



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

Making government work better

Official Audit Report – Issued June 29, 2016

Massachusetts Commission Against Discrimination

For the period July 1, 2012 through June 30, 2014





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

Making government work better

June 29, 2016

Ms. Jamie R. Williamson, Chair
Massachusetts Commission Against Discrimination
One Ashburton Place, Room 601
Boston, MA 02108

Dear Ms. Williamson:

I am pleased to provide this performance audit of the Massachusetts Commission Against Discrimination. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2012 through June 30, 2014. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Massachusetts Commission Against Discrimination for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue horizontal line.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Sunila Thomas George, Commissioner
Charlotte Golar Richie, Commissioner

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LIST OF ABBREVIATIONS

CMR	Code of Massachusetts Regulations
CMS	case-management system
COSO	Committee of Sponsoring Organizations of the Treadway Commission
EEOC	US Equal Employment Opportunity Commission
ERM	enterprise risk management
ESP	electronic-security plan
HUD	US Department of Housing and Urban Development
ICP	internal control plan
ICQ	Internal Control Questionnaire
ISP	information-security program
IT	information technology
MassIT	Massachusetts Office of Information Technology
MCAD	Massachusetts Commission Against Discrimination
MMARS	Massachusetts Management Accounting and Reporting System
OSA	Office of the State Auditor
OSC	Office of the State Comptroller
SSTA	Self-Service Time and Attendance

EXECUTIVE SUMMARY

The Massachusetts Commission Against Discrimination (MCAD) was established in 1946 as an independent state civil-rights agency. According to its website, MCAD is “charged with the authority to investigate, prosecute, adjudicate and resolve cases of discrimination.” As of June 30, 2015, MCAD had 4,908 cases in the investigation phase.

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted an audit of certain activities of MCAD, primarily for the period July 1, 2012 through June 30, 2014. In some cases, it was necessary to expand our audit period to perform what we determined to be necessary testing.

This audit was undertaken to determine whether MCAD’s case-management process operated efficiently and effectively and complied with applicable laws and regulations; to determine whether MCAD properly administered certain activities related to revenue, expenses, payroll, budgeting, and legislative reporting; and to assess the activities of MCAD’s advisory board.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1 Page 11	MCAD did not always complete investigations within regulatory timeframes.
Recommendations Page 14	<ol style="list-style-type: none">1. MCAD should perform an assessment of its current resources and investigation practices and identify opportunities to make its investigation process more efficient. Examples of such opportunities include requesting electronic submission of documents from individuals involved in complaints and assigning more-experienced investigators to the more-complex cases.2. If MCAD believes that mandatory mediation would expedite the processing of complaints, then it should take the necessary measures to implement this change in its process.
Finding 2 Page 15	MCAD case investigators did not always complete the required monthly minimum number of cases.
Recommendations Page 16	<ol style="list-style-type: none">1. MCAD should develop and implement monitoring controls to ensure that case investigators meet the monthly substantive case completion requirement and should quickly address any problems identified through these controls.2. MCAD should consider formally making the case completion requirement part of its investigators’ evaluation process.3. MCAD should consider assigning each case to the person who performed its initial intake evaluation.

Finding 3 Page 17	MCAD did not maintain adequate accounting records and could not substantiate that civil penalties totaling \$377,000 had been collected, deposited, and reported.
Recommendations Page 19	<ol style="list-style-type: none">1. MCAD should implement policies and procedures for the collection, recording, reporting, and reconciliation of revenue. These policies and procedures should address debt collection and be consistent with the Office of the State Comptroller's (OSC's) Delinquent Debt Cycle Policy.2. All personnel involved in the revenue-administration process should be fully trained and adequately supervised.3. MCAD's internal control plan (ICP) should include a summary of its processing, reconciliation, and supervisory controls over its revenue.4. MCAD's Fiscal Office should perform monthly reconciliations of revenue in MCAD records, bank statements, and reports from the state's Massachusetts Management Accounting and Reporting System. All monthly reconciliations should be reviewed and approved by a supervisor, and all variances should be resolved.
Finding 4 Page 20	MCAD's system access security controls were deficient.
Recommendations Page 22	<ol style="list-style-type: none">1. MCAD should immediately remove all user accounts for individuals who no longer need access privileges in its case-management system (CMS) and ensure that all individuals with authorized access privileges are verified periodically and are granted a level of access appropriate to their job responsibilities.2. MCAD should establish and implement formal system security access policies and procedures that are consistent with the policies of the Massachusetts Office of Information Technology (MassIT). These policies should include minimum lengths and compositions of passwords, periodic password changes, and Human Resources notification to responsible information-technology (IT) personnel of any change in employee or contractor status that would warrant a change or deactivation of access privileges to the CMS and other systems as necessary.3. MCAD should designate a security officer to design, implement, and monitor its IT-related activities. The security officer should be responsible for preparing and an electronic security plan and submitting it to MassIT and for developing and maintaining an information-security program.
Finding 5 Page 22	MCAD did not have a continuity-of-operations plan or a disaster-recovery plan.
Recommendations Page 23	<ol style="list-style-type: none">1. MCAD should confer with MassIT for guidance in developing its continuity-of-operations and disaster-recovery plans.2. MCAD should then adequately test these plans to provide reasonable assurance of their viability, train its staff on the plans periodically, and store paper and electronic copies of the plans in a secure offsite location.

Finding 6 Page 24	MCAD's ICP was deficient, and the commission reported inaccurate information regarding its internal controls to OSC.
Recommendations Page 25	<ol style="list-style-type: none">1. MCAD should conduct a department-wide risk assessment, fully documenting its internal control systems, procedures, and operating cycles for all its departmental activities and addressing all the components of enterprise risk management. Further, MCAD management should seek training opportunities and request guidance from OSC on these matters.2. MCAD should ensure that the Internal Control Questionnaires (ICQs) it submits to OSC each year are accurate and complete.3. MCAD should retain a printed, approver-signed copy of its certification of its ICQ representations.
Finding 7 Page 26	MCAD's payroll process and personnel records were deficient.
Recommendations Page 28	<ol style="list-style-type: none">1. MCAD should establish and implement a standardized in-house time-reporting process for all employees to use and should ensure that each timesheet is signed by the employee and approved by the employee's supervisor. As an alternative, MCAD could consider using the Commonwealth's central time and attendance reporting system (Self-Service Time and Attendance, or SSTA), a standardized system used by many state agencies.2. MCAD should establish payroll policies and procedures that adhere to OSC policies and should monitor adherence to these policies and procedures.3. MCAD should develop policies and procedures to ensure that the required documentation is present in each employee's personnel file.

Post-Audit Action

- MCAD has implemented initiatives that allow the electronic submission of certain records, eliminating the burdensome process of scanning documents. This should also allow investigators easier access to these documents during the investigation phase.
- MCAD has developed a draft disaster-recovery plan.
- MCAD has transferred its payroll functions to SSTA.

