



# THE COMMONWEALTH OF MASSACHUSETTS

## *CvRF Risk Management and Compliance Discussion*

**December 2020**

# FFO COMPLIANCE FRAMEWORK

The Commonwealth has established a comprehensive compliance plan consisting of four main elements intended to ensure public transparency and accountability in the state's use of CvRF funds.

# FFO COMPLIANCE FRAMEWORK



# REPORTING



## Periodic federal reporting is required on CvRF costs

The Commonwealth is required to submit periodic reports to Treasury OIG on uses of the CvRF. The first such report is due on **December 15, 2020** and covers spending from March 1 through September 30. Future reports will be submitted quarterly.

While ANF can gather most of the needed information from MMARS transactions, some information is not available in MMARS or needs to be confirmed.

To comply with these requirements, ANF will require data from state agencies, in the form of a prescribed worksheet with instructions.

### SAMPLE DATA FIELDS REQUIRED

Transaction category (i.e. contract, grant, transfer to other entities, direct payments or payments to individuals)

Place of performance address

Contract type

Grant/transfer payment method

Grant terms compliance & non-compliance explanation

Federal CvRF category

Spending description

# STAKEHOLDER INVOLVEMENT

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## FEDERAL FUNDS WORKING GROUP

- The goal of the Federal Funds Working Group is “high-level coordination of federal funds sequencing, tracking, reporting, and compliance.”
- The Group consists of CFOs from Secretariats and agencies across the Commonwealth and meets twice a month. The meeting usually begins with a 30-minute round robin, in which members of the group provide federal funds updates for their agency.
- Since June, the Federal Funds Working Group has met 9 times to share best practices and updates on CARES Act funding.

## COMMONWEALTH WORKING GROUP

- Modeled on the successful efforts of the Stop Fraud Task Force created to oversee the American Recovery and Reinvestment Act (ARRA) funds after the 2009-2010 recession, we established the Commonwealth Working Group (CWG), to build upon the work of the Federal Funds Office in minimizing compliance risks associated with COVID-related federal funds provided to the Commonwealth of Massachusetts.
- Aside from ANF, participants include Suzanne Bump, Auditor; Glenn Cunha, Inspector General; Deborah Goldberg, Treasurer; Maura Healey, Attorney General; and Bill McNamara, Comptroller; Geoffrey Snyder, Commissioner

# TECHNICAL ASSISTANCE & TRAINING

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## Agencies should consider FFO a resource as they seek to minimize risk and comply with CvRF and other COVID-19 fund requirements

- In October alone, ANF fielded 112 questions from sub-recipients about eligibility, application process, etc.; average response time is now 1.5 days, down from 7.5 days in August
- Since June, the Federal Funds Working Group, a group of agency CFOs, has met 10 times to share best practices and updates on CARES Act funding.
- Since applications opened, FFO presented at several webinars to brief officials on the plan (attendee numbers all approximated):
  - MMA 10/1 – 450 people
  - MMA 10/6 – 150 people
  - Middlesex DA program for first responders 10/7 – 125 people
  - Mass Health Officers Association 10/8 – 200 people
  - MAPC 10/9 – 100 people
  - MA Municipal Auditors and Accountants Association 11/18- 160 people
- We also offered municipal officials three “office hours” webinar sessions to help them with their Round 2 applications (10/16/2020, 10/20/2020, 10/22/2020)
  - More office hours will be available upon request

# DESK AUDITS

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The purpose of desk audits is to assist ANF in performing compliance monitoring of state agencies' receipt, disbursement, and use of CvRF funds

## WHO

**The FFO and broader ANF team will lead the audits of Commonwealth secretariats and have already started reaching out to fund recipients about this process.**

## WHAT

**The desk audit aims to obtain and evaluate state agencies' processes and documentation used to support reporting.** We will review documentation to ensure:

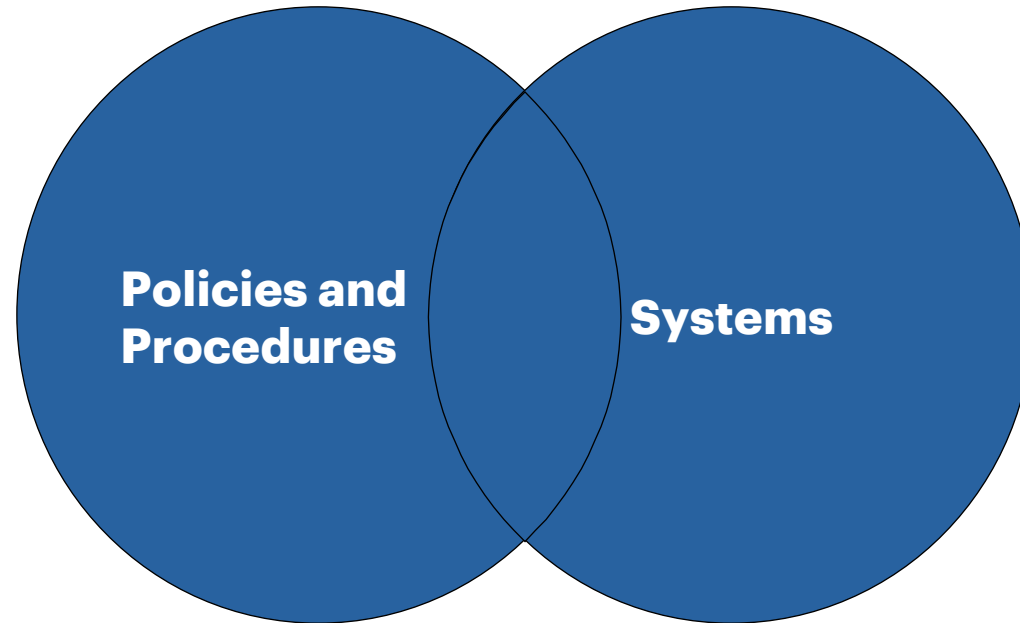
1. Use of funds is consistent with eligible guidelines
2. Documentation matches expenses reported

## WHEN

The first desk audit exercise went to departments on Friday, October 30. **Departments were required to submit responses by Friday, November 13th.** After evaluating the quality of responses, FFO will determine the appropriate cadence for the next rounds of desk reviews. The process is expected to continue regularly into the Spring.

# OTHER COMPLIANCE TOOLS

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# POLICIES AND PROCEDURES



**The CvRF funds will be disbursed in accordance with existing state and federal policies and procedures.**

## **Relevant Policies and Procedures:**

1. Requirements for internal control plans and procedures
2. Public procurement rules
3. Use and retention of contracts and subrecipient agreements
4. Guidance for subrecipient reporting and monitoring
5. Draw down of funds in compliance with CMIA
6. Tools to monitor performance against policy

## ***Example: Internal Controls***

The Comptroller has policies and procedures in place requiring comprehensive internal control plans

## ***Example: Accountability & Subrecipient Monitoring***

Many departments have processes in place for subrecipient monitoring due to the Single Audit Act

# SYSTEMS

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**Commonwealth financial management systems ( HRCMS, MMARS ) provide a strong foundation for tracking federal funds**

## **The Financial Management systems...**

1. Track all federal funds received by the Commonwealth, tied to CDFA #
2. Has special tracking to record all COVID related spending for state or federal funds
3. Record all payments, including payments of federal funds
4. Document the name and address, amount obligated, and amount paid to sub-recipients and contractors
5. Track Commonwealth employees' time allocated to federal funds (time and labor systems)
6. Will display public information on expenditures (CTHRU)
7. Provide a foundation for subrecipient monitoring (OSD's UFR)