Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump
Making government work better

Official Audit Report – Issued December 8, 2015

Massachusetts Office of Information Technology—Examination of Annual Internal Control Questionnaire

For the period July 1, 2013 through June 30, 2014

Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump
Making government work better

December 8, 2015

Mr. Charlie Desourdy, Acting Commonwealth Chief Information Officer
Massachusetts Office of Information Technology
One Ashburton Place, Room 804
Boston, MA 02108

Dear Mr. Desourdy:

I am pleased to provide this limited-scope performance audit of the Massachusetts Office of Information Technology. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2013 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 Office of Information Technology for the cooperation and assistance provided to my staff during the audit.

Sincerely,

Suzanne M. Bump
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

COSO	Committee of Sponsoring Organizations of the Treadway Commission
ERM	enterprise risk management
GAAP	generally accepted accounting principles
ICP	internal control plan
ICQ	Internal Control Questionnaire
MassIT	Massachusetts Office of Information Technology
OSA	Office of the State Auditor
OSC	Office of the State Comptroller
PII	personally identifiable information

EXECUTIVE SUMMARY

Each year, the Office of the State Comptroller (OSC) issues a memorandum (Fiscal Year Update) to internal control officers, single audit liaisons, and chief fiscal officers instructing departments to complete an Internal Control Questionnaire (ICQ) designed to provide an indication of the effectiveness of the Commonwealth's internal controls. In the Representations section of the questionnaire, the department head, chief fiscal officer, and internal control officer confirm that the information entered in the questionnaire is accurate and approved.

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a limited-scope performance audit of certain information reported in the Massachusetts Office of Information Technology's (MassIT's) ICQ for the period July 1, 2013 through June 30, 2014. The objective of our audit was to determine whether certain responses that MassIT provided to OSC in its fiscal year 2014 ICQ were accurate.

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

Finding 1 **Page 7**	MassIT's 2014 ICQ had inaccurate responses on the subjects of its internal control plan (ICP) and risk assessment.
Recommendations **Page 9**	1. MassIT should take the measures necessary to address the issues we identified during our audit and should ensure that it adheres to all of OSC's requirements for developing an ICP and accurately reporting information about its ICP and risk assessment on its ICQ. 2. If necessary, MassIT should request guidance from OSC on these matters.

Post-Audit Action

MassIT has assigned two staff members to update the ICP to make it compliant with the latest OSC Internal Control Guide, issued June 2015.

OVERVIEW OF AUDITED ENTITY

The Massachusetts Office of Information Technology (MassIT),[1] within the Executive Office for Administration and Finance, was established in accordance with Section 4A(d) of Chapter 7 of the Massachusetts General Laws. Its website states,

> *MassIT . . . is the lead technology agency for the Executive Branch. Led by the Commonwealth Chief Information Officer, MassIT takes an enterprise-wide approach to technology across the Executive Branch. We oversee policies, standards, and technical architecture; promote cross-agency collaboration and adoption of shared services; and provide a range of centralized services.*

During our audit period, MassIT had a staff of approximately 316 employees. Its fiscal year 2014 budget was $6,857,000. MassIT is located at One Ashburton Place in Boston.

1. Through legislation signed in July 2014, the former Information Technology Division was renamed the Massachusetts Office of Information Technology.

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 limited-scope performance audit of certain information reported in the Massachusetts Office of Information Technology's (MassIT's) Internal Control Questionnaire (ICQ)[2] for the period July 1, 2013 through June 30, 2014.

We conducted this limited-scope 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.

The overall objective of our audit was to determine whether MassIT accurately reported certain information about its overall internal control system to the Office of the State Comptroller (OSC) in its 2014 ICQ. Accordingly, our audit focused solely on reviewing and corroborating MassIT's responses to specific questions pertaining to ICQ sections that we determined to be significant to the agency's overall internal control system. Below is a list of the relevant areas, indicating the conclusion we reached regarding each objective and, if applicable, where each objective is discussed in this report.