OVERVIEW OF AUDITED ENTITY

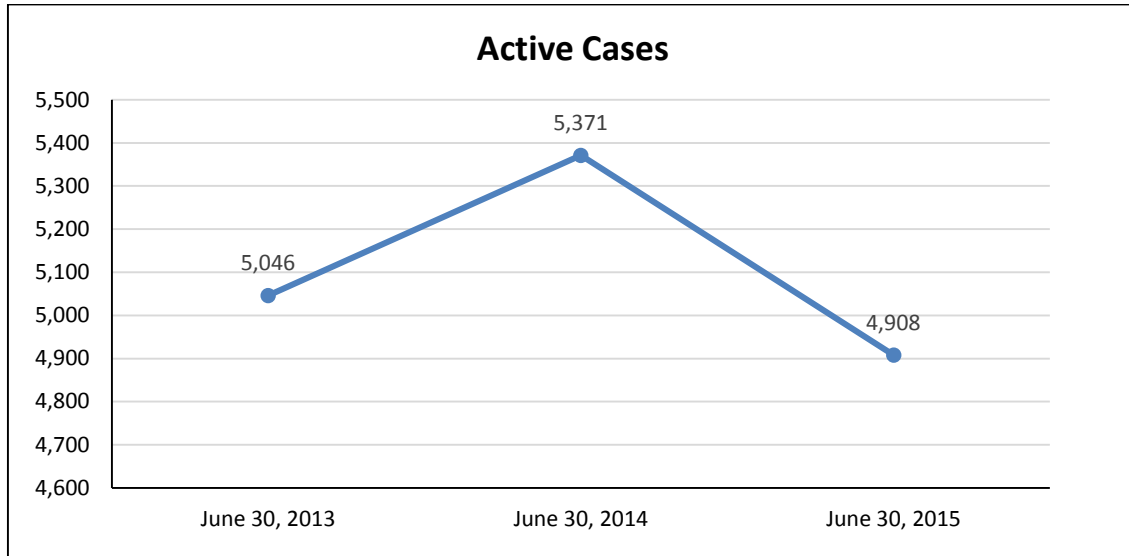
The Massachusetts Commission Against Discrimination (MCAD) was organized as an independent agency under Section 56 of Chapter 6 of the Massachusetts General Laws.¹ It is responsible for enforcing the state's antidiscrimination laws in the areas of employment, housing, public accommodations, credit, and access to education. Further, it is charged with investigating, prosecuting, adjudicating, and resolving cases of discrimination on behalf of individuals in protected categories, such as race, age, disability, gender, and sexual orientation.

MCAD is administered by three commissioners (one of whom is also its chair), who are appointed by the Governor. The Governor is also responsible for appointing an advisory board consisting of no fewer than 21 people who advise MCAD and the Governor on matters such as policies affecting the commission. MCAD has four divisions: Enforcement, Hearings, Legal, and Administration and Finance. To facilitate the resolving of cases, MCAD operates a conciliation program after a finding of probable cause; a voluntary early mediation program; and a Training Unit that provides training for public and private entities (when requested) and for individuals whom MCAD has ordered to attend discrimination training as part of a case disposition. The MCAD Enforcement Division is responsible for conducting complaint intakes and completing an investigation, concluding with the case disposition finding.

According to its annual reports, MCAD responds to more than 3,000 new complaint filings per year. The inventory of all open cases as of December 31, 2013 was 4,959; as of December 31, 2014, it was 4,843. During calendar year 2013, MCAD resolved and closed 1,732 cases with substantive dispositions,² of which 411 resulted in a finding of probable cause. During calendar year 2014, MCAD closed 1,920 cases, of which 323 resulted in a probable-cause finding. In addition, MCAD closed 1,457 cases through administrative resolution³ during calendar year 2013 and 1,756 cases through administrative resolution during calendar year 2014.

As illustrated below, the total number of cases in MCAD's investigation stage averaged approximately 5,100 during our audit period.

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1. MCAD was originally established in 1946 as the Fair Employment Practices Commission. In 1950, its name was changed to Massachusetts Commission Against Discrimination.
 2. Substantive disposition of a complaint is the finding of either probable cause or lack of probable cause.
 3. Administrative resolution is the resolution of a complaint through some means other than investigation or final adjudication.



According to its 2013 and 2014 annual reports, during our audit period MCAD had a staff of approximately 70, including contract employees, who were supplemented by approximately 80 student interns throughout each year, mostly law students who also worked on cases. The following table shows MCAD’s total staffing levels for calendar years 2007–2014, including the numbers of case investigators.

Calendar Year	Case Investigators	Total MCAD Personnel
2007	16	71
2008	23	67
2009	19	73
2010	18	72
2011	19	70
2012	17	81
2013	18	81
2014	20	80

In fiscal years 2013 and 2014, MCAD received \$2,517,879 and \$2,568,237, respectively, in state appropriations; \$617,806 and \$569,523, respectively, from the US Department of Housing and Urban Development (HUD); and \$1,343,000 and \$1,436,305, respectively, from the US Equal Employment Opportunity Commission (EEOC). In fiscal year 2015, MCAD received \$2,767,791 in state appropriations, \$961,291 in HUD funding, and \$1,037,250 in EEOC funding.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of the Massachusetts Commission Against Discrimination (MCAD) for the period July 1, 2012 through June 30, 2014. In our effort to assess regulatory-compliance risks and operational inefficiencies, we extended our audit period forward to August 2015 and used data analytics to analyze information in the database of MCAD's case-management system (CMS). We also reviewed MCAD's fiscal year 2015 Internal Control Questionnaire (ICQ). In our testing of MCAD's collection of civil penalties, we also found it necessary to extend our audit period back to February 2004, the earliest date from which MCAD maintained records of civil-penalty assessments and collections, because of problems we identified in this area.

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; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did MCAD investigate and close all discrimination complaints in a timely manner and in accordance with established laws and regulations?	No; see Finding <u>1</u>
2. Did MCAD's investigators meet the case-management policy performance goals established for case processing and resolution?	No; see Finding <u>2</u>
3. Are MCAD's internal controls over revenue effective in ensuring that receipts are adequately safeguarded?	No; see Finding <u>3</u>
4. Are effective system access controls in place over the CMS?	No; see Finding <u>4</u>
5. Did MCAD comply with the requirements of the Massachusetts Office of Information Technology (MassIT) regarding the continuity-of-operations plan and information-security program for its automated systems?	No; see Findings <u>4</u> and <u>5</u>

Objective	Conclusion
6. Did MCAD comply with (1) state budget authorizations and federal program guidelines regarding retained revenue and related expenses and (2) state budget legislative reporting responsibilities?	Yes
7. Does MCAD’s internal control plan (ICP) comply with the guidelines of the Office of the State Comptroller (OSC), and was its ICQ filed properly with OSC?	No; see Finding 6
8. Are MCAD’s internal controls over payroll effective in ensuring payroll accuracy?	No; see Finding 7
9. Are operations-related administrative expenses reasonable, properly supported, and recorded in the state’s Massachusetts Management Accounting and Reporting System (MMARS)?	Yes
10. Did MCAD comply with the requirement of having an effective Advisory Board?	No; see Other Matters

To achieve our objectives, we gained an understanding of the internal controls we deemed significant to our audit objectives and evaluated the design and effectiveness of those controls over case management and reporting, administrative expenditures, payroll, and revenue.

