



2021 State of Maryland Town Hall Meeting

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About Your Auditors

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CliftonLarsonAllen LLP (CLA) is a **national** certified public accounting and consulting firm that employs over 5,000 people dedicated to helping governments, businesses, nonprofits, and the individuals who own and lead them.

With 60 years of experience in the state and local government industry, CLA has one of the largest governmental audit and consulting practices in the country. Our firm's Government Services Team serves **more than 2,100 governmental entities** nationwide, including numerous cities, counties, municipalities, states and state agencies, and school boards.

HISTORY ~ 60 YEARS IN BUSINESS	FISCALLY STRONG \$850 MILLION REVENUE
LOCATION 100+ LOCATIONS INCLUDING OUR LOCAL OFFICES IN COLUMBIA, SC AND CHARLOTTE, NC	\$100 MILLION CAPITAL NATIONAL #9 BY REVENUE <small>According to, Accounting Today</small>
RESOURCES 5,000+ EMPLOYEES 600+ STATE AND LOCAL GOVERNMENT TEAM MEMBERS	2,100+ WE SERVE GOVERNMENTAL ENTITIES



State of Maryland

Key Team Members

State Financial Statements (ACFR)	Bill Early, Jonathan Griffin, Shannon Weis
Post Retirement Health Benefits Trust Fund	Remi Omisore, Aires Coleman
MDOT Financial Statements	Sean Walker, Jatana Coleman
World Trade Center Audit	Sean Walker, Jatana Coleman
MTA Statistics – Form 901	Sean Walker, Jatana Coleman
Passenger Facility Charges Audit	Sean Walker, Jatana Coleman
Md. Transit Admin. Pension Plan Audit	Sean Walker, Jatana Coleman
Maryland Transportation Authority Financial Statements	Sean Walker, Jatana Coleman
Commerce Economic Development Opportunities Program Fund	Remi Omisore, Justin Measley
Commerce Economic Adjustment Fund	Remi Omisore, Justin Measley



State of Maryland

Key Team Members

Commerce Economic Development Assistance Authority and Fund

Remi Omisore, Justin Measley

Commerce Small Business Development Financing Authority

Remi Omisore, Justin Measley

Commerce Industrial Development Financing Authority

Remi Omisore, Justin Measley

MWQFA

Remi Omisore, Justin Measley

Unemployment Insurance Trust Fund Financial Statements

Bill Early, Aires Coleman

Maryland Correctional Enterprises Financial Statements

Bill Early, Aires Coleman

Maryland Food Center Authority Financial Statements

Bill Early, Aires Coleman

Maryland Stadium Authority Financial Statements

Bill Early, Aires Coleman

2 C.F.R. 200 Audit (Single Audit Report)

Sean Walker, Aires Coleman



State of Maryland

Key Team Members

University System of MD

Chrissy Bowman, Bobby Gauthier, Katie Orris

Morgan State University

Remi Omisore

St. Mary's College

Remi Omisore, Bobby Gauthier

State Retirement and Pension System

Thomas Rey, Ivan Ritz

Baltimore City Community College

Chrissy Bowman, Bobby Gauthier

Information Technology

Phil Del Bello, Jim Kreiser, Ryan Dooley

State Scholarships (USM, Morgan, St. Mary's College)

Kelly Sipocz



State of Maryland Key Team Members



Bill Early, CPA – Principal



Remi Omisore, CPA – Principal



Chrissy Bowman, CPA – Principal



Thomas Rey, CPA – Principal



Sean Walker, CPA – Principal



Phil Del Bello, CPA, CISA – IT Principal



Jim Kreiser, CFSA, CISA, CRMA – IT Principal



State of Maryland Key Team Members



Shannon Weiss, CPA – Director



Jatana Coleman, CPA – Director



Jonathan Griffin, CPA – Manager



Justin Measley, CPA – Manager



Aires Coleman, CPA – Director



Bobby Gauthier, CPA – Manager



State of Maryland Key Team Members



Kelly Sipocz, CPA – Manager



Katie Orris – Senior



Ryan Dooley, CPA – IT Senior

Additional staff will be assisting the management teams on all engagements.





About Our ACFR Audit

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Objective and Scope of the ACFR Audit

- CliftonLarsonAllen LLP (CLA) has been engaged by Comptroller's Office to audit the Annual Comprehensive Financial Report (ACFR) of the State of Maryland.
- We perform our audit procedures on the underlying accounting records that are used to create the ACFR. These underlying records are obtained from the General Accounting Division (GAD) as well as other agencies and departments of the State.
- Requests for audit support for the accounting records could come from either GAD or the CLA team members throughout the audit.



