

OFFICE OF THE STATE AUDITOR

---

# DIANA DIZOGLIO

Official Audit Report – Issued December 24, 2025

---

## State Ethics Commission

For the period July 1, 2022 through June 30, 2024



OFFICE OF THE STATE AUDITOR

---

**DIANA DIZOGLIO**

December 24, 2025

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

Dear Director Wilson:

I am pleased to provide to you the results of the enclosed performance audit of the State Ethics Commission. As is typically the case, this report details the audit objectives, scope, methodology, finding, and recommendation for the audit period, July 1, 2022 through June 30, 2024. As you know, my audit team discussed the contents of this report with agency managers. This report reflects those comments.

I appreciate you and all your efforts at the State Ethics Commission. The cooperation and assistance provided to my staff during the audit went a long way toward a smooth process. Thank you for encouraging and making available your team. I am available to discuss this audit if you or your team has any questions.

Best regards,



Diana DiZoglio  
Auditor of the Commonwealth

cc: Hon. Margot Botsford (ret.), Chair of the State Ethics Commission  
Eve Slattery, Division Chief and General Counsel of the State Ethics Commission

---

## TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
OVERVIEW OF AUDITED ENTITY.....	2
AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY .....	6
DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE.....	11
1. The State Ethics Commission should update its internal control plan annually, as required by the Office of the Comptroller of the Commonwealth's <i>Internal Control Guide</i> . .....	11

## LIST OF ABBREVIATIONS

AOD	attorney of the day
CTR	Office of the Comptroller of the Commonwealth
ICP	internal control plan
SEC	State Ethics Commission
SFI	Statement of Financial Interests

## 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 the State Ethics Commission (SEC) for the period July 1, 2022 through June 30, 2024.

The purpose of our performance audit was to determine the following:

- to what extent SEC ensured that Statements of Financial Interests (SFIs) were filed on time and completed in accordance with Sections 3(f), 5(a)–(c), and 5(g)(10) of Chapter 268B of the General Laws;
- whether SEC conducted initial staff reviews of violations involving conflicts of interest and the filing of SFIs in a timely manner in accordance with its internal practices; and
- whether SEC issued advisory opinions in a timely manner in accordance with its internal practices.

Below is a summary of our finding, the effect of that finding, and our recommendation, with hyperlinks to each page listed.

<b>Finding 1</b> <u>Page 11</u>	SEC should update its internal control plan (ICP) annually, as required by the Office of the Comptroller of the Commonwealth's (CTR's) <i>Internal Control Guide</i> .
<b>Effect</b>	If SEC does not annually review, and update as needed, its ICP and other policies and procedures, then SEC staff members may not have clear guidance, leading to inconsistent practices, inefficiencies, and a higher risk of noncompliance with laws and regulations. A lack of written policies and procedures can also hinder staff member training, accountability, and continuity of operations for managing SFI filings and advisory opinions.
<b>Recommendation</b> <u>Page 13</u>	SEC should establish and implement a formal process to review and update its ICP and policies and procedures. This process should include documenting the performance of an annual review, as required by CTR's <i>Internal Control Guide</i> and state law.

## 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, including the chair, are appointed by the Governor; one is appointed by the Secretary of the Commonwealth; and one is appointed by the Attorney General. Commissioners serve staggered five-year terms, so that SEC always has five members, with no empty seats or overlapping terms. Each commissioner is allowed to serve only one full five-year term.

According to SEC's website,

*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. You 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.*

SEC employs an executive director to oversee its administrative operations. As of June 30, 2024, SEC employed 28 full-time and three part-time employees. State appropriations for SEC were \$2,666,373, \$2,954,468, and \$3,485,031 in fiscal years 2022, 2023, and 2024, respectively. SEC's office is located at Room 619 on the sixth floor of One Ashburton Place in Boston.