Based on OSA’s most recent data-reliability assessment of MMARS⁴ and our current comparison of source documentation with MMARS information, we determined that the information obtained from MMARS for our audit period was sufficiently reliable for the purposes of our audit work. We relied on electronic data files in the CMS that contained case record information. To assess the reliability of the data elements needed to achieve our audit objectives, we randomly selected five cases to verify database information by comparing it to hardcopy case records. We interviewed selected MCAD staff members and the database consultant to gain an understanding of access security controls. From the analysis conducted, we determined that the data were sufficiently reliable for the purposes of this report.

In addition, we performed the following audit procedures:

- We interviewed MCAD management and fiscal, legal, and investigative staff members. We reviewed relevant documents, statutes, and regulations as well as MCAD’s policies and procedures.

4. In 2014, OSA performed a data-reliability assessment of MMARS. As part of this assessment, we tested general information-technology controls for system design and effectiveness. We tested for accessibility of programs and data, as well as system change management policies and procedures for applications, configurations, jobs, and infrastructure.

-
- To determine whether MCAD investigated and closed discrimination complaints in a timely manner and in accordance with Title 804 of the Code of Massachusetts Regulations, we gained an understanding of the regulatory requirements and interviewed MCAD's commissioners, acting chief of Enforcement, and investigative supervisors. Using data analytics, we obtained the CMS files as of August 2015 and analyzed their information to determine the total number of active cases as of the end of fiscal years 2013, 2014, and 2015. To determine the extent of the case backlog, we reviewed this information, and determined whether MCAD had (1) adhered to case investigation and disposition timelines and (2) accepted cases outside the filing timeline of 300 days after the last alleged unlawful conduct, in order to determine whether MCAD processed cases beyond the required reporting timeline.
 - We examined a nonstatistical sample of 40 randomly selected cases closed during our audit period out of a population of 5,896, and 40 randomly selected open cases out of a population of 4,849, to determine whether MCAD complied with certain regulatory requirements for case investigations, including (1) maintaining a written complaint signed and verified by the complainant and (2) giving the named respondent prompt notification of his/her rights and obligations.
 - To determine whether MCAD's investigators met required case disposition performance goals, we reviewed monthly Enforcement Advisors Supervisor Reports submitted to the commissioners for the 14 MCAD investigators who were employed during the entire audit period, checking for compliance with the monthly case closing requirements specified by MCAD management. These reports list the monthly total of substantive case closings per investigator.
 - To determine the accuracy of enforcement case closure reporting, we compared the fiscal year 2013 and 2014 monthly substantive completion figures in the CMS reports and those in the Enforcement Advisors Supervisor Reports submitted to the commissioners. We analyzed this information to determine the accuracy of the figures reported to the commissioners. We also verified substantive completion numbers reported for calendar years 2013 and 2014 by comparing MCAD annual reports to CMS reports for accuracy and completeness. In addition, we compared the fiscal year 2013 and 2014 year-end completion numbers in the Enforcement Advisors Supervisor Reports submitted to the commissioners to those in the CMS for any variances.
 - To review whether cash receipts were properly accounted for, recorded, and safeguarded, we interviewed employees from the Training Unit, Clerk's Office, and Fiscal Office to gain an understanding of cash receipts and accounts-receivable procedures. We examined the provided documentation from these departments regarding training fees, public records, and civil penalties for completeness and accuracy. In addition, we compared MCAD revenue recorded in its annual reports, which is also reported by fiscal year, to MMARS records for fiscal years 2013 and 2014.
 - To test the CMS's system access controls, we reviewed the requirements of MassIT's Enterprise Information Security Policy and assessed MCAD's information-technology controls over password-security, screensaver, and lockout access functions. To determine whether access to the CMS was adequately maintained to ensure that only authorized users could access information, we compared MCAD's authorized CMS user list of 145 user accounts, consisting of 74 identified user names and 71 generic/intern accounts as of May 15, 2015, to MCAD payroll

records. For those on the list, we reviewed the levels of CMS access for reasonableness. We randomly selected 22 of 74 identified user names on the list to review for signed System Access and MCAD Computer Usage Policy Receipt Forms on file in compliance with MCAD policies.

- To determine whether cases were properly opened and closed according to MCAD regulations, we selected a nonstatistical sample of 40 cases out of 4,849 that were open as of May 4, 2015, and selected a sample of 40 cases out of 5,896 that were closed between July 1, 2012 and June 30, 2014. We compared the data in the CMS database to the hardcopy supporting documentation for these cases. Further, we performed a data-analytics review of the CMS case reopening code for the period July 1, 2012 through June 30, 2014 to determine the total number of cases that were reopened by MCAD personnel after being closed.
- To determine whether MCAD met the MassIT requirement of having a continuity-of-operations plan for all users of the Commonwealth's wide area network, MAGNet, we reviewed MassIT's Enterprise Business Continuity Policy and requested MCAD's business-continuity plan and disaster-recovery plan for review.
- To determine whether MCAD complied with state budget authorizations and federal program guidelines regarding retained revenue and related expenses and legislative state budget reporting responsibilities, we interviewed MCAD's chief of Administration and Finance and chief fiscal officer. We reviewed the fiscal year 2013, 2014, and 2015 state budgets and the US Department of Housing and Urban Development (HUD) and US Equal Employment Opportunity Commission (EEOC) contracts to identify the terms and the maximum payment amounts. We reviewed the MMARS postings and cash-deposit forms to confirm that the correct EEOC and HUD amounts were deposited in the correct MCAD account. Using audit analytical software, we analyzed state appropriation and revenue balances for fiscal years 2013 and 2014 to ensure the accuracy of reported balances and expenditures and compared the retained-revenue balances to legislatively authorized amounts. We also reviewed MCAD's 2013 and 2014 annual reports and legislative reports issued to the Massachusetts House and Senate Committees on Ways and Means.
- We reviewed MCAD's ICP as of July 2014 (the most recent one available) for compliance with OSC requirements. We requested MCAD's risk assessments and reviewed ICQs it had submitted to OSC for fiscal years 2013, 2014, and 2015 for accuracy.
- To determine the accuracy of payroll expenditures, we tested a nonstatistical sample of 20 randomly selected employees from a total of 74 current employees and examined two months of timesheets (nine weeks in total), for a total of 163 timesheets, for proper completion and authorization. We also reviewed documentation on file authorizing these employees' initial and current salaries and positions.
- We judgmentally tested 50 MCAD administrative expenditures out of 4,332 made from MCAD's state appropriation and retained-revenue accounts for the period July 1, 2012 through June 30, 2014 for compliance with applicable state and/or federal requirements, reasonableness, adequate supporting documentation, and proper authorization and recording in MMARS.

- To gain an understanding of the operations and status of the MCAD advisory board, we discussed the role of the board with MCAD management and determined the extent of meetings and records between the board and MCAD.

Throughout our testing, we used judgmental and/or random nonstatistical sampling to achieve our audit objectives. When a nonstatistical judgmental or random selection approach is used, the results cannot be projected to the entire population, but apply only to the items selected.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Massachusetts Commission Against Discrimination did not always complete investigations within regulatory timeframes.