Objective and Scope of the ACFR Audit

- In addition to testing the “numbers,” we test the design and operational effectiveness of the State’s internal controls over financial reporting.
- Internal controls are tested in a variety of manner, depending on the control:
 - - Inquiry
 - - Walk-through/re-performance
 - - Examination of documentation of control performance



Objective and Scope of the ACFR Audit

All State agencies and departments are subject to audit procedures related to the ACFR (unless separately by other Auditors).

Financial information and agency/department selection is subject to selection for the following reasons:

- Known areas of concern or errors reported in the current year or prior year
- Materiality of the balances
- Random selection/sampling

The same agency/department, balance, or transaction area may or may not necessarily be selected every year.



Timing of ACFR Audit Procedures

Issuance of the 2021 ACFR is planned for mid-December 2021.

Our audit procedures are a year-round process.

- Planning – January through July
- Transaction Testing – July through November
- Year End Balance Testing – September through November
- ACFR Review and Testing – November through December

At any point during those phases of the audit, State agencies and departments may be contacted for documents and meeting requests.



Timing of ACFR Audit Procedures

We have designed our procedures to minimize the quantity of requests made throughout the year and the amount of on-site visits that occur throughout the year.

We have also designed our procedures in conjunction with the Single Audit engagement team to minimize occurrence of testing a transaction in both engagements. However, the Single Audit requires more detailed testing which might require additional items selected or additional information requested related to the same items.

For most agencies and departments, there will be multiple times throughout the audit where a request, contact or on-site visit is made.

We are asking that agencies and departments provide support and/or make arrangements for a CLA auditor to come on site for testing within 7 days of the support request.



Timing of ACFR Audit Procedures

Assurance Information Exchange (AIE) Auditor View:

T	Key	Client Number	Summary	Status	Client Assignee	Report/File Name	Assignee	P	Created	Updated	Due ↓	Stage	Entity ID
☐	AIW-1175448	026-011056	FY21 Accrued Payroll Reconciliation Schedule (Provided by George Cherupil in the prior year)	CLIENT	Luther Dolcar	2300.11 & 0553.25	Jonathan Griffin	▼	27/Apr/21	04/May/21	30/Sep/21	Planning	ACFR: General Accounting Division
☐	AIW-1175510	026-011056	Maryland Department of Health Receivable Schedule that breaks out Grant vs Non-Grants Receivables and which ties to the total DAFR8580 040 Receivable Balance as of 6/30/21 (Provided by Lisa Anderson in the prior year)	CLIENT	Avi Glenner	1305.12	Jonathan Griffin	▼	27/Apr/21	27/Apr/21	17/Sep/21	Final Fieldwork	ACFR: Department of Health
☐	AIW-1175511	026-011056	Detailed listing of Federal Grants Receivables for the Department of Health as of 6/30/21 (provided by Lisa Anderson in the prior year)	CLIENT	Avi Glenner	1305.12a	Jonathan Griffin	▼	27/Apr/21	27/Apr/21	17/Sep/21	Final Fieldwork	ACFR: Department of Health
☐	AIW-1175533	026-011056	Department of Health Schedule of Prepaid Balances by Program (provided by Avi Glenner in the prior year) and documentation supporting the balances in each program	CLIENT	Avi Glenner	1510.02	Jonathan Griffin	▼	27/Apr/21	27/Apr/21	17/Sep/21	Final Fieldwork	ACFR: Department of Health
☐	AIW-1175554	026-011056	Self-insurance Employee Health Benefits Rollforward Schedule and Plan Activity Summaries (Provided by Devon McMillian in the prior year)	CLIENT	Christina Kuminski	2301.11	Jonathan Griffin	▼	27/Apr/21	27/Apr/21	17/Sep/21	Final Fieldwork	ACFR: Department of Budget and Management

Upon receipt of the request items from the agencies and departments, CLA will provide follow-up questions, when applicable, within two weeks of the due date.

Analytical reviews and data analysis procedures are performed through-out all audit areas and additional questions may arise during those procedures.



Timing of ACFR Audit Procedures



REMINDER: Once the initial request is provided, it does not mean we are done with our procedures. We typically will have follow up questions, clarification, or additional requests as a result of the work we perform.



Audit Documentation Requests

- Agencies and departments have two methods to provide the information to our auditors:
 - On-site visit
 - Electronically
- It's the agency's choice in how to provide the audit evidence. Please do not hesitate to reach out if the volume of requests at your agency is too great to provide electronically, we can schedule an on-site visit for your agency.
- CLA will use secure portal sites and secure e-mail system in communicating requests in order to secure sensitive information that may be included in the requests.
 - Assurance Information Exchange (AIE) is CLA's secure Portal
 - LeapFILE is CLA's secure email system
- Note: If there are concerns with the format or quantity of support to be provided, contact us to discuss.



