

# Executive Office of Environmental Affairs

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## Findings on Compliance with Rules and Regulations

### **Finding Number 2: 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 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." The chapter also states that "Internal control systems for the various state agencies and departments of the Commonwealth shall be developed in accordance with internal control guidelines established by the Office of the Comptroller." These guidelines require the development of a documented internal control plan.

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

The Office is currently working on an update to its plan based on the Office of the Comptroller's checklist. Updating the plan is important for the Office to quantify the integrity and effectiveness of its internal control system and to respond to changes in its internal control system while maintaining the system's effectiveness. (*Fiscal Year 1998 Report Finding 5*)

### **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**

ENV will update and expand its Internal Control Plan to insure compliance with Chapter 647 of the Acts of 1989. It is expected this updated plan will be compiled by the Director of Finance with the assistance of various department staff. It is anticipated that additional staff will be hired by December 13, 1999 to allow the Director of Finance to devote more time to updating this plan. In addition, ENV will change its annual plan review date from the fall (October) to the spring (May) to insure the updated Internal Control Plan will be in place for the fiscal year 2000 Single State Audit review.

Implementation Date: Immediately

Responsible Individual: Victor T. Mastone

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