In many cases, the Massachusetts Commission Against Discrimination (MCAD) did not complete investigations in accordance within established regulatory timeframes. Specifically, as of June 30, 2015, MCAD had 1,839 non-housing complaint cases that averaged 325 days beyond the 18-month timeframe for completing that type of investigation. It also had 108 housing cases that averaged 553 days beyond the 100-day timeframe for completing housing investigations. None of the records we examined contained documentation indicating that it was impractical to complete these investigations within the required timeframes. In addition, during our audit period, MCAD accepted 123 complaints beyond the 300-day timeframe for complainants to file their complaints. MCAD regulations allow for this 300-day timeframe to be extended under certain conditions, but there was no documentation in the case files to substantiate that any of these complaints met those conditions.

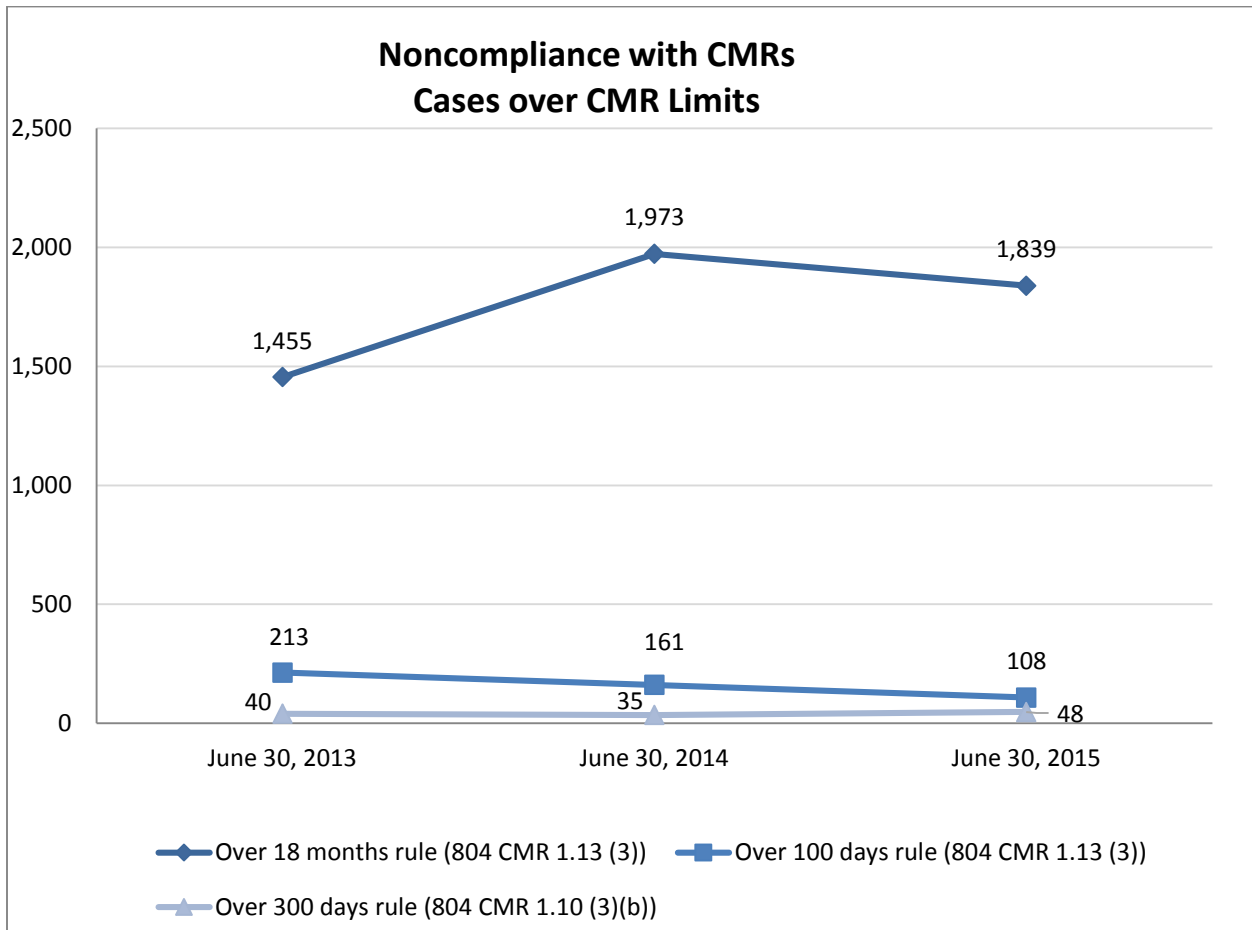
According to MCAD regulations at Section 1.02 of Title 804 of the Code of Massachusetts Regulations (CMR),

The Commission's task is to work for the public good of eliminating and preventing discrimination and to educate the citizens of the Commonwealth with regard to their rights and duties under the Commonwealth's anti-discrimination statutes.

Not completing discrimination cases within regulatory timeframes allows potential perpetrators of discrimination to go unpunished for extended periods. Further, such delays may ultimately cause alleged victims to seek resolution through a more costly judicial process.

Data Analysis of MCAD Caseload Activity

Our analysis of MCAD case data showed that the number of cases that did not meet the time requirements for non-housing cases increased nearly 36%—from 1,455 to 1,973—from June 30, 2013 through June 30, 2014, and then decreased slightly—to 1,839—by June 30, 2015. For housing cases, noncompliant investigations decreased from 213 as of June 30, 2013 to 161 as of June 30, 2014, and then to 108 as of June 30, 2015, as shown below.



Further, we conducted an analysis of the total number of cases whose investigation phases exceeded three years for fiscal years 2006–2015. As shown below, the results indicate an upward trend in this area. For fiscal years 2013–2015, the number of cases whose investigation phases exceeded three years ranged from approximately 225 to 425. As of June 30, 2015, approximately 300 cases had spent more than three years in the investigative phase.

MCAD Cases > 3 Years in Investigation Phase



Authoritative Guidance

According to 804 CMR 1.13(3), MCAD is required to complete a prompt investigation, including a disposition finding, by no more than 100 days after the receipt of a housing complaint and no more than 18 months after the receipt of any other complaint unless it is impracticable to do so. In addition, 804 CMR 1.10(2) states that complaints must be filed within 300 days after the alleged unlawful conduct.⁵

Reasons for Noncompliance

MCAD management asserted that the commission had an inadequate number of employees to manage its caseload.

In addition, according to MCAD officials, cases are assigned to investigators randomly, regardless of complexity, not by the investigator's level of experience or other factors. In our opinion, this practice could contribute to a less-efficient process.

Further, MCAD is not effectively using available technology to expedite the processing of cases. For example, MCAD does not encourage the parties involved in investigations to submit documents electronically. We observed MCAD's staff expending significant time scanning case documents that were submitted to them manually as a result. This causes delays in case investigations.

5. Under 804 CMR 1.10(2), waivers of the 300-day filing deadline are allowed for certain grievance proceedings. We did not review cases involving waivers during our audit testing.

