on the Netezza appliance. This was supposed to be addressed in Netezza's 4.5 release, (which we upgraded to in August, 2009), however the capability was further delayed until release 4.6.5. Due to the very high risk of compatibility issues between the 4.6.5 release and our ETL software (Informatica release 8.1), we are unable to upgrade at this time and are reviewing possible options.
		ITD			partially	
2010-08		ITD	State	Developer Access - HR/CMS	fully	
2010-09	12.401	MIL	National Guard Military O&M Projects	Department requested funds in advance of disbursement and didn't remit interest earning to Federal government		Effective December 2009, SMD is drawing Federal funds on a reimbursement basis. SMD tendered a payment for \$535,107.53 as the full and final settlement on the federal demand of \$1,669,743.81. Department of Defense lawyers are still looking into this matter but have no official response.
					partially	
2010-10	12.401	MIL	National Guard Military O&M Projects	Invoices not signed	fully	
2010-11 & 2009-13	93.568	OCD	LIHEAP	Cash drawdown reconciliations are not being done.	partially	See finding 2011-15
2010-12	17.225	EOL	Unemployment Insurance	Not drawing down UI funds in accordance with the TSA	fully	
2010-13	17.225	EOL	Unemployment Insurance	Various misstatements in reports and filing a report late	fully	
2010-14	17.225, 17.258, 17.259, 17.260	EOL	Unemployment Insurance and WIA Cluster	Not removing phase codes in MMARS timely	fully	
2010-15	17.258 17.259	EOL	WIA	Reimbursing subrecipients for costs incurred before the contract start date	fully	

Schedule of Prior Year Findings

Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2010-16	84.268	MCA	Direct Loan Program	Disbursement Notification Letters not sent to students	partially	During the Fall 2011 semester, each student who had federal loans was sent an electronic message informing him/her of the loan disbursement and a reminder of the student rights to cancel all or part of the federal loan disbursement. The Office of Student Financial Assistance is working with an outside consultant to automate this process.
2010-17	84.007 84.063 84.268	MCA	SEOG, Pell, Direct Loan	Title IV Return were not calculated correctly or returned within time frames.	partially	The College will look into why there are differences in the output of data and explore processing additional academic information and attendance data that will assist with the review and management of student unofficial withdrawal activity.
2010-18	84.033	MCA	Work Study	Issues with MCA policies and procedures regarding I-9 issues, work study contract, working during class and timesheet issues	partially	The College will work with a area supervisors to assist with better management and oversight of the program along with processing items in a timelier manner. Late processing of paperwork is an issue of administrative oversight and controls, not eligibility.
2010-19	84.268	MCA	Federal Direct Loan	Student Status Changes not submitted as required.	fully	
2010-20	84.038	MCA	Perkins Loan Program	No exit meetings with Perkins Loan Student	fully	
2010-21	84.268	GCC	Direct Loan Program	Disbursement notification letters not in compliance with federal requirements regarding the contents of these notification letters.	fully	
2010-22	84.268	GCC	Direct Loan Program	Student Status Changes not submitted as required.	partially	GCC reports changes in enrollment status to a contracted third party, the National Student Clearinghouse (NSC) every 30 calendar days. The increased frequency of notifications from four times per semester to every 30 days were implemented with the fall, 2011 semester to ensure that the changes are reported to National Student Loan Data System (NSLDS) within the required timeframe and that proper monitoring of transmissions takes place. The College recognizes it is ultimately responsible for ensuring that NSLDS is properly and timely notified of all student enrollment and status changes.
2010-23	84.033 84.007 84.063 84.268	GCC	Federal Work Study Federal SEOG Federal Pell Grant Federal Direct Loan	Four students did not have individual consortium agreements on file and two students had individual consortium agreements on file but were not signed by the host institution.	fully	
2010-24	84.033	GCC	Federal Work Study	Students working during scheduled class time.	fully	
2010-25	84.032	CCC	FFEL	Students not notified of their right to cancel loan	fully	

Schedule of Prior Year Findings

Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2010-26	84.033	CCC	Federal Work Study	Students working during scheduled class time.	partially	The Financial Aid Office modified the student time sheet, FWS handbook, and other documents to reinforce that students are not allowed to work during class hours. All documents were updated, and procedures were in place, for the 2011-2012 academic year.
2010-27	84.032	CCC	FFEL	Student Status Changes not submitted as required.	partially	The College previously submitted status files to the Clearinghouse 3 times per semester; now they are submitted monthly. The Registrar and Financial Aid Director are now monitoring the NSLDS on-line records after each submission to verify that the data was transmitted from the College to the Clearinghouse to NSLDS within the required time frame.
2010-28 & 2009-30	84.126, 84.390	MRC	Vocational Rehabilitation Grants to States	Inaccurate SF-269 Reports	partially	See Finding 2011-16
2010-29	84.126, 84.390	MRC	Vocational Rehabilitation Grants to States	Financial Reporting Needs Improvement – RSA-2-Annual Vocational Rehabilitation/cost report did not have adequate supporting documentation	partially	See Finding 2011-16
2010-30	84.126, 84.390, 96.001	MRC	Vocational Rehabilitation Grants to States Social Security Disability Insurance	Internal controls over supervisory review of employee attendance records needs improvement – not all employee timesheets were reviewed and approved by the employees’ supervisor	partially	The Agency continues to train staff to ensure that its Payroll Policy and Procedures are understood and followed. The Agency has instituted an internal control that reviews payroll time designation changes to ensure that the changes were made by EOHHS HR staff. See finding 2011-17
2010-31	84.126	MRC	Vocational Rehabilitation Grants to States	Overcharges to VR grant for central service and secretarial indirect costs	fully	
2010-32 & 2009-32	84.367	DOE	Improving Teacher Quality	One instance where school in corrective action transferred Title II funds	fully	
2010-33	10.561	DTA	SNAP	Time sheet certifications could not be found	fully	
2010-34, 2009-36 & 2009-37	93.563	DOR	Child Support Enforcement	Cases were not opened within 20 days of being received as required, cases exceed 90 day requirement to obtain support order.	partially	CSE continues with major systems improvements that will increase compliance with case processing time standards and improve services to our customers. CSE developed and released a comprehensive Request for Response (RFR) for the development of a new computer system. See finding 2011-41
2010-35	93.563	DOR	Child Support Enforcement	Error in calculation of Information Service indirect costs.	fully	
2010-36	93.563	DOR	Child Support Enforcement	Invoice not signed off on by contract manager indicating review	fully	
2010-37	93.563	DOR	Child Support Enforcement	Revisions to reports were not made uniformly to all similar reports	fully	
2010-38	93.658 93.659	DCF	Foster Care Adoption Assistance	Wrong allocation statistic used, thus wrong percentage calculated.	fully	

