



# The Commonwealth of Massachusetts

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INDEPENDENT STATE AUDITOR'S REPORT ON  
CERTAIN ACTIVITIES OF THE  
NORFOLK DISTRICT ATTORNEY'S OFFICE  
JULY 1, 2005 TO NOVEMBER 30, 2006

OFFICIAL AUDIT  
REPORT  
SEPTEMBER 5, 2007

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The Norfolk County District Attorney's Office (NCDA) was established under the provisions of Chapter 12, Section 13, of the Massachusetts General Laws (MGL), which provides for the administration of criminal law and the defense of civil actions brought against the Commonwealth in accordance with MGL Chapter 258 (claims and indemnity procedures for the Commonwealth, its municipalities, counties, districts, officers and employees). As of November 30, 2006, the NCDA had 106 employees, including Prosecutors/Assistant District Attorneys, that represent approximately 654,753 citizens of the Commonwealth in criminal and civil proceedings, within a jurisdiction of 28 cities and towns in Norfolk County.

In accordance with Chapter 11, Section 12, of the General Laws, the Office of the State Auditor has conducted an audit of the NCDA for the period July 1, 2005 to November 30, 2006. The purpose of the audit was to review internal controls over financial and program activities to determine whether financial records are accurate, up-to-date, and maintained in accordance with established criteria; costs and expenditures, including payroll and administrative costs, are appropriate and reasonable; controls over revenues, including forfeited funds, are proper and adequate; and the internal control structure is suitably designed and implemented to safeguard assets in compliance with the Office of the State Comptroller's (OSC) guidelines and Chapter 647 of the Acts of 1989, An Act Relative to Improving the Internal Controls within State Agencies.

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In order to comply with Chapter 647 of the Acts of 1989, an Act Relative to Improving Internal Controls within State Agencies, the NCDA needs to perform a risk assessment and develop an internal control plan that addresses the financial and programmatic operation of the Department. Although the NCDA has various departmental policies and procedures used to document its administrative and accounting internal controls, it needs to prepare a high-level summarization of its internal controls, or a departmental Internal Control Plan (ICP). Without an adequate ICP, the NCDA cannot be assured that it is safeguarding its assets and promoting operational efficiency. Officials stated during the audit that they would review existing internal control policies, procedures, and practices and produce an ICP. Additionally, the NCDA stated in its response that it has begun the process of combining and amplifying policies and procedures into a single ICP.

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## INTRODUCTION

### *Background*

The Norfolk County District Attorney's Office (NCDA) was established under the provisions of Chapter 12, Section 13, of the Massachusetts General Laws (MGL), which provides for the administration of criminal law and the defense of civil actions brought against the Commonwealth pursuant to MGL Chapter 258 (claims and indemnity procedures for the Commonwealth, its municipalities, counties, districts, officers and employees). As of November 30, 2006, the NCDA had 106 employees, including Prosecutors/Assistant District Attorneys and administrative and program staff, who represent approximately 654,753 citizens of the Commonwealth in criminal and civil proceedings, within a jurisdiction of 28 cities and towns in Norfolk County. The NCDA's main office is located at 45 Shawmut Avenue, Canton.

For fiscal years 2006 and 2007, the NCDA received state maintenance appropriations of \$7,312,181 and \$8,074,889, respectively, to fund their administrative operation as well as the victim witness assistance program, the child abuse and sexual assault prosecution program, and the domestic violence unit. The NCDA also received additional state appropriation funding of \$416,910 in both 2006 and 2007 for the NCDA to obtain State Police services by paying for State Police overtime.

In addition to the state appropriations, the NCDA received \$141,279 from state funded trusts to support education and rent for fiscal year 2006. The NCDA also received a total of \$344,648 from the Victim Witness Assistance Board, the Department of Social Services, the Executive Office of Public Safety, and the Department of Revenue for fiscal year 2006. Each agency contributed funding for staff positions for victim witness advocates and prosecutors as well as reimbursement for costs associated with child support enforcement.

Pursuant to the NCDA mission of the administration of the criminal laws of the Commonwealth, the NCDA deposited \$152,391 during the period of July 1, 2005 to November 30, 2006 in court-awarded forfeited funds with the Office of the State Treasurer. Each case must be fully adjudicated before the asset is considered forfeited, after which these funds may be used for many purposes as set forth in Chapter 94C, Section 47 of the General Laws, such as defraying the costs of protracted investigations, providing the NCDA with technical equipment or expertise, providing matching funds to obtain federal grants, or such other law enforcement purposes as the District Attorney deems appropriate. The NCDA may also expend up to 10% of the funds and proceeds for drug

rehabilitation, drug education, and other anti-drug or neighborhood crime watch programs that further law enforcement purposes.