Finally, MCAD's chairwoman stated that she believed selective use of early mediation would speed up the processing of cases because successful mediation of a case would eliminate the need to investigate it. Although MCAD regulations provide for voluntary mediation,⁶ there is no statutory or regulatory requirement for complainants to submit to mandatory mediation. We did note that mandatory mediation in discrimination cases had been adopted in Connecticut in order to resolve cases in a timely manner.

Recommendations

1. MCAD should perform an assessment of its current resources and investigation practices and identify opportunities to make its investigation process more efficient. Examples of such opportunities include requesting electronic submission of documents from individuals involved in complaints and assigning more-experienced investigators to the more-complex cases.
2. If MCAD believes that mandatory mediation would expedite the processing of complaints, then it should take the necessary measures to implement this change in its process.

Auditee's Response

Inadequate staffing makes it impracticable to meet the 18-month requirement. At the MCAD, there has been a direct correlation between inadequate resources and inadequate staffing—except, perhaps, for the few instances of attrition and long-term absence due to maternity/medical leave. Due to the long-term understaffing challenge faced by this Commission, the ability to close cases within the desired 18-month timeframe proved difficult.

During the initial audit period (July 1, 2012–June 30, 2014), there were only 13 full-time employment investigators, resulting in a caseload of over 300 cases per investigator. Presently, MCAD has 22 full time employment investigators, resulting in a caseload of less than 199 cases per employment investigator. Furthermore, the self-promulgated regulations require a case-closure of 18 months only as an ambitious goal, which we strive to meet; however, it is not a statutory requirement and is predicated on available resources.

Additionally, in 2014, MCAD began researching, planning and developing requirements to initiate electronic submissions, and in 2015, the MCAD initiated the Electronic Position Statement Initiative with a pilot in the Springfield Office. In August 2015, this initiative was rolled out to the entire Commission. This initiative allows parties that have attorneys to submit their position statements and supporting documentation in a PDF Format, eliminating the burdensome process of scanning documents and it will allow Investigators greater ease and access to these documents during the investigation phase.

In April 2016, the "Drag and Drop" initiative began. This initiative is an extension of the Electronic Position Statement initiative. We now accept electronic submissions of all supporting

6. Under 804 CMR 1.10, an aggrieved individual can enter into an agreement with MCAD to voluntarily mediate the alleged discriminatory acts.

documentation not just position statements. This will allow Investigators to not only have the information readily available but they will know when the information is received and processed.

Another tool to expedite case closures is the use of early mediation. When practicable and appropriate, the MCAD engages in Early Mediation. Mediation is not appropriate in all cases because of the need for the Commission to conduct an investigation into the nature of the discrimination complaint, the importance of the public interest associated with the complaint and the need for an effective remedy for the discriminatory conduct.

Auditor's Reply

Although we are encouraged by MCAD's initiatives to improve operating efficiencies, we disagree with its assertion that its regulations requiring case closure in 18 months were intended to be "only an ambitious goal." Although it is true that its self-imposed 18-month case completion time limit is not a statutory requirement, we believe MCAD's regulations are clear with respect to matters before the commission. Specifically, 804 CMR 1.00 itself states that it "shall be construed to secure the just, speedy and fair determination of every matter." Accordingly, we believe that the 18-month limit was intended to represent what MCAD deduced to be the time necessary for a just, speedy, and fair determination for non-housing cases. Accordingly, we encourage MCAD to continue to identify opportunities to make its investigation process more efficient and compliant with its regulations.

2. MCAD case investigators did not always complete the required monthly minimum number of cases.

MCAD investigators who work on non-housing cases only closed their required number of monthly cases approximately 50% of the time during fiscal year 2013 and approximately 40% of the time during fiscal year 2014. Similarly, MCAD's housing investigators did not complete the required number of cases in any month during either fiscal year 2013 or fiscal year 2014. In some instances, investigators did not complete any investigations during a given month.

Without ensuring that its investigators complete their required monthly minimum numbers of cases, MCAD will not be able to effectively manage its investigation process, address its backlog of cases, and process cases within the established regulatory timeframes.

Authoritative Guidance

MCAD's acting chief of enforcement and deputy general counsel confirmed a directive that had been issued to case investigators requiring the completion of at least eight substantive case closures per

month for non-housing cases and at least seven per month for housing cases during fiscal years 2013 and 2014.

Reasons for Noncompliance

Our review of MCAD's employee performance review forms revealed that management did not consider this case completion requirement a priority in the investigators' evaluation process and that therefore investigators were not formally held accountable for poor performance in this area.

In addition, the case investigator who conducts a case's initial intake evaluation, and is therefore the person who is most familiar with the case, is not necessarily assigned to investigate the case. Nor are cases assigned on the basis of complexity and investigator experience. Instead, when a case is initiated, it goes into a pool and is assigned to the next available investigator. We believe this creates inefficiencies in the process.

Finally, MCAD's management had not established formal policies and procedures for monitoring and enforcing its substantive case completion requirements. Therefore, management could not identify and promptly address any problems in this process.

Recommendations

1. MCAD should develop and implement monitoring controls to ensure that case investigators meet the monthly substantive case completion requirement and should quickly address any problems identified through these controls.
2. MCAD should consider formally making this case completion requirement part of its investigators' evaluation process.
3. MCAD should consider assigning each case to the person who performed its initial intake evaluation.

Auditee's Response

The concerns of this finding have been addressed. Since 2007, the MCAD has encouraged minimum production requirements of its enforcement staff. During a portion of the audit period, MCAD was engaged in protracted discussions with [the National Association of Government Employees] in order to codify the mandatory minimum production requirement. MCAD now has accountability standards in place. There is regular monitoring of each investigator for case production and quality.

There is a number of reasons why rotating cases among staff is fair to the investigator and beneficial to the agency. Cases vary in terms of their complexity relative to the number of protected categories named in the complaint, the jurisdictional issues, age of the last

discriminatory act, etc. Furthermore, the number of intakes varies day to day, which would disproportionately overload certain investigators. Therefore, a random appointment of cases proved to be the fairest way to distribute them.

Auditor's Reply

Based on its response, MCAD is taking appropriate measures to address our concerns, including implementing accountability standards for case investigators' monthly production requirements. However, although while we do not dispute the advantages of rotating cases that MCAD lists, for the reasons mentioned in this report, we believe that this creates inefficiencies in the process and therefore encourage MCAD management to consider reassessing its process for assigning cases to see if further efficiencies can be achieved.

3. MCAD did not maintain adequate accounting records and could not substantiate that civil penalties totaling \$377,000 had been collected, deposited, and reported.

Although MCAD imposed civil penalties of \$100,000 during our audit period, it could not substantiate through its records that they had been collected, deposited, and reported in the state's Massachusetts Management Accounting and Reporting System (MMARS). Uncollected penalties are a longstanding issue with the commission. According to MCAD's records, between 2004 and 2012 it assessed \$277,000 in civil penalties; however, its records do not indicate whether these penalties had also been collected, deposited, and reported in MMARS.

If it does not collect these penalties, MCAD denies the Commonwealth the opportunity to receive them in a timely manner and use them for public purposes. Further, people who are found liable by the commission for committing acts of discrimination and are assessed civil penalties are not held fully accountable for their actions.