Objective	Conclusion
1. In its 2014 ICQ, did MassIT give accurate responses in the following areas?	
a. internal control plan (ICP)	**No; see Findings 1a, 1b, and 1c**
b. capital-asset inventory, for both generally accepted accounting principles (GAAP) and non-GAAP assets	**Yes, but see Other Matters**
c. personally identifiable information (PII)	**Yes**
d. audits and findings (reporting variances, losses, shortages, or thefts of funds or property immediately to OSA; see Appendix A)	**Yes**

2. Each year, OSC issues a memo (Fiscal Year Update) to internal control officers, single audit liaisons, and chief fiscal officers instructing departments to complete an Internal Control Questionnaire designed to provide an indication of the effectiveness of the Commonwealth's internal controls. In the Representations section of the questionnaire, the department head, chief fiscal officer, and internal control officer confirm that the information entered in the questionnaire is accurate and approved.

Our analysis of the information in the ICQ was limited to determining whether agency documentation adequately supported selected responses submitted by MassIT in its ICQ for the audit period; it was not designed to detect all weaknesses in the agency's internal control system or all instances of inaccurate information reported by MassIT in the ICQ. Further, our audit did not include tests of internal controls to determine their effectiveness as part of audit risk assessment procedures, because in our judgment, such testing was not significant within the context of our audit objectives or necessary to determine the accuracy and reliability of ICQ responses. Our understanding of internal controls and management activities at MassIT was based on our interviews and document reviews. Our audit was limited to what we considered appropriate when determining the cause of inaccurate ICQ responses.

In order to achieve our objectives, we performed the following audit procedures:

- We reviewed the instructions for completing the fiscal year 2014 ICQ distributed by OSC to all state departments (Appendix B).
- We reviewed the September 2007 version of the OSC Internal Control Guide (the version effective during the audit period) to obtain an understanding of the requirements for preparing an ICP.
- We reviewed Section 3 of Chapter 93H of the General Laws, and Massachusetts Executive Order 504, to obtain an understanding of the requirements pertaining to the safeguarding and security of confidential and personal information and to providing notification of breaches to appropriate parties.
- We reviewed Chapter 93I of the General Laws to obtain an understanding of the requirements pertaining to the disposal and destruction of electronic and hardcopy data records.
- We interviewed the director of OSC's Quality Assurance Bureau to obtain an understanding of OSC's role in the ICQ process and to obtain and review any departmental quality assurance reviews[3] conducted by OSC for MassIT.
- We interviewed MassIT's chief security officer to gain an understanding of MassIT's ICQ process and requested and obtained documentation to support the responses on its ICQ for the 12 questions we selected for review.

3. According to OSC, the primary objective of the quality assurance reviews is to validate (through examination of transactions, supporting referenced documentation, and query results) that internal controls provide reasonable assurance that Commonwealth departments adhere to Massachusetts finance law and the policies and procedures issued by OSC. The quality assurance review encompasses the following areas: internal controls, security, employee and payroll status, and various accounting transactions. The internal control review determines whether the department has a readily available updated ICP.

- We interviewed MassIT's chief security officer to ask whether MassIT had any instances of variances, losses, shortages, or thefts of funds or property to determine compliance with Chapter 647 of the Acts of 1989's requirement of reporting to OSA.

- We reviewed the fiscal year 2014 ICQ and selected questions pertaining to (1) the ICP, (2) Chapter 647 requirements, (3) capital-asset inventory (GAAP and non-GAAP), and (4) PII. We selected these areas using a risk-based approach and prior OSA reports that noted inconsistencies with departmental supporting documentation and agency ICQ responses submitted to OSC. Accordingly, we selected the following ICQ questions:

    - Does the department have an ICP that documents its internal control systems, procedures, and operating cycles, covering the objectives of all department activity?

    - Is the ICP based on the guidelines issued by OSC?

    - Has the department conducted an organization-wide risk assessment that includes the risk of fraud?

    - Has the department updated its ICP within the past year?

    - Does the department require that all instances of unaccounted-for variances, losses, shortages, or thefts of funds be immediately reported to OSA?

    - Does the department have singular tangible and/or intangible capital assets with a useful life of more than one year?

    - Does the department take an annual physical inventory of tangible and intangible capital assets, including additions, disposals, and assets no longer in service?