***Audit Scope, Objectives, and Methodology***

In accordance with Chapter 11, Section 12, of the General Laws, the Office of the State Auditor has conducted an audit of the NCDA for the period July 1, 2005 to November 30, 2006. Our audit was conducted in accordance with applicable generally accepted government auditing standards. The objective of our review was to review internal controls over financial and program activities to determine whether financial records are accurate, up-to-date, and maintained in accordance with established criteria; costs and expenditures, including payroll and administrative costs, are appropriate and reasonable; controls over revenues, including forfeited funds, are proper and adequate; and the internal control structure is suitably designed and implemented to safeguard assets in compliance with the Office of the State Comptroller (OSC) guidelines and Chapter 647 of the Acts of 1989, An Act Relative to Improving the Internal Controls within State Agencies.

To accomplish our objectives, we:

- Reviewed the NCDA's internal control structure along with existing verbal and written administrative and accounting policies and procedures.
- Interviewed various office officials.
- Reviewed selected revenue (forfeited funds), expenditure, advance, and payroll transactions to verify that these transactions were appropriately accounted for, recorded, and safeguarded in accordance with established criteria.
- Examined the inventory control system for the furnishings and equipment that was in place during our audit period.
- Reviewed applicable Massachusetts General Laws, the OSC's Internal Control Guides, and Chapter 647 of the Acts of 1989.

During our audit, we met and discussed the results of our review with the District Attorney and his staff.

Except as noted in the Audit Results section of this report, we have determined that for the areas tested, the NCDA's financial records are accurate, up-to-date, and maintained in accordance with established criteria; costs and expenditures are appropriate and reasonable; controls over revenue are

proper and adequate, and the internal control structure is suitably designed to safeguard Commonwealth assets in compliance with the OSC Internal Control Guides and Chapter 647 of the Acts of 1989.

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## AUDIT RESULTS

### **AN INTERNAL CONTROL PLAN NEEDS TO BE DEVELOPED AS REQUIRED BY CHAPTER 647 OF THE ACTS OF 1989**

Our review disclosed that the Norfolk County District Attorney's Office (NCDA) did not develop an Internal Control Plan (ICP) or conduct periodic risk assessments in accordance with Chapter 647 of the Acts of 1989 and the guidelines issued by the Office of the State Comptroller (OSC).

Chapter 647 of the Acts of 1989, An Act Relative to Improving the Internal Controls within State Agencies, states, in part:

*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.*

Subsequent to the passage of Chapter 647, the Office of the State Comptroller (OSC) issued written guidelines in the form of the Internal Control Guide for Managers and the Internal Control Guide for Departments, which require that each department's ICP be unique and contain five components: risk assessment, control environment, information and communication, control activities, and monitoring. OSC Memorandum FY2001-28, dated June 29, 2001, defines a Departmental Internal Control Plan and Risk Assessment as follows:

*A departmental internal control plan is a high level summarization on a department-wide basis, of the department's risks (as the result of a risk assessment) and of the controls used by the department to mitigate those risks. This high level summary must be supported by lower level detail, i.e. departmental policies and procedures. We would expect this summary to be from ten to fifty pages, depending on the size and complexity of the department... A departmental risk assessment is the identification and analysis of the risks that could prevent the department from reaching its goals and objectives. This identification and analysis forms the basis for determining how the risks should be managed. A precondition to risk assessment is the establishment of the organization's mission and goals.*

Risk assessments are also an integral part of an ICP because they assist management in prioritizing those activities where controls are most needed. Management is responsible for evaluating and implementing, at least annually, any changes necessary to maintain the integrity and effectiveness of the internal control structure.

The NCDA does have various departmental policies and procedures that are used to document its administrative and accounting internal controls and could be used to develop its internal control plan.

Without an adequate ICP in place, there is inadequate assurance that the NCDA will achieve its objectives efficiently, effectively, and in compliance with applicable state laws and regulations and ensure that its assets are properly safeguarded against loss, theft, or misuse. In addition, without an ICP in place, it is less likely that the NCDA will respond appropriately and rapidly to major changes in events affecting its overall control environment, like the implementation of the Commonwealth's New MMARS or major change of key personnel in transition of an elected official's position. Updating the ICP is important for the NCDA to ensure the integrity and effectiveness of its internal control system and to respond to changes while maintaining the system's effectiveness.