In addition, MCAD did not reconcile the amount of revenue it collected for training fees to MMARS, and we identified several variances between the training revenue amounts in MCAD's annual reports and those in MMARS records for fiscal years 2013 and 2014. For example, according to MMARS records, MCAD's Train-the-Trainer fee revenue was \$88,755 for fiscal year 2013 and \$96,935 for fiscal year 2014. However, MCAD's annual reports for 2013 and 2014 report this revenue as \$87,565 and \$95,050, respectively, resulting in a total variance of \$3,075 for the two years combined. Without performing

these reconciliations, MCAD is not ensuring that it correctly reports all of its revenue information to the Commonwealth. Incorrect reporting would make the Commonwealth's financial records inaccurate.

Finally, MCAD's Fiscal Department maintains a photocopy of all checks forwarded for deposit, but the photocopied checks do not identify the departments the checks came from or the appropriate revenue classification. In addition, MCAD did not perform reconciliations of its revenue to MMARS. As a result, MCAD cannot be certain that this revenue is properly recorded and reported in MMARS.

Authoritative Guidance

The Office of the State Comptroller's (OSC's) Cash Recognition and Reconciliation Policy states,

Daily system assurance must be performed by departments to ensure that there is a matching deposit for each cash transaction. This process involves comparing the results from all sources that produce or contain payments and deposit information, and ensuring that they match.

OSC's Receivable Recognition and Reconciliation Policy states,

MMARS is the official record of the Commonwealth for receivable and customer information. Departments must take special care to ensure that the information that is entered into MMARS for any receivable is accurate and complete. . . .

A Department must recognize a debtor's obligation to pay when the goods are delivered or services performed, or when the Commonwealth's claim for future cash is reasonably estimable and/or law or statute authorizes the pursuit of collection.

OSC's Delinquent Debt Cycle Policy states,

Departments are responsible for making diligent efforts to collect legislatively authorized, aged earned revenue/account receivables owed the Commonwealth. . . . If all efforts are made and collection is not possible, a department can submit the debt to the Office of the Comptroller (CTR) for write off.

Reasons for Inadequate Controls

MCAD did not any have policies and procedures for the collection and processing of revenue, including employee supervisory responsibilities, and did not have an accounts-receivable process in place to identify earned revenue due the Commonwealth from MCAD-assessed civil penalties.

MCAD's internal control plan (ICP) did not adequately document how revenue receipts should be recorded and reconciled. It stated that all checks received should be reconciled but did not identify what they should be reconciled to.

MCAD management stated that the reason there was no formal revenue process including the processing of accounts receivable in MMARS was a lack of experienced personnel to perform the related responsibilities adequately.

Recommendations

1. MCAD should implement policies and procedures for the collection, recording, reporting, and reconciliation of revenue. These policies and procedures should address debt collection and be consistent with OSC's Delinquent Debt Cycle Policy.
2. All personnel involved in the revenue-administration process should be fully trained and adequately supervised.
3. MCAD's ICP should include a summary of its processing, reconciliation, and supervisory controls over its revenue.
4. MCAD's Fiscal Office should perform monthly reconciliations of revenue in MCAD records, bank statements, and MMARS reports. All monthly reconciliations should be reviewed and approved by a supervisor, and all variances should be resolved.

Auditee's Response

Records kept by the Clerk's Office recording civil penalties reveal that during the audit period (7/1/12 through 6/30/14) \$90,000 in civil penalties was imposed in Single Hearing Officer Orders. Of this amount, \$50,000 was collected in July of 2014 by Commission Counsel for deposit into the General Fund. . . .

With respect to two of the cases in which penalties of \$10,000 were imposed during the audit period (totaling \$20,000), the respondents appealed to the Full Commission and a final judgment has not yet entered permitting collection. (In one case, the Full Commission remanded the case to the Hearing Officer. In the other, while the Full Commission decision issued, the G.L. c.30A appeal period following the Full Commission decision has not expired.) The two remaining cases in which penalties were imposed (totaling \$20,000) during this period were closed following the appeal period and there was no court proceeding. The respondents in both cases were defaulted for failure to appear at their respective public hearings. The complainants in these two remaining cases were represented by private counsel. Accordingly, no Commission Counsel was assigned to these cases to insure collection of the civil penalty in the event the matters were resolved by private attorneys. . . .

Further, records kept by the Clerk's Office concerning collection of civil penalties reveal that the MCAD collected \$55,000 in civil penalties assessed during the period 2004 through 2012 (in

addition to the \$50,000 collected in July of 2014). As a general matter, the decision as to whether or not to pursue collection of civil penalties in a particular matter is informed by the public interest, likelihood of success in collection and available resources.

At times, the Commission has pursued collection of civil penalties through the Attorney General's Office. Finally, the Commission's Chief of Administration and Finance is exploring the use of a state-contracted collection agency to pursue payment of civil penalties.

Auditor's Reply

Our analysis of revenue records maintained by MCAD's Clerk's Office showed that between July 1, 2012 and June 30, 2014, six separate entries were made for civil penalty fees that together totaled \$100,000. Our examination revealed that in August 2015, after our audit period, MCAD collected and deposited \$50,000 and reported it as "miscellaneous income" in MMARS. Because this revenue was classified as miscellaneous income and was not recorded in Clerk's Office receipt records, we cannot be certain that it was for collected civil penalty fees as MCAD states. Moreover, according to the Clerk's Office receipt records provided to us for 2004 through 2012, only \$30,000 in civil penalty fees had been recorded as received, not \$55,000 as indicated in MCAD's response. In total, our examination indicated that \$377,000 in civil penalty fees either had been not collected or, if they were collected, had not been properly classified or recorded.

With respect to MCAD's assertion that "as a general matter, the decision as to whether or not to pursue collection of civil penalties in a particular matter is informed by the public interest, likelihood of success in collection and available resources," although these are important considerations, they do not obviate MCAD's obligation to comply with state requirements, including OSC's policies. Therefore, we again recommend that MCAD establish debt-collection policies and procedures that are consistent with OSC's Delinquent Debt Cycle Policy.

4. MCAD's system access security controls were deficient.

During our audit, we found various problems with the database of MCAD's case-management system (CMS). First, MCAD did not actively monitor its user account privileges. Specifically, as of May 8, 2015, MCAD's CMS active user list indicated that there were 145 active accounts, 74 of which had designated user names. Of these 74 accounts, 3 were for people who were no longer employed by MCAD. One was a former contractor, assigned the highest level of access to the CMS,⁷ who had stopped working for

7. The highest level is that of a system administrator, who has complete access and can modify and edit data, reports, and the database system itself.

MCAD in June 2014. The other two individuals, who had access rights that allowed them to add and delete case files, had ended their employment with MCAD on June 15, 2012 and April 4, 2013, respectively.

In addition, system users are not required to change their login passwords periodically, and there were no requirements regarding password length and composition. Further, during our assessment of security controls, we were able to gain access to the CMS without a user authorization.

Finally, MCAD had not developed either an information-security program (ISP) or an electronic-security plan (ESP) that would have established key controls over system access, including password-administration controls.

These deficiencies place the sensitive data stored in MCAD's CMS database at a high risk of unauthorized access and/or improper disclosure.