### Filing of Statements of Financial Interests

SEC is responsible for ensuring that all designated state and county employees file Statements of Financial Interests (SFIs) in accordance with Chapter 268B of the General Laws. SFIs include the filer's salary (reported within a range), business holdings, government securities, stocks, bonds, other financial investments, real estate holdings and mortgages, gifts, honoraria, and reimbursements from certain sources exceeding \$100 in a calendar year. Filing deadlines differ based on the type of filer:

- designated state and county public employees who held their position for at least 30 days in the previous year must file by May 1 of the filing year;
- public officials are required to file by the last Tuesday in May;
- former public officials who served at least 30 days in the prior year must file by the last Tuesday in May; and
- state and county candidates must file their SFIs before submitting their nomination papers to the Secretary of the Commonwealth.

According to SEC officials, every year agencies must submit a list of all designated public employees and public officials who are required to file SFIs with SEC under Sections 3(f), 5(a)–(c), and 5(g)(10) of Chapter 268B of the General Laws. Each agency designates an SFI liaison (usually a Human Resources employee). SEC then grants the designated SFI liaison access to the SFI filing system. After they receive access to the system, the designated SFI liaison enters each filer's contact and employment details into the SFI filing system. Based on this information, the SFI system sends electronic notifications and automated reminders to all designated public employees and public officials in the agency before the deadline. Filers can then submit their SFIs to SEC using the SFI filing system or by hard copy. If a filer does not submit their SFI by the deadline, the SFI filing system issues a notice of lateness, informing the filer of the 10-day grace period. Filers who still fail to comply can face civil penalties ranging from \$100 to \$10,000. If a filer does not respond to standard notices, SEC may use alternative methods such as direct phone calls, emails, mailed notices, agency liaison outreach, or social media searches to contact the filer. Extensions may be granted for valid reasons and are tracked in the SFI filing system.

Candidates must file their SFIs independently before submitting their nominations. They may file their SFIs in person or online.

The SFI filing system enforces the completeness of electronic filings by requiring filers to complete all mandatory fields before an SFI can be submitted. For hardcopy submissions to SEC, the SFI team reviews the SFI for completeness, then date-stamps, scans, redacts, and uploads the SFI for public access in the SFI filing system, while SEC retains the original version internally. For instances where amendments to an SFI are needed, the filer can make the changes electronically if they filed electronically and by hand if filed by paper.

SEC's Enforcement Division manages all complaints and investigations. An investigation can start when former public officials or employees fail to file their SFIs. SEC staff members record all communications related to late and failed SFI filings in SEC's case management system.

## **SEC's Investigations of Conflicts of Interest and Financial Disclosure**

Section 4 of Chapter 268B of the General Laws requires SEC to investigate conflicts of interest and financial disclosure violations that are outlined in Chapters 268A and 268B of the General Laws.

According to SEC officials, SEC's Enforcement Division investigates all complaints that it believes contain credible allegations of violations of Chapters 268A or 268B of the General Laws. SEC receives complaints

through multiple sources, including electronic submissions, telephone inquiries, walk-ins, and referrals from other agencies. SEC reviews complaints in two phases: informal and formal.

During the informal complaint phase, SEC staff members assess complaints for credibility and determine whether they fall within SEC's jurisdiction. If a complaint is deemed not credible or outside of SEC's jurisdiction, it is referred to the Enforcement Division chief or another attorney for closure, and the Enforcement Division sends a closing letter to the complainant, unless the complainant is anonymous. If a complaint is deemed credible and within SEC's jurisdiction, the complaint is assigned to an investigator for review. The investigator gathers evidence through phone interviews and may request additional documentation from the complainant, the subject of the complaint, or relevant third parties who may have records tied to the allegations. If the investigator finds sufficient evidence of a violation to address the complaint, they may recommend issuing a private letter to the complainant or initiating the formal phase of the investigation. The Enforcement Division Chief or a reviewing attorney reviews the recommendation. SEC has set an internal goal of completing informal reviews, also known as initial staff reviews, within three months of receiving a complaint.

If SEC authorizes a formal investigation, also known as a preliminary inquiry, SEC may also authorize the issuance of summonses by the Enforcement Division to obtain testimony or documents from the complainant, the subject of the complaint, and other witnesses or third parties with knowledge of the matter. After this investigation is complete, the Enforcement Division submits a preliminary inquiry report with recommendations to SEC's commissioners for resolution. SEC commissioners vote to resolve the preliminary inquiry through a confidential compliance letter, a private education letter, by initiating a public adjudicatory hearing, or by terminating it.