    - Are there procedures that encompass all phases of the inventory process—acquisition, recording, tagging, assignment/custody, monitoring, replacement, and disposal—as well as the assignment of the roles of responsibility to personnel?

    - Are information system and data security policies included as part of the department's internal controls?

    - Is the department complying with Section 3 of Chapter 93H of the General Laws, and Executive Order 504, regarding notification of data breaches?

    - Are stored personal data, both electronic and hardcopy, secured and properly disposed of in accordance with Chapter 93I of the General Laws and in compliance with the Secretary of State's record-conservation requirements?

    - Are sensitive data, as defined in law and policy, secured and restricted to access for job-related purposes?

To determine whether the responses provided to OSC by MassIT for the above 12 questions were accurate, we performed the following procedures:

- We requested and reviewed the MassIT's ICP to determine whether it complied with OSC requirements.
- We requested and reviewed any department-wide risk assessments conducted by MassIT.
- We conducted interviews with MassIT's chief financial officer and chief security officer, as well as other MassIT managers, to determine the procedures used to prepare and update the ICP and conduct an annual physical capital-asset inventory.
- We requested and reviewed MassIT's policies and procedures for PII to determine whether policies were in place and addressed the provisions of (1) Section 3 of Chapter 93H of the General Laws, and Executive Order 504, regarding notification of data breaches and (2) Chapter 93I of the General Laws regarding storing electronic and hardcopy personal data.
- We requested documentation for the last annual physical inventory conducted by MassIT.
- We requested and reviewed all documentation available to support MassIT's certification of the accuracy of its responses on the fiscal year 2014 ICQ.

In addition, we assessed the data reliability of OSC's PartnerNet, the electronic data source used for our analysis, by extracting copies of the ICQ using our secured system access and comparing their data to the ICQ data on the source-copy ICQ on file at MassIT during our subsequent interviews with management. ICQ questions are answered entirely with a "Yes," "No," or "N/A" checkmark. By tracing the extracted data to the source documents, we determined that the information was accurate, complete, and sufficiently reliable for the purposes of this audit.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. Information reported regarding internal controls was inaccurate or unsupported by documentation.

Some of the information that the Massachusetts Office of Information Technology (MassIT) reported in its Internal Control Questionnaire (ICQ) to the Office of the State Comptroller (OSC) for fiscal year 2014 was inaccurate or not supported by documentation. Specifically, although MassIT indicated that it was complying with OSC guidelines in all of the areas we reviewed, its internal control plan (ICP) did not fully document internal control systems, procedures, and operating cycles covering the objectives of all department activity; its ICP was not based on guidelines issued by OSC; and it could not document that it had conducted an organization-wide risk assessment that included fraud.

Without establishing an ICP in accordance with OSC guidelines, MassIT may not be able to achieve its mission and objectives effectively; efficiently; and in compliance with applicable laws, rules, and regulations. Further, inaccurate information in the ICQ prevents OSC from effectively assessing the adequacy of MassIT's internal control system for the purposes of financial reporting. The problems we found are detailed in the sections below.

a. Contrary to what its ICQ indicated, MassIT's ICP did not document its internal control systems, procedures, and operating cycles covering the objectives of all department activity.

In the Internal Control Plans section of the fiscal year 2014 ICQ, departments were asked, "Does the department have an internal control plan that documents its internal control systems, procedures and operating cycles, covering the objectives of all department activity?" In response to this question, MassIT answered "yes," but our analysis of MassIT's ICP indicated that it did not fully document these items for all MassIT's operational activities. Instead, the ICP was limited to administrative and fiscal activities and did not include MassIT's other operational divisions (the Applications Office, Service Management Office, Technology Office, and Security Office).

b. Contrary to what its ICQ indicated, MassIT's ICP was not based on guidelines issued by OSC.

In the Internal Control Plans section of the fiscal year 2014 ICQ, departments were asked, "Is the internal control plan based on guidelines issued by the Comptroller's Office?" In its ICQ, MassIT

answered "yes," but the ICP did not fully comply with the guidelines in OSC's Internal Control Guide. Contrary to OSC guidelines, MassIT's ICP did not consider or adequately identify 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.

c. Contrary to what its ICQ indicated, MassIT had not performed and documented an organization-wide risk assessment including the risk of fraud.