Authoritative Guidance

According to the Massachusetts Office of Information Technology (MassIT) Enterprise Information Security Policy,

Agencies are required to implement policies, associated procedures and controls that protect the agency's information assets, including but not limited to personal information and IT Resources from all threats, whether internal or external, deliberate or accidental.

The policy further requires agencies to submit their ESPs to MassIT for review and to implement ISPs.

Reasons for Inadequate Controls

MCAD has not established written policies and procedures for its CMS that address such things as activating and deactivating user accounts, changing passwords, and developing an ISP and ESP.

Further, MCAD officials told us they had not designated an individual with the required information-technology (IT) skills and knowledge to administer proper security controls over the CMS database or designated a security administrator to properly monitor the commission's IT activities.

Finally, MCAD management did not conduct a risk assessment of its automated systems in order to properly identify threats and vulnerabilities. Such an assessment would have assisted management in developing internal controls to manage IT security functions properly.

Recommendations

1. MCAD should immediately remove all user accounts for individuals who no longer need access privileges in its CMS and ensure that all individuals with authorized access privileges are verified periodically and are granted a level of access appropriate to their job responsibilities.
2. MCAD should establish and implement formal system security access policies and procedures that are consistent with MassIT policies. These policies should include minimum lengths and compositions of passwords, periodic password changes, and Human Resources notification to responsible IT personnel of any change in employee or contractor status that would warrant a change or deactivation of access privileges to the CMS and other systems as necessary.
3. MCAD should designate a security officer to design, implement, and monitor its IT-related activities. The security officer should be responsible for preparing an ESP and submitting it to MassIT and for developing and maintaining an ISP.

Auditee's Response

The concerns of this finding have been addressed. On June 23 and 24, 2015, MCAD conducted trainings on the Security and Confidentiality of Personal Information. The policies were also distributed. On the same days, the Internet Access and Use Policy training was conducted and the policies were distributed.

As a result of these trainings, all computers have had activated a password-protected mechanism, which locks the computer after a certain time of inactivity.

The "Use of Information Technology Resources" training was conducted on June 24, 2015. The policy was distributed on the same day.

In 2015, the Case Management System (CMS) was assessed and all users that were no longer active in the system were removed.

Auditor's Reply

Based on its response, we believe MCAD is taking measures to address some of the concerns we identified. However, because its written response did not specifically address the establishment of formal system access security policies and procedures and the designation of a security administrator, we continue to recommend that MCAD take these actions.

5. MCAD did not have a continuity-of-operations plan or a disaster-recovery plan.

MCAD had neither a continuity-of-operations plan nor a formal disaster-recovery plan in place for its automated systems. These plans would address the resumption of processing capabilities if an unforeseen event disrupts MCAD's data-processing capabilities; the lack of formal, tested plans could

significantly delay MCAD's efforts to properly restore mission-critical, essential, and confidential functions and data if that happens.

Authoritative Guidance

MassIT's Enterprise Information Security Policy states,

Agencies are required to document, implement and annually test plans including the testing of all appropriate security provisions to minimize impact to systems or processes from the effects of major failures of IT Resources or disasters via adoption of:

- *Continuity of operations plan and*
- *A disaster recovery plan.*

Reason for Lack of Plans

According to MCAD management, the commission did not have staff members who were knowledgeable in IT-related controls to develop, test, and maintain a continuity-of-operations plan and a disaster-recovery plan.

Recommendations

1. MCAD should confer with MassIT for guidance in developing its continuity-of-operations and disaster-recovery plans.
2. MCAD should then adequately test these plans to provide reasonable assurance of their viability, train its staff on the plans periodically, and store paper and electronic copies of the plans in a secure offsite location.

Auditee's Response

The concerns of this finding have been addressed. The MCAD [Continuity of Operations Plan, or COOP] was created in September 2015. A test of CMS was conducted in September 2015—all data was backed up and on the backup server.

In March 2016, a Program Coordinator was hired to assist with the updating and testing of the COOP and disaster recovery plan for all offices of MCAD.

Auditor's Reply

Based on its response, we believe MCAD is taking measures to address the concerns we identified.

6. MCAD's ICP was deficient, and the commission reported inaccurate information regarding its internal controls to OSC.

MCAD's fiscal year 2015 ICP did not comply with the OSC Internal Control Guide. Specifically, it was not based on a department-wide risk assessment that included the risk of fraud and did not fully document the commission's internal control systems, procedures, and operating cycles for all departmental activities, including case management, investigations, legal activities, hearings, training, and financial reporting. Further, it did not document any of the eight components of enterprise risk management (ERM)—Internal Environment, Objective Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, Information and Communication, and Monitoring—as required by OSC.

An agency whose ICP is not compliant with OSC guidelines may not be able to achieve its mission and objectives effectively; efficiently; and in compliance with applicable laws, regulations, and other authoritative requirements.

In addition, some of the information that MCAD reported on its Internal Control Questionnaire (ICQ) to OSC for fiscal years 2013 through 2015 was inaccurate or not supported by documentation, as discussed below. Inaccurate information on the ICQ prevents OSC from effectively assessing the adequacy of MCAD's internal control system for the purposes of financial reporting.

- In the Internal Control Plans section of the ICQs for fiscal years 2013 through 2015, departments were asked, "Has the Department conducted an organization-wide risk assessment that includes the consideration of fraud?" On its ICQ, MCAD answered "yes"; however, as noted above, MCAD did not document that it had conducted such a risk assessment during these fiscal years.
- In the Internal Control Plans section of the ICQs for fiscal years 2013 through 2015, departments were asked, "Has the Department updated its internal control plan within the past year?" On its ICQs for fiscal years 2013 through 2015, MCAD answered "yes"; however, MCAD did not document that it had updated its ICP for these fiscal years.
- In the Internal Control Plans section of the ICQs for fiscal years 2013 through 2015, departments were asked, "Is there a documented Disaster Recovery Plan for the department's IT system?" On its ICQs for fiscal years 2013 through 2015, MCAD indicated that a disaster-recovery plan was in place for its automated systems, but as noted above, it had not developed a formal plan.

Finally, MCAD could not provide us with signed copies of the ICQs for fiscal years 2013–2015.

Authoritative Guidance

The 2007 OSC Internal Control Guide stresses the importance of internal controls and the need for departments to develop an ICP, defined as follows:

The Office of the Comptroller defines an internal control plan as a high level department-wide summarization of the department's risks and the controls used to mitigate those risks. This high level summary must be supported by lower level detail, i.e. departmental policies and procedures. . . . The plan should be reviewed and updated as conditions warrant, but at least annually.

The Internal Control Guide also requires ICPs to include risk assessments, which must be updated each year.

In its document *Enterprise Risk Management—Integrated Framework*, or COSO II, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines ERM as “a process, effected by the entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage the risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.” To comply with OSC’s internal control guidelines, an ICP must contain information on the eight components of ERM: Internal Environment, Objective Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, Information and Communication, and Monitoring. COSO guidance states that all components of an internal control system must be present and functioning properly and operating together in an integrated manner in order to be effective.