SEC commissioners conduct a public adjudicatory hearing in which the Enforcement Division presents evidence of the alleged violation and allows the subject of the complaint to defend themselves. If SEC commissioners rule that the subject violated the law, they may impose a civil penalty of up to \$10,000 per violation, except for violations where the subject accepts a bribe, which is subject to a civil fine of up to \$25,000 per violation.

## **Advisory Opinions**

Section 3(g) of Chapter 268B of the General Laws authorizes individuals who are subject to Massachusetts conflict of interest or financial disclosure laws to request written advisory opinions from SEC regarding

---

the application of those laws. Section 10 of Chapter 268A of the General Laws states, “The State Ethics Commission shall issue opinions interpreting the requirements of this chapter in accordance with clause (g) of section three of chapter two hundred and sixty-eight B.”

SEC officials stated that individuals seeking guidance can submit their requests through various channels, including telephone, email, fax, or SEC’s website. For telephone inquiries, receptionists at SEC answer calls and log each request in SEC’s case management system. All calls are assigned to the attorney of the day, who is responsible for providing immediate assistance to requestors. Inquiries submitted online, through fax, or through email are entered by an administrative assistant into SEC’s case management system and assigned to SEC attorneys for review.

SEC receptionists, administrative assistants, and attorneys are responsible for handling all requests and associated communications and must ensure that advice given is properly documented in SEC’s case management system. SEC stated that its goal is to respond to written inquiries within 30 days; however, SEC reports that it typically answers most telephone inquiries on the same day or by the next business day.

## 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, 2022 through June 30, 2024.

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. To what extent did SEC ensure that Statements of Financial Interests (SFIs) were filed on time and completed in accordance with Sections 3(f), 5(a)–(c), and 5(g)(10) of Chapter 268B of the General Laws?	To a sufficient extent
2. Did SEC conduct initial staff reviews of violations involving conflicts of interest and the filing of SFIs in a timely manner in accordance with its internal practices?	Yes
3. Did SEC issue advisory opinions in a timely manner in accordance with its internal practices?	Yes

To accomplish our audit objectives, we gained an understanding of SEC's internal control environment relevant to our objectives by reviewing applicable policies and procedures and by conducting interviews and walkthroughs with SEC management. Upon review of SEC's internal control plan (ICP), we noted that SEC does not update its ICP annually, as required by the Office of the Comptroller of the Commonwealth's *Internal Control Guide*. See [Finding 1](#) for more details.

In addition, to obtain sufficient, appropriate evidence to address our audit objectives, we performed the procedures described below.

## Filing of SFIs

To determine whether SEC ensured that SFIs were filed on time in accordance with Sections 3(f), 5(a)–(c), and 5(g)(10) of Chapter 268B of the General Laws, we selected a statistical<sup>1</sup> sample of 60 SFIs filed by public employees and public officials. This sample was drawn from the total population of 6,821 SFIs filed during the audit period, using a 95% confidence level,<sup>2</sup> a 0% expected error rate,<sup>3</sup> and a 5% tolerable error rate.<sup>4</sup> In addition, we selected a nonstatistical,<sup>5</sup> random sample of 35 SFIs filed by candidates from the total population of 138 candidate filings during the audit period. In total, we reviewed 95 SFIs from a combined population of 6,959 SFIs.

For each of the 95 SFIs in our sample, we identified the filer type (public employee, public official, or candidate), determined the applicable statutory deadline, compared the deadline to the submission date recorded in SEC’s SFI filing system or on the hardcopy SFI, and calculated the number of days between the two to identify late filings. Where applicable, we determined whether an extension had been granted.

We inspected the SFIs submitted to SEC to confirm that all required form fields were completed. For incomplete filings, we evaluated whether SEC followed up with the filer and obtained a reasonable explanation and remediation.

We did not identify any exceptions in our testing. Therefore, we concluded that, during the audit period, SEC ensured that SFIs were filed on time in accordance with Sections 3(f), 5(a)–(c), and 5(g)(10) of Chapter 268B of the General Laws.