Communication Throughout Audit

Communication with agencies and departments will be continual throughout all stages of fieldwork to ensure the 2021 audit proceeds smoothly.

Open item lists will be regularly communicated with agencies throughout the audit as requests are made.

The lists will serve as an inventory of outstanding requests, questions, and issues, as well as indicate which items have been received and closed.





ACFR Audit Document

What Does Support Look Like?

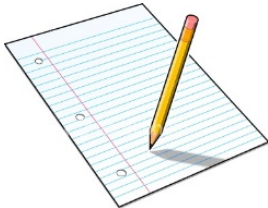
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What do we mean by “support”

The support that we request will be defined in most cases, but in general, the purpose of the “support” we request will be to provide audit documentation that serves two purposes:

1. Transaction and balance support - Support that the transaction/balance occurred and was recorded properly.
2. Internal control support - Support that indicates the transaction was subject to the State or agency’s internal control processes and policies and that the control was performed.



Transaction and Balance Support

Items that support the accounting behind the transaction balance.

The appropriate support will vary by audit area, but as a rule of thumb, “sufficient support” should be considered:

- Documentation to provide auditors with enough evidence to understand the transaction, including extent, nature, timing and necessary accounting treatment.

Examples of sufficient support:

- Reconciliation
- Invoice
- Cash remittance or receipt
- Aging detail
- Purchase order

Examples of insufficient support:

- System detail/list
- Print out of a journal entry with no backup for the entry



Internal Control Support

Internal Control - a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

In testing financial data, we test the controls in addition to the numbers to ensure that controls are designed and operating effectively to provide assurance that the State's control environment:

1. Deters and detects errors, fraud and theft
2. Ensures accuracy and completeness of the accounting data
3. Produce reliable and timely financial and management information
4. Ensure employee adherence to the State's policies and plans



Internal Control Support

Policies and procedures are established at the State and agency level to ensure internal controls are in place over financial data.

In order to complete our audit procedures, we must be able to test the establishment and performance of the internal controls.





About Our Single Audit

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Single Audit Structure

CLA's Statewide Single Audit Team is responsible for:

- Determination of major programs
 - Uniform Guidance
- Testing and coordination of all major programs
 - Agency entrance conferences
 - Response to audit requests and findings
- Overall statewide SEFA testwork
- Compiling and reporting of findings for the statewide single audit report



CLA's Single Audit Approach

- Planning and Strategy Phase
 - Identification of major programs
 - Determination of direct and material compliance requirements for each major program
- Testing Phase
 - Understanding of control environment surrounding direct and material compliance requirements
 - Testing key controls and compliance requirement
 - Reporting of results on a timely basis
- Reporting Phase
 - Consolidation of statewide SEFA testwork and completeness procedures
 - Compilation of statewide findings and issuance of single audit report



Single Audit Timeline

- NOTE: Per OMB Memo M-21-20, delay in the completion and submission of the Single Audit reporting package was granted for six months beyond the normal due date (September 30, 2022)
- To be scheduled:
 - Pre-engagement and planning procedures
 - Fieldwork: To be discussed with each department
 - PBC lists will be prepared for each program
 - SEFA completeness work
 - Issuance of Statewide Single Audit Report



Communications During the Single Audit

- Most important aspect of a successful engagement:
COMMUNICATION
 - Entrance meeting
 - Status meetings for each program or group of programs – discussion on who to involve
 - Discuss progress, questions, concerns
 - PBC list status and any issue areas
 - Exit meeting for each program or group of programs





Single Audit - Best Practices and Recommendations

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Best Practices and Recommendations

- Internal Controls
 - Create and continually update formal policies regarding grant procedures
 - Review OMB and grant award requirements at least annually and update the procedures accordingly
 - Oversee the leadership of your grant programs
 - Quarterly communication with departments
- Allowable Costs/Cost Principles, Eligibility, Subrecipient Monitoring, and Special Tests
 - Procedures in place comply with requirements on or before implementation date
 - Continue to train staff on federal requirements and sufficient, acceptable supporting documentation
 - Formal documentation of reviews/approvals and information examined
 - Consistent application of procedures



Best Practices and Recommendations

- Reporting
 - Maintain submitted report and related documentation
 - For electronically submitted reports, print out the report along with the electronic communications supporting submission
 - Maintain evidence of supervisory review
- Time and Effort
 - Quarterly reconciliation of all grant expenditures, including payroll time and effort
 - Document adjustments of budget to actual employee hours and/or salary charged to a program
 - Consistent application of procedures and adequate internal control reviews to catch errors and incomplete/nonexistent forms





Please feel free to contact us at any point in the audit process with any questions or concerns!



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