

Executive Office of Environmental Affairs

Findings on Compliance with Rules and Regulations

Finding Number 5: Internal Control Plan Needs to be Updated

The Executive Office of Environmental Affairs (Office) 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 Office 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 policies, and accounting policies, procedures and manuals."

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

Because the written internal control plan has not been updated during the current year, it is difficult for the Office to quantify the integrity and effectiveness of its internal control system. It also makes it difficult for the Office to respond to changes in its internal control system while maintaining the system's effectiveness.

Recommendation:

The Office should work diligently to update and complete its internal control plan, ensuring that it contains all of the elements detailed in Chapter 647 and the checklist provided by the Office of the Comptroller. Once completed, the plan should be reviewed by the Office of the Comptroller or by an independent third party to ensure that the plan is logical, applicable and complete.

Department corrective action plan:

The Office is currently updating its Internal Control Plan based on the Comptroller's checklist. It is expected that the updated Plan, compiled by the Assistant Secretary for Administration and Finance, will be submitted to the Comptroller by mid-October.

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