In the Internal Control Plans section of the fiscal year 2014 ICQ, departments were asked, "Has the Department conducted an organization-wide risk assessment that includes the consideration of fraud?" In its ICQ, MassIT answered "yes," but its risk assessment was not organization-wide; instead, it was limited to risks associated with protecting personally identifiable information.

Authoritative Guidance

The ICQ is a document designed by OSC that is sent to departments each year requesting information and department representations on their internal controls over 12 areas: management oversight, accounting system controls, budget controls, revenue, procurement and contract management, invoices and payments, payroll and personnel, investments held by the Commonwealth, material and supply inventory, capital-asset inventory, federal funds, and information-technology security and personal data. The purpose of the ICQ is to provide an indication of the effectiveness of the Commonwealth's internal controls. External auditors use department ICP and ICQ responses, along with other procedures, to render an opinion on the internal controls of the Commonwealth as a whole.

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." For an ICP to be compliant with OSC internal control guidelines, the 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. In addition, OSC's Internal Control Guide defines an ICP as a high-level department-wide summarization of the department's risks and the controls used to mitigate those risks, and it requires that ICPs incorporate a risk assessment including the likelihood and impact of risks. MassIT should also update its ICP as often as changes in management, level of risk, program scope, and other conditions warrant but at least annually.

Reasons for Inaccurate or Unsupported Information

The chief security officer told us that during fiscal year 2014, MassIT had limited personnel resources and was heavily involved with high-priority and high-cost projects designed to protect against data breaches; this took precedence over a complete revision of the ICP.

The chief financial officer believed that the fiscal year 2014 risk assessment was complete and compliant with OSC guidelines.

Recommendations

1. MassIT should take the measures necessary to address the issues we identified during our audit and should ensure that it adheres to all of OSC's requirements for developing an ICP and accurately reporting information about its ICP and risk assessment on its ICQ.
2. If necessary, MassIT should request guidance from OSC on these matters.

Auditee's Response

We concur that MassIT needs to shore up our Internal Control Plan and as we reported to you during your audit, beginning in May 2015, we initiated a project managed by MassIT's Compliance Office to re-invigorate our ICP based upon the Comptroller's guidelines. In Section a. of the audit report, it was asserted that internal controls within MassIT were inaccurate or unsupported by documentation. We assure you that while documentation may be lacking at this time relative to internal controls, the actual controls in question are mature and in place to protect MassIT's business and operational environments. Also, in Section b. of the report, it was indicated that MassIT's ICP was not based upon the guidelines issued by OSC. MassIT agrees that some of the concepts relative to enterprise risk management were not documented, however, given the actual controls and documentation, including policies and procedures in place regarding asset protection and given that MassIT had no theft or loss due to those factors during the audit period, the agency maintains that effective controls are in place to protect the physical and digital assets under our purview.

In Section c. of the audit report, it was indicated that an organizational wide risk assessment was not completed, but rather, that MassIT focused on protecting personally identifiable information.

MassIT is committed to conducting such an assessment and a tactical approach is being developed to address this finding.

Auditor's Reply

Because our audit scope was limited and was not designed to assess MassIT's internal control system or to test the effectiveness of its internal controls, we cannot attest to whether controls are in place to protect MassIT's business and operational environments, including asset protection, as asserted above. However, based on its response, we believe that MassIT is taking appropriate measures to address the concerns we identified.

OTHER MATTERS

In addition to the findings discussed in this report, our audit identified other control weaknesses in the inventory process of the Massachusetts Office of Information Technology (MassIT). Specifically, in the Capital Assets Inventory section of the fiscal year 2014 Internal Control Questionnaire (ICQ), departments were asked, "Does the Department take an annual physical inventory of tangible and/or intangible capital assets including additions, disposals and assets no longer in service?" In its ICQ, MassIT answered "no," even though it had answered "yes" to the question "Does the department have singular tangible and/or intangible capital assets with a useful life of more than one year?" While we do not dispute the accuracy of this answer, this type of capital asset is subject to annual physical inventories in accordance with the Office of the State Comptroller's (OSC's) Accounting and Management Policy and Fixed Assets—Acquisition Policy. Moreover, although they were outside our audit period, we noted that MassIT gave the same responses to the same two questions on the ICQs for fiscal years 2011–2013. As of June 30, 2014, MassIT inventory records reported non–generally accepted accounting principles (non-GAAP) assets totaling $3,463,094 and GAAP assets totaling $6,366,994; these assets comprised $8,661,761 of computer software and $1,168,327 of computer hardware.

