

Department of Education

Findings on Compliance with Rules and Regulations

Finding Number 8: Internal Control Plan Needs To Be Completed

The Department of Education (Department) does not have an internal control plan in accordance with Massachusetts General Law, Chapter 647, State Agencies Internal Control Act of 1989 (Chapter 647). Chapter 647 outlines internal control standards which "...define the minimum level of quality acceptable for internal control systems in operation throughout the various state agencies and departments..." and it constitutes... "the criteria against which such internal control systems will be evaluated."

Chapter 647 requires that the Department document its internal control systems to include:

"(1) internal control procedures, (2) internal control accountability systems, and (3) identification of the operating cycles. Documentation of the Department's internal control systems should appear in management directives, administrative policy, and accounting policies, procedures and manuals."

Chapter 647 also details the important elements of an effective system of controls as a guide for the Department to consider when completing their plan. Chapter 647 also stipulates that the Department designate an individual whose responsibilities include ensuring that the Department has written documentation of its internal accounting and administrative control system on file and, at least annually, evaluating and implementing any changes deemed necessary to maintain the integrity and effectiveness of the system.

One of the internal control systems to be included in the plan is the management of federal programs. As evidenced by the findings on the Department's federal programs, the Department's system for managing federal programs needs to be better documented and improved. These changes would be beneficial in developing the overall internal control plan. It should be noted that OMB Circular A-133, revised 1997, requires that the control system be written.

Because there is no written internal control plan prepared and on file, it is difficult for the Department to quantify the integrity and effectiveness of its internal control system. It also makes it difficult for the Department to respond to changes in its internal control system while maintaining the system's effectiveness. (*Fiscal Year 1994; 1997 Report Finding 3*)

Recommendation:

The Department should work diligently to complete its internal control plan, ensuring that it contains all

of the elements detailed in Chapter 647. Once complete, the plan should be reviewed by the Office of the Comptroller and by an independent third party to ensure that the plan is logical, applicable and complete.

Department corrective action plan:

We acknowledge the need to prepare a formal internal control plan for the Department. We currently do not have sufficient staff resources to address this need.

Person Responsible: Jeff Wulfson

Time Frame: Initial drafting of written plan to begin by the end of fiscal year 1999.

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