



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued May 22, 2020

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## State Ethics Commission

For the period July 1, 2017 through June 30, 2019





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Office of the State Auditor  
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*Making government work better*

May 22, 2020

Mr. David A. Wilson, Executive Director  
State Ethics Commission  
1 Ashburton Place, Sixth Floor, Room 619  
Boston, MA 02108

Dear Mr. Wilson:

I am pleased to provide this performance audit of the State Ethics Commission. This report details the audit objectives, scope, and methodology for the audit period, July 1, 2017 through June 30, 2019. My audit staff discussed the contents of this report with management of the agency.

I would also like to express my appreciation to the State Ethics Commission for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Ms. Maria J. Krokidas, Chair, State Ethics Commission

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## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>OVERVIEW OF AUDITED ENTITY .....</b>	<b>2</b>
<b>AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY.....</b>	<b>4</b>

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## EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the State Ethics Commission (SEC) for the period July 1, 2017 through June 30, 2019. The purpose of our audit was to determine whether SEC complied with Sections 27 and 28 of Chapter 268A of the General Laws, which require SEC to ensure that elected state and county employees adhere to requirements related to the Conflict of Interest Law summary acknowledgment receipt and certification for SEC's online training program.<sup>1</sup>

Our audit revealed no significant instances of noncompliance by SEC that must be reported under generally accepted government auditing standards.

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1. The training program provides employees who are subject to the Conflict of Interest Law with information on how the law governs situations where their public responsibilities conflict with personal interests. These situations include receipt of gifts, favoritism toward family or friends, and decisions benefiting personal financial interests. The training explains how to recognize and properly address these situations.

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## OVERVIEW OF AUDITED ENTITY

The State Ethics Commission (SEC) was established in 1978 under Section 2 of Chapter 268B of the Massachusetts General Laws. SEC consists of five members: three members, including the chairperson, appointed by the Governor; one by the Attorney General; and one by the Secretary of the Commonwealth. The commissioners serve five-year terms, and there cannot be more than three members from the same political party at any time. SEC employs an executive director who oversees its administrative operations.

As of June 30, 2019, SEC had 25 employees. SEC received state appropriations of \$2,093,969 and \$2,254,948 for fiscal years 2018 and 2019, respectively. Its offices are located at 1 Ashburton Place in Boston.

SEC's website states,

*The State Ethics Commission is an independent state agency that administers and enforces the provisions of the conflict of interest law and financial disclosure law. . . .*

*The State Ethics Commission serves the public by fostering integrity in government. The independent agency provides free advice to all public employees on the conflict of interest law, and civilly enforces this law. [Any citizen] can contact the Commission to obtain legal advice, file a complaint, obtain a statement of financial interest or conflict of interest law disclosure form, or complete statutory conflict of interest law requirements.*

### Conflict of Interest Law Summary Acknowledgment Receipt

SEC is responsible for ensuring that all elected state and county employees comply with Section 27 of Chapter 268A of the General Laws by ensuring that they are given a summary of the Conflict of Interest Law and that they file an acknowledgment receipt with SEC. Accordingly, SEC maintains a list of all elected state and county employees, which includes each elected employee's name, agency, position, and email address. This list is updated as needed to account for general and special election results and temporary appointments.<sup>2</sup> At the beginning of each calendar year, SEC sends an email using Lyrus ListManager<sup>3</sup> to all elected state and county employees. The email includes a summary of the Conflict of Interest Law, an acknowledgment receipt, and instructions to send the acknowledgment receipt back to

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2. A temporary appointment is the result of a vacancy of an elected office due to death, retirement, or resignation. Depending on the date of vacancy, county and municipal boards may choose to fill a position temporarily until a special election date can be determined.

3. ListManager is an Internet application used to manage email lists and the delivery of emails to large numbers of recipients.

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SEC within 30 days. Employees can send the acknowledgment receipt by signing a copy of it and emailing it back to SEC as a Portable Document Format (PDF) file or by replying to SEC's email. On receiving the acknowledgment receipt, SEC logs the date it was received and the email address of the respondent in a spreadsheet. SEC monitors the responses and makes as many as three attempts, through either email or phone, to contact non-responders requesting their compliance. At the end of the fiscal year, SEC's public education and communications division chief reviews the results of SEC's compliance efforts with the executive director.

### **Conflict of Interest Law Online Training Program**

SEC is responsible for ensuring that all elected state and county employees comply with Section 28 of Chapter 268A of the General Laws, including its requirements related to certification for SEC's online training program. During even-numbered calendar years, only newly appointed or special elected state and county employees are responsible for completing the program; they must do so within 30 days of becoming elected employees and every two years thereafter. For odd-numbered calendar years, at the beginning of the year, SEC sends an email using ListManager to all elected state and county employees. The email requests that recipients complete the online training program by a specified due date<sup>4</sup> and email their online training program certifications to SEC. Employees can email their certificates either as PDF files or as photographs of printed certifications. SEC logs the date and email address for each response in a spreadsheet; monitors the responses; and makes as many as three attempts, through email or phone, to contact non-responders requesting their compliance.

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4. The due date for 2019 was April 5.

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the State Ethics Commission (SEC) for the period July 1, 2017 through June 30, 2019.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer and the conclusion we reached regarding each objective.

Objective	Conclusion
1. Does SEC ensure that elected state and county employees provide signed acknowledgment receipts for the Conflict of Interest Law summary as required by Section 27 of Chapter 268A of the General Laws?	Yes
2. Does SEC ensure that elected state and county employees complete the online training program as required by Section 28 of Chapter 268A of the General Laws?	Yes

To achieve our objectives, we gained an understanding of SEC's internal control environment related to our audit objectives by reviewing applicable laws, regulations, and agency policies and procedures, as well as conducting inquiries with SEC's staff and management.

Additionally, we performed the procedures described below.

### Acknowledgment Receipt for Conflict of Interest Law Summary

We obtained SEC's list of all 688 elected state and county employees who were subject to the requirements of Section 27 of Chapter 268A of the General Laws during the audit period. SEC manually updates this list with the received date for each employee's annual acknowledgment receipt for the Conflict of Interest Law summary. We examined 100% of the list for evidence of each employee's annual acknowledgment receipt. We obtained the acknowledgment receipts and noted each one's document

type (Portable Document Format file or email reply), date, and sender email address. We assessed the timeliness of acknowledgment receipts by calculating the difference between the due date and receipt date, noting the number and percentage of respondents who did not respond within 30 days as required.

The instances of noncompliance that were identified in this area were deemed insignificant by the audit team and were discussed with SEC management. SEC officials stated that they would be implementing process improvements to ensure that all acknowledgment receipts were submitted in a timely manner.

### **Certification of Online Training Program Completion**

We obtained SEC's list of all 358 elected state and county employees who were subject to the requirements of Section 28 of Chapter 268A of the General Laws during the audit period. SEC manually updates this list with the received date for each employee's certification of online training program completion. We examined 100% of the list for evidence of online training completion. We obtained the certifications and noted the completion date on each one to determine whether there were any respondents who did not meet the due date.

### **Data Reliability**

To determine the reliability of SEC's lists of elected state and county employees, we interviewed the management personnel who were responsible for the source data and used electronic spreadsheet functionality to identify hidden cells and rows or other irregularities. We noted no exceptions. To determine the completeness of the SEC lists, we compared the names and positions on the lists to the Office of the Secretary of the Commonwealth's (SOC's) Public Document 43, which lists the results of state and county elections certified by SOC and maintained on its website. We determined that the SEC lists of elected state and county employees were sufficiently reliable for the purpose of this audit.