

# Response to KPMG Findings

*May 15, 2024*



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# Out of period adjustment related to capital assets and depreciation expense

## CAUSE

- Due to DOT's reliance on Comptrollers (OSC) and the Massachusetts Management, Accounting and Reporting Systems (MMARS) to record and produce capital asset information needed in the preparation of our financial statements, this reclassification adjustment was delayed into the following fiscal year

## IMPACT

- The resulting out of period adjustment was an increase in Construction in Progress and a decrease in Infrastructure Assets causing zero-dollar impact to net capital assets

## SOLUTION

- Continue to work with OSC to improve the capital asset process and address capital asset reporting in the formation of the new State Accounting System

# Understatement of toll accounts receivable and related allowance

## CAUSE

- Mismatch between DOT and the Commonwealth on the issue of writing off certain toll receivables and the resulting reports issued by our outside toll service provider not reflecting the proper uncollectible data

## IMPACT

- The posting of the final toll receivables and allowance entries for the year-end close was delayed

## SOLUTION

- DOT will increase our communications with the toll service provider to keep all parties updated on the toll revenue receivable and allowance process

# Late delivery of certain regional transit authority (RTA) financial statements

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## CAUSE

- Certain RTA's have inherent challenges in providing audited financial reports to DOT due to the enactment of new GASB statues and the set up of their pension plans

## IMPACT

- This can cause delays in our reporting and the inability of KPMG to fully sign off on RTA figures conveyed in our report

## SOLUTION

- DOT will continue our ongoing discussions with the RTA's and utilize our own Rail and Transit Division to improve the process

# Late delivery of pooled cash and investments agreed-upon procedures

## CAUSE

- There were delays in the cash and investments area of our financials due to delays in the Commonwealth closing their own accounts in this area for FY23

## IMPACT

- This delayed booking some year-end close entries in cash and investments which delayed the issuance of our financial statements

## SOLUTION

- We are hopeful this was a one-off situation and will continue communicating, and working with, OSC throughout out year-end close and financial reporting process

Thank You