Officials stated that due to staffing priorities, including staff reductions, and its staff's unfamiliarity with the content and extent of work needed to implement and update its ICP, the NCDA did not give this a priority. Officials indicated that they would review existing internal control policies, procedures, and practices and create an Internal Control Plan that would identify risks.

***Recommendation***

The NCDA should develop an Internal Control Plan that addresses the risks and internal control requirements specific to its operations. The NCDA should conduct an annual risk assessment and update its ICP based on the results of the risk assessment, as necessary.

Also, the NCDA should provide adequate and appropriate training to staff not familiar with internal controls and applicable internal control laws and guidelines.

***Auditee's Response***

*In regard to the single action-item identified in the draft audit, this agency has already begun the process of combining and amplifying our separate policies and procedures into a single ICP.*

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Chapter 647

THE COMMONWEALTH OF MASSACHUSETTS

In the Year One Thousand Nine Hundred and Eighty-nine

AN ACT RELATIVE TO IMPROVING THE INTERNAL CONTROLS WITHIN STATE AGENCIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

Notwithstanding any general or special law to the contrary, the following internal control standards shall define the minimum level of quality acceptable for internal control systems in operation throughout the various state agencies and departments and shall constitute the criteria against which such internal control systems will be evaluated. 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.

(A) Internal control systems of the agency are to be clearly documented and readily available for examination. Objectives for each of these standards are to be identified or developed for each agency activity and are to be logical, applicable and complete. 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.

(B) All transactions and other significant events are to be promptly recorded, clearly documented and properly classified. Documentation of a transaction or event should include the entire process or life cycle of the transaction or event, including (1) the initiation or authorization of the transaction or event, (2) all aspects of the transaction while in process and (3), the final classification in summary records.

(C) Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority. Authorizations should be clearly communicated to managers and employees and should



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Include the specific conditions and terms under which authorizations are to be made.

(D) Key duties and responsibilities including (1) authorizing, approving, and recording transactions, (2) issuing and receiving assets, (3) making payments and (4), reviewing or auditing transactions, should be assigned systematically to a number of individuals to ensure that effective checks and balances exist.

(E) Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved. The duties of the supervisor in carrying out this responsibility shall include (1) clearly communicating the duties, responsibilities and accountabilities assigned to each staff member, (2) systematically reviewing each member's work to the extent necessary and (3), approving work at critical points to ensure that work flows as intended.

(F) Access to resources and records is to be limited to authorized individuals as determined by the agency head. Restrictions on access to resources will depend upon the vulnerability of the resource and the perceived risk of loss, both of which shall be periodically assessed. The agency head shall be responsible for maintaining accountability for the custody and use of resources and shall assign qualified individuals for that purpose. Periodic comparison shall be made between the resources and the recorded accountability of the resources to reduce the risk of unauthorized use or loss and protect against waste and wrongful acts. The vulnerability and value of the agency resources shall determine the frequency of this comparison.

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. Said official shall in the performance of his duties ensure that: (1) the documentation of all internal control systems is readily available for examination by the comptroller, the secretary of administration and finance and the state auditor, (2) the results of audits and recommendations to improve departmental internal controls are promptly evaluated by the agency management, (3) timely and appropriate corrective actions are effected

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by the agency management in response to an audit and (4), all actions determined by the agency management as necessary to correct or otherwise resolve matters will be addressed by the agency in their budgetary request to the general court.

All unaccounted for variances, losses, shortages or thefts of funds or property shall be immediately reported to the state auditor's office, who shall review the matter to determine the amount involved which shall be reported to appropriate management and law enforcement officials. Said auditor shall also determine the internal control weaknesses that contributed to or caused the condition. Said auditor shall then make recommendations to the agency official overseeing the internal control system and other appropriate management officials. The recommendations of said auditor shall address the correction of the conditions found and the necessary internal control policies and procedures that must be modified. The agency oversight official and the appropriate management officials shall immediately implement policies and procedures necessary to prevent a recurrence of the problems identified.

House of Representatives, December 21, 1989.

Passed to be enacted, *George Luvaan*, Speaker.

In Senate, December 22, 1989.

Passed to be enacted, *William W. Budge*, President.

January 3, 1990.

Approved, *Richard H. Kiah*, Governor.