MassIT's chief financial officer stated that the agency's asset-management team was unaware of OSC policies requiring annual physical inventories. Moreover, although MassIT had its own written asset-management policies and procedures, these policies and procedures did not require annual physical inventories of capital assets.

Without performing and documenting an annual physical inventory, MassIT is not ensuring that its capital assets are properly safeguarded against loss, theft, or misuse and that its inventory records are complete and accurate.

Although these matters were outside the scope of this audit, we suggest that MassIT consider strengthening its inventory process. Specifically, MassIT should ensure that its asset-management policies and procedures include annual physical inventories of its capital assets and that all asset-management personnel have a clear understanding of their internal control responsibilities.

Auditee's Response

MassIT utilizes an inventory system which is constantly updated as assets are operationalized within the Agency and the system is relied upon as a point in time record of our assets. We

continue to improve upon this system and utilize it to its full potential, including for inventory purposes.

Auditor's Reply

Because MassIT's response did not specifically address conducting and documenting annual physical inventories, we recommend that it implement a process that ensures that all GAAP and non-GAAP capital assets are inventoried and reconciled annually and that documentation is available for audit purposes.

APPENDIX A

Chapter 647 of the Acts of 1989
An Act Relative to Improving the Internal Controls within State Agencies

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 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 insure 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 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 weakness 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.

APPENDIX B

Office of the State Comptroller's Memorandum
Internal Control Questionnaire and Department Representations

Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, Massachusetts 02108

Martin J. Benison
Comptroller

Phone (617) 727-5000
Fax (617) 727-2163
Internet http://www.mass.gov/osc

Memorandum

To: Department Heads, Internal Control Officers, and Chief Fiscal Officers

From: Martin J. Benison, Comptroller

Date: April 22, 2014

Re: Internal Control Questionnaire and Department Representations: Due May 12, 2014

Comptroller Memo # FY2014-23

Executive Summary

This memo announces the FY2014 *Internal Control Questionnaire* (ICQ). **The ICQ application is located on our intranet site,** Comptroller Intranet, under PartnerNet. **See the attached *Instructions for Completing the FY2014 Internal Control Questionnaire* for details.** Departments should complete the ICQ on or before May 12, 2014. Auditors, and staff from the Comptroller's Quality Assurance Bureau review ICQ responses and may contact departments to follow up on specific answers. Department management is responsible for implementing and maintaining effective internal controls based on prescribed statutes, regulations and policies. The ICQ's Representations Section confirms this for the Commonwealth.

The user must first enter PartnerNet to access the ICQ for both data entry and review. Chief Fiscal Officers, (CFOs) Single Audit Liaisons and Internal Control Officers (ICOs) already have access to both PartnerNet and the ICQ. Once these users log on to PartnerNet, they will be presented with a link to the ICQ application. Department Security Officers can request access for additional users by submitting a PartnerNet Security Request Form.

The ICO, the Single Audit Liaison, and the CFO should work closely with senior management to identify appropriate staff for providing responses to every section of the ICQ. Please collect and review all responses, then enter them into the ICQ application no later than May 12, 2014. **Instructions on completing and submitting the ICQ are attached.**

The ICQ is designed to provide an indication of the effectiveness of the Commonwealth's internal controls. During the Single Audit, auditors from KPMG, as well as Comptroller staff will review the internal controls of several departments in more depth. They will also visit departments to follow-up on prior year findings, review compliance with federal and state regulations, test selected transactions, and review cash and encumbrances. The auditors use department internal control plans and ICQ responses, along with other procedures, to render an opinion on the internal controls of the Commonwealth as a whole.

Departments Using Centralized Business Units
Some departments use centralized business units to perform functions for multiple departments such as human