Finally, according to OSC’s “Instructions for Completing the FY2015 Internal Control Questionnaire,” the department head, CFO, and internal control officer of each department must certify the responses provided in the Representations section of the ICQ. The signed document must be kept on file.

Reason for Noncompliance

According to MCAD management, the prior fiscal agent was not aware of the requirements of OSC’s Internal Control Guide and the ICQ instructions.

Recommendations

1. MCAD should conduct a department-wide risk assessment, fully documenting its internal control systems, procedures, and operating cycles for all its departmental activities and addressing all the

components of ERM. Further, MCAD management should seek training opportunities and request guidance from OSC on these matters.

2. MCAD should ensure that the ICQs it submits to OSC each year are accurate and complete.
3. MCAD should retain a printed, approver-signed copy of its certification of its ICQ representations.

Auditee's Response

The concerns of this finding are currently under review and are being addressed. Enterprise Risk Management (ERM) is presently being developed. The Risk assessment is being improved and will be included in next issuance of the MCAD's Internal Control Plan. We are presently identifying risks and what controls are in place and what is needed by each Unit.

The Internal Control Plan was updated in April 2015. Inclusion of a robust risk assessment and control implementation is being currently worked on by Senior Staff.

Auditor's Reply

Based on its response, we believe that MCAD is taking appropriate measures to address some of the concerns we identified. However, MCAD did not specifically address our concerns regarding the accuracy and representation certifications made on the annual ICQs submitted during our audit period. We continue to recommend that MCAD ensure that these questionnaires are accurate, complete, and maintained as signed file copies.

7. MCAD's payroll process and personnel records were deficient.

MCAD has not established a single overall standardized payroll process to be used by all of its employees. During the audit period, various types of timesheets—four different manual timesheets and one electronic one—were used by various departments. Further, MCAD's payroll policies and procedures were not up to date and did not address the commission's current payroll timekeeping and reporting methods. Our test of 142 manual timesheets and 21 electronic timesheets from 20 randomly selected employees revealed two written timesheets that were not signed by the employees, two that were not signed by the employees' supervisors, and three that the employees had approved themselves. As a result, MCAD could not assure us that all weekly time and attendance records were accurate and properly approved.

In addition, required documentation was missing from some personnel files. Specifically, 5 of 20 randomly selected employee personnel files we reviewed did not contain required documentation (including the employee's job offer, acceptance letter at hiring, and original salary), and none of the files

had the employee's current salary or position documented. Without ensuring that this required personnel information is maintained, MCAD may not be able to adequately resolve any disputes that may arise over personnel matters.

Authoritative Guidance

OSC's Payroll Approval: Payroll Expenditure Approval Policy, revised November 1, 2006, states,

The Commonwealth is required to maintain time and attendance records for each employee. Reporting time that employees work during a workweek is essential for ensuring an accurate payroll.

Further, OSC's website provides guidance as to what constitutes proper controls over personnel and payroll processes:

- *Time worked is accurately recorded and approved. . . .*
- *Payroll is processed timely and accurately. . . .*
- *Transactions and events are properly recorded. . . .*
- *Transaction activities are properly authorized. . . .*
- *Payroll records are maintained in accordance with established requirements.*

Although the website guidance is not a required standard, it represents what OSC believes to be best practices for payroll and personnel. In addition, proper controls necessitate that an agency's payroll system be standardized to minimize the costs, inefficiencies, and potential errors associated with administering multiple payroll processes.

Section 52C of Chapter 149 of the Massachusetts General Laws states the following under the definition of "personnel record":

All of the following written information or documents . . . shall be included in the personnel record for that employee: the name, address, date of birth, job title and description; rate of pay and any other compensation paid to the employee; [and] starting date of employment.

In addition, Section E4(5) of the Commonwealth's Records Retention Policy, revised August 2012, states that employee case files include "job offer and acceptance letters" and must be retained, and Section E5(3) states that personnel action records include "documents . . . relating to reclassifications, promotions, [and] demotions" and must be retained in individual personnel files.

Reasons for Inadequate Controls

According to MCAD management, because the commission's payroll system had evolved over the years and was considered by MCAD to be effective, they believed that its payroll policies and procedures did not need to be updated. As a result of the lack of standard procedures, departments developed various timesheets of their own.

For personnel, according to MCAD's finance officer, MCAD had not established adequate policies and procedures in accordance with Section 52C of Chapter 149 of the General Laws and the Commonwealth's Records Retention Policy because it was unaware of these requirements.

Recommendations

1. MCAD should establish and implement a standardized in-house time-reporting process for all employees to use and should ensure that each timesheet is signed by the employee and approved by the employee's supervisor. As an alternative, MCAD could consider using the Commonwealth's central time and attendance reporting system (Self Service Time and Attendance, or SSTA), a standardized system used by many state agencies.
2. MCAD should establish payroll policies and procedures that adhere to OSC's payroll policies and should monitor adherence to these policies and procedures.
3. MCAD should develop policies and procedures to ensure that the required documentation is present in each employee's personnel file.

Auditee's Response

The concerns of this finding have been addressed. On March 20, 2015, MCAD went live with Self Service Time and Attendance. All employees are entering their time on [the Human Resources Compensation Management System]. All time is being approved by managers or supervisors. In February 2016, all staff was trained on SSTA. Weekly communications were sent to staff prior to Go-Live date.

MCAD is presently working on policies to ensure timely payment of wages, and adherence to payroll policies and procedures. MCAD is also working on the creation of Standard Operating Procedures and Payroll processing and revenue reconciliation.

An audit of Personnel Files will be conducted as an on-going initiative. Audit will consist of reviewing all personnel files. A checklist has been created that will indicate what information is in the personnel file. The checklist will be updated as needed. Checklist will also reflect all current CMS Access and Access level.

An employee information sheet will be included in the personnel file. It is a quick reference sheet that will include emergency contact information. This information will be updated annually.

Auditor's Reply

Based on its response, we believe that MCAD is taking appropriate measures to address the concerns we identified.

OTHER MATTERS

According to Section 56 of Chapter 6 of the Massachusetts General Laws, the Governor is required to appoint an advisory board to the Massachusetts Commission Against Discrimination (MCAD). This advisory board is supposed to consist of no fewer than 21 members who serve at the will of the Governor and include representatives of specific groups (such as major private employers; post-secondary educational institutions; major labor organizations; minority racial, ethnic, and linguistic groups; women; elderly and handicapped persons; and recipients of public assistance). According to Chapter 6,

The board shall advise the commission and the governor on matters of policy affecting the commission, and shall review the implementation of the commission's programs and policies and from time to time report their conclusions to the commission and the governor.

During our audit, we requested board meeting minutes, but none were provided. Although the Governor has appointed the appropriate number of individuals to the advisory board, MCAD's chief of Administration and Finance stated that the board had not met during our audit period.

As a result, MCAD is not benefiting from the unique knowledge, skill, and expertise of the required advisory board and cannot use these advantages in developing and administering its programs. Moreover, because the composition and structure of the advisory board was intended to enhance the effectiveness of MCAD's work and its ultimate governance, the goals, objectives, and mission of the organization may be at risk without an active advisory board in place.

We suggest that the MCAD advisory board be established as a fully functioning board to provide assistance to the commission and the Governor.