Schedule of Prior Year Findings

Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2010-39	93.658 93.659	DCF	Foster Care Adoption Assistance	Timesheet could not be located and exception reports not signed by a manager	partially	See Finding 2011-42. Changes have been made in time-reporting and record-keeping practices to address the areas found to be deficient.
2010-40 & 2009-39	93.575 93.596	EEC	Child Care Cluster	Inadequate Internal Controls Over Accounts Receivable - EEC needs to identify federal refunds and apply them to the grant	fully	
2010-41	93.767 93.778	EHS	SCHP Medicaid	Lines in CMS-64 and CMS-21 incorrectly reported	fully	
2010-42 & 2009-44	93.778	EHS	Medicaid	Unable to report Line 27 Emergency Services Undocumented Aliens	partially	The process of separating items on line 27 entails a complicated change to the Data Warehouse. A first attempt was made during SFY2011 to segregate costs for line 27. However, it appears that other expenditures were included on that line. Currently modifying systems to be able to capture the data appropriately and add it to reports as needed. See finding 2011-43.
2010-43 & 2009-45	93.778	EHS	Medicaid	Not getting update credentials from existing providers	partially	MassHealth continues its careful and strategic recredentialing approach in conjunction with the new compliance measures established as part of the Affordable Care Act (ACA). MassHealth also continues its efforts to support provider file integrity and to obtain disclosure information as outlined in 42 CFR Part 455, Subpart B (§§ 455.100 through 455.106).
2010-44 & 2009-46	93.778	EHS	Medicaid	Re-determination not being done on certain area of population	partially	MassHealth currently has business rules in place that require selection of members turning age 19 to be selected for a review. This case was reported to systems during the audit. MassHealth is reviewing the profile-select business rules and will make any necessary changes to ensure that all members turning age 19 are selected for review without exception. See finding 2011-44
2010-45 & 2009-47	93.778	EHS	Medicaid	Uncashed checks not being returned to Federal government timely	fully	
2010-46	93.767	EHS	SCHIP	Quality control procedures not being performed to ensure eligibility inputs are accurate	fully	
2010-47 & 2009-48	93.778	EHS	Medicaid	Informal management reviews of end-user access and formal documentation evidencing review was not retained by EHS.	fully	
2009-07		EHS	State	Medicaid Accrual	fully	
2009-11		ITD	State	Developer Access - HR/CMS	fully	
2009-12	14.871	OCD	Section 8 Housing Choice Vouchers	Nine RAA contracts have expired and were resigned with following COM procurement policies	partially	In light of upcoming program changes, DHCD would like to delay the HCVP procurement for one year. We propose a revised procurement schedule, that will extend the current HCVP contracts until December 31, 2012, in order to complete this process.

Schedule of Prior Year Findings

Finding Reference	CFDA #	Agency	Program(s)	Description/ Summary	Implementation Status	Corrective Action Plan
2009-19	84.032	Mass Bay CC	FFEL	Student Status Changes not submitted as required.		MBC has increased the frequency of submission of student status changes. The College also receives information back from the Clearinghouse on data inaccuracies that affords the College the opportunity to make corrections before final submission from the Clearinghouse to the NSLDS.
					partially	
2009-22	84.268	Mass Maritime Academy	Federal Direct Loan Program	MMA cannot identify its pre-established Roster Reporting Dates. Although MMA says it reports 3 times each semester when it is being done hasn't not been confirmed. Registrar stated he thinks NSLDS just, "use static dates" to report to the Clearinghouse.		Transmission dates are scheduled through August 2012. Internal control document in progress, to be completed on August 2011 to review above process.
					partially	
2009-26	84.007 84.063 84.268	Massasoit CC	SEOG, Pell, Federal Direct Loan Program	MCC did not correctly calculate the return of Title IV funds for 1 of 30 students identified in our sample. Our audit also identified that for 3 of the students in our sample MCC did not process the return of Title IV funds within timeframe as required by Federal regulations		
					fully	
2009-27	84.007 84.033 84.063 84.268 84.375	Massasoit CC	SEOG, FWS, Pell, Federal Direct Loan Program, Academic Competitiveness Grant	MCC needs to improve its cash management procedures to comply with Federal regulations		
					fully	