---

1. Auditors use statistical sampling to select items for audit testing when a population is large (usually over 1,000) and contains similar items. Auditors generally use a statistics software program to choose a random sample when statistical sampling is used. The results of testing using statistical sampling, unlike those from judgmental sampling, can usually be used to make conclusions or projections about entire populations.
2. Confidence level is a mathematically based measure of the auditor’s assurance that the sample results (statistic) are representative of the population (parameter), expressed as a percentage. A 90% confidence level means that 90 out of 100 times, the statistics accurately represent the larger population.
3. Expected error rate is the number of errors that are expected in the population, expressed as a percentage. It is based on the auditor’s knowledge of factors such as prior audit results, the understanding of controls gained in planning, or a probe sample. In this case, we are assuming there are no errors in the data provided to us by the auditee.
4. The tolerable error rate (which is expressed as a percentage) is the maximum error in the population that is acceptable while still using the sample to conclude that the results from the sample have achieved the objective.
5. Auditors use nonstatistical sampling to select items for audit testing when a population is very small, the population items are not similar enough, or there are specific items in the population that the auditors determine are appropriate to review.

## **SEC's Investigations of Conflicts of Interest and Financial Disclosure Law Complaints**

To determine whether SEC conducted initial staff reviews of complaints involving the conflict of interest law and the filing of SFIs within 90 days, in accordance with its internal practices, we selected a statistical sample of 60 complaints from the total population of 1,809 complaints received by SEC during the audit period. We selected this sample using a 95% confidence level, a 0% expected error rate, and a 5% tolerable error rate.

For each of the 60 complaints in our sample, we calculated the number of days between the receipt and closure of each complaint by validating the dates recorded on complaint letters, faxes, online submission forms, hardcopy intake forms, emails, and closing letters to determine whether initial staff reviews were completed within 90 days of SEC's receipt of the complaint. Where applicable, we obtained and documented reasonable justifications for delays in completing the initial staff reviews.

We did not identify any significant exceptions in our testing that must be reported under generally accepted government auditing standards. Therefore, we concluded that, during the audit period, SEC conducted initial staff reviews of complaints involving the conflict of interest law and the filing of SFIs in accordance with its internal practices.

## **Advisory Opinions**

To determine whether SEC issued advisory opinions within 30 days, consistent with its internal practices, we analyzed all 11,457 requests for advice during the audit period. We calculated the number of days between the date each request was received and the date it was closed to determine whether SEC responded within its 30-day goal.

We selected a statistical sample of 75 requests from a population of 11,457 requests for advice from the audit period using a 90% confidence level, a 20% tolerable error rate, and a 50% expected error rate. We examined case management system notes and related correspondence, such as emails and letters, to confirm that any delays were supported by reasonable and documented explanations, such as legal complexity, additional fact-finding, or staffing constraints.

We did not identify any significant exceptions in our testing that must be reported under generally accepted government auditing standards. Therefore, we concluded that, during the audit period, SEC issued advisory opinions in a timely manner consistent with its internal practices.

---

We used a combination of statistical and nonstatistical sampling methods for testing, and we did not project the results of our testing to any population.

## **Data Reliability Assessment**

### **SFI Filing System**

To determine the reliability of SEC's SFI filing system data, we interviewed SEC officials who were knowledgeable about the system and responsible for its oversight in order to gain an understanding of the system's controls and data management processes. We reviewed select information system controls, including security management, access controls, configuration management, and contingency planning.

Through this testing, we noted some issues with internal controls over SEC's SFI filing system. We discussed these issues with SEC management.

We compared the total number of records in the list of SFI filings that we received from SEC to the number we observed during the data extraction process to confirm completeness. We also tested the data to ensure that it did not contain certain dataset issues (i.e., duplicate records, blank fields, and data corresponding to dates outside the audit period).

Additionally, we selected a random sample of 10 SFI filings from the list and traced filer information (first name, last name, filer type, and submission date) to the hardcopy SFIs to verify accuracy. We also selected 10 hardcopy SFIs from SEC's filing cabinet and traced them to the list of SFI filings to confirm completeness.

### **Case Management System**

To determine the reliability of the list of complaints and the list of requests for advice within the case management system, we interviewed SEC officials who were knowledgeable about the data and responsible for its oversight in order to gain an understanding of the system's controls and data management processes. We reviewed select information system controls, including security management, access controls, configuration management, and contingency planning.

