



The Commonwealth of Massachusetts
Office of the Inspector General

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December 20, 2010

Secretary Mary Elizabeth Heffernan
Executive Office of Public Safety
One Ashburton Place, Suite 2133
Boston, MA 02108

Dear Secretary Heffernan:

Thank you for the Executive Office of Public Safety's (EOPSS) response of September 23, 2010 regarding the Office of the Inspector General's (OIG) request for information concerning KPMG LLP's August 2009 "Readiness Assessment" for compliance with the requirements under the American Recovery and Reinvestment Act (ARRA).

As a follow up to your September 2010 letter, the OIG would like to offer the following comments:

In response to the issue of "Subrecipient Monitoring" in which KPMG recommended that EOPSS continue to include ARRA requirements in its orientation sessions and implement visits to the subrecipients as part of a comprehensive risk assessment, EOPSS cited "ARRA-specific site visit protocols and documents" it had developed that "incorporated ideas gleaned from EOPSS grant managers...the KPMG risk assessment, (MRRO) [Massachusetts Recovery and Reinvestment Office], (OSC) [Office of the State Comptroller] Waste, Fraud and Abuse Training, [and] meetings with the (OIG) for the Department of Justice." EOPSS, however, did not specifically state whether a risk assessment had been performed per KPMG's recommendation. We strongly suggest that if one has not been conducted, EOPSS consider performing a risk assessment of its grant programs.

EOPSS also described its efforts to communicate the "unprecedented level of transparency and accountability" of the ARRA funds by "provide[ing] to all subrecipients...information...during bidders' conferences...post-award subrecipient orientation sessions (and) during site visits." The OIG reminds EOPSS that the forms of

communication used may be secondary to the clarity and content of the information provided to recipients. As recommended by KPMG, the OIG reaffirms the importance of clear and comprehensive communication between EOPSS and its employees, subrecipients, and vendors.

KPMG also offered a number of recommendations to help strengthen EOPSS' capacity for the prevention, detection and response to fraud, waste, and abuse. Regarding KPMG's recommendation that EOPSS augment its specific anti-fraud controls by expanding on the Single Audit process, EOPSS replied that "OGR [grant office] implemented significant controls pertaining to detailed reviews of reimbursement requests and broad scale site visits." While the OIG commends the implementation of these controls, EOPSS should still ensure that its controls and protocols include a strong fraud, waste, and abuse component.

In response to KPMG's recommendation to develop guidelines around typical fraud, waste, and abuse schemes and to incorporate fraud-specific control monitoring into existing internal control review responsibilities, EOPSS stated that, "OGR ARRA staff have been oriented to typical waste, fraud, and abuse schemes". Additionally, regarding KPMG's recommendation for EOPSS to provide fraud awareness training to EOPSS employees responsible for administering ARRA funds, EOPSS responded that "grant managers incorporated fraud, waste, and abuse communications into subrecipient site visits..." Although incorporating anti-fraud communication into site visits is a positive step, the prevention of fraud, waste, and abuse must be a continuous effort that is made a part of everyday programmatic activity. Prevention activity should not be a one-time or simply a periodic effort. The OIG recommends that EOPSS provide on-going fraud awareness training and communication with subrecipients and employees regarding anti-fraud controls and practices. The incorporation of these preventative measures into every major practice will ensure heightened awareness to fraud risks, as well as create a proactive approach for dealing with potential issues of fraud, waste, and abuse.

Finally, in response to KPMG's recommendations to develop and implement an agency-wide anti-fraud strategy, EOPSS noted that while a formal policy is still being developed, "most of its aspects are already incorporated into daily OGR internal controls and practices." While the OIG acknowledges EOPSS' effort to incorporate anti-fraud controls into daily programmatic activity, we nevertheless stress the importance to establish an on-going agency-wide effort consisting of periodic staff training, risk assessments, compliance reviews, selected audits or reviews, and other prevention and detection protocols. This program could be managed by in-house staff with the cooperation and support of both state and federal oversight agencies. In this way, your agency will not be forced to rely upon the knowledge of individual employees or potentially disparate practices to detect and prevent fraud, waste, and abuse.

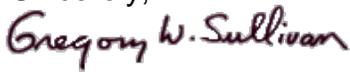
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The OIG takes this opportunity to remind EOPSS that a comprehensive anti-fraud program is crucial for the prevention and detection of fraud, waste, and abuse. On-going maintenance and communication of this program are essential tools in ensuring it is a vibrant part of your agency's internal controls and oversight framework.

The OIG encourages your agency to continue to implement and maintain the recommendations put forth in KPMG's "Readiness Assessment."

If you have any questions or concerns, please contact Deputy Inspector General Neil Cohen at (617)722-8819. Again, thank you for your assistance and cooperation in this matter.

Sincerely,

A handwritten signature in dark ink that reads "Gregory W. Sullivan". The signature is written in a cursive style with a prominent "G" and "S".

Gregory W. Sullivan
Inspector General

cc: Doug Rice, MA Recovery and Reinvestment Office
Peter Scavotto, Office of the State Comptroller