Through this testing, we noted some issues with internal controls over SEC's case management system. We discussed these issues with SEC management.

We compared the total number of records on the list of complaints and the list of requests for advice that we received from SEC to the numbers we observed during the data extraction process to confirm the completeness of both lists. We also tested the data to ensure that it did not contain certain dataset issues (i.e., duplicate records, blank fields, illogical date sequences, non-consecutive incident numbers, and data corresponding to dates outside the audit period). We also compared the list of assigned investigators to SEC's employee list to confirm that all investigators were SEC employees. We followed up with SEC officials to clarify any anomalies (such as illogical date sequences and missing values) in the data and obtained reasonable explanations for these anomalies.

For the list of complaints, we selected a random sample of 20 complaints submitted by fax or letter from the list of complaints and verified the dates of receipt and incident numbers against the original faxes or letters to ensure accuracy. We also selected 20 complaints submitted by fax and letter from SEC's filing cabinet and traced the complaint sources, dates of receipt, and incident numbers back to the list of complaints to confirm completeness.

Based on the results of the data reliability assessment procedures described above, we determined that the information we obtained was sufficiently reliable for the purposes of our audit.

## DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

### **1. The State Ethics Commission should update its internal control plan annually, as required by the Office of the Comptroller of the Commonwealth's *Internal Control Guide*.**

The State Ethics Commission (SEC) should update its internal control plan (ICP) annually, as required by the Office of the Comptroller of the Commonwealth's (CTR's) *Internal Control Guide*. There were no updates to SEC's ICP during the audit period, with the previous documented update on April 9, 2020, and the current update on November 21, 2024, indicating a gap of four years without revisions. In addition to its ICP not being updated annually, SEC should provide evidence of annual review of several other SEC policies and procedures during the audit period. Specifically, we found the following issues:

- The "Enforcement Division Investigations Manual"<sup>6</sup> was last updated in 2018.
- The "Enforcement Procedures"<sup>7</sup> were last updated in 2016.
- The "Legal Division Attorney of the Day (AOD) Protocol"<sup>8</sup> was revised January 2, 2019.
- The "Receptionist Manual"<sup>9</sup> was last updated on February 18, 2020.
- The "Policy on the Use of Information Technology Resources" was revised on June 22, 2016.

Furthermore, SEC should have written policies and procedures governing the administration of SFI filings and advisory opinions.

If SEC does not annually review, and update as needed, its ICP and other policies and procedures, then SEC staff members may not have clear guidance, leading to inconsistent practices, inefficiencies, and a higher risk of noncompliance with laws and regulations. A lack of written policies and procedures can also

---

- 6. The "Enforcement Division Investigations Manual" provides detailed procedures for how the Enforcement Division receives, reviews, and investigates complaints of alleged violations of the conflict of interest and financial disclosure laws, including intake methods, complaint evaluations, documentation, prioritization, investigation techniques, recommendations, and case closure processes.
- 7. The "Enforcement Procedures" outline the formal and informal enforcement processes that SEC uses to investigate, adjudicate, and resolve alleged violations of Chapters 268A and 268B of the General Laws, including preliminary inquiries, confidentiality rules, adjudicatory hearings, referrals for criminal prosecution, and separation of staff functions between the Enforcement and Legal Divisions.
- 8. The "Legal Division Attorney of the Day (AOD) Protocol" outlines the procedures for assigning, documenting, and responding to legal advice requests under the conflict of interest and financial disclosure laws, including call handling standards, confidentiality requirements, and case management recordkeeping expectations for Legal Division attorneys and reception staff members.
- 9. The "Receptionist Manual" establishes SEC's front desk procedures, receptionist duties, telephone and mail handling protocols, visitor management, and data entry processes for SEC's case management and Statement of Financial Interests filing systems.

---

hinder staff member training, accountability, and continuity of operations for managing Statement of Financial Interests (SFI) filings and advisory opinions.

## **Authoritative Guidance**

According to Chapter 647 of the Acts of 1989,

*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. . . .*

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

*Within each agency there shall be an official, equivalent in title or rank to an assistant or deputy to the department head, whose responsibility, in addition to his regularly assigned duties, shall be to ensure that the agency has written documentation of its internal accounting and administrative control system on file. Said official shall, annually, or more often as conditions warrant, evaluate the effectiveness of the agency's internal control system and establish and implement changes necessary to ensure the continued integrity of the system.*

According to CTR's "Internal Controls Policy,"

*A department must have a system of written internal controls that includes all department operations. A system of internal controls includes risk assessments, an Internal Control Plan (ICP), policies, procedures, and other operational controls. . . . At a minimum, a department's system of internal controls must be reviewed and updated annually.*

According to CTR's *Internal Control Guide*,

*Management should periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving the department's objectives or addressing related risks. If there is a significant change in a process, management should review the process in a timely manner after the change to confirm that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology. Regulators and legislators may also change either an entity's objectives or how an entity is to achieve an objective.*

## **Reasons for Issue**

According to SEC officials, SEC consistently uses its policies and procedures during its daily operations. They also stated that the policies and procedures provided were up-to-date, and no revision was needed.

## Recommendation

SEC should establish and implement a formal process to review and update its ICP and policies and procedures. This process should include documenting the performance of an annual review, as required by CTR's *Internal Control Guide* and state law.

## Auditee's Response

*The SEC agrees with the finding that it did not update its internal control plan (ICP) annually. However, during the audit period, the SEC had a robust ICP in place that had been carefully reviewed and provided to all staff. In 2019, the SEC drafted an updated ICP with extensive revisions. The Comptroller's Statewide Risk Management (CTR) team reviewed the draft ICP in November 2019 and provided feedback that was incorporated into the draft ICP. The ICP was approved by the Commission at its meeting on April 9, 2020. Shortly thereafter, the SEC amended its ICP on June 26, 2020 to add internal control measures for the Covid-19 pandemic.*

*. . . A copy of the ICP with the Covid-19 amendment was sent to the State Auditor's Office (SAO) on February 14, 2025. . . .*

*The Executive Director sent a copy of the ICP to all staff. The SEC subsequently adopted pandemic-related office policies to ensure the safety of its staff. The only significant operational change during the audit period was the adoption of a hybrid work schedule for certain employees. Controls for telecommuting were included in the Telecommuting Policy and Program adopted by the Commission at its September 8, 2022 meeting. The ICP was revised in 2024, reviewed by the CTR team, and approved by the Commission at its November 21, 2024 meeting.*

*Thus, during the audit period, the SEC had a strong ICP that had been carefully reviewed and provided to all staff. In addition, the SEC's written policies and procedures cited in the draft audit report provided clear guidance and were regularly relied upon by staff. The lack of annual updates to the ICP during the audit period or an annual review of these effective policies and procedures in no way hindered the staff from continuing to provide the highest quality of service to the public and effectively manage SFI filings, advisory opinions and investigation of complaints as evidenced by the significant fact that no findings were made regarding the audit objectives. The SEC will put a process in place to ensure its ICP is reviewed annually and updated as needed and will review the cited policies and procedures and update or prepare them as appropriate.*

*Finally, in the "Recommendation" section for this finding, the draft audit report implies that a formal process to review and update its policies and procedures, such as the Enforcement Division Investigations Manual or Legal Division Attorney of the Day (AOD) Protocol, is required by "State regulation and law" to be done annually. No State law or regulation was cited in the draft report to support this requirement and the SEC is aware of none. In addition, the requirement that the ICP be reviewed and updated annually is contained in Comptroller guidance and not in a regulation.*

---

## Auditor's Reply

We received SEC's ICP, titled "Commonwealth of Massachusetts State Ethics Commission Internal Control Plan Updated April 9, 2020," which includes the COVID-19 amendment, dated June 26, 2020. SEC stated that it has maintained an ICP and made revisions before the audit period. CTR's *Internal Control Guide* and Chapter 647 of the Acts of 1989 establish minimum standards for internal controls. Under these guidelines, all state agencies are required to review and update their ICPs, along with their policies and procedures, on an annual basis to ensure alignment with current operations, risks, and organizational changes.

Based on its response, it appears that SEC is taking steps to address these concerns. We intend to follow up on this matter during our post-audit review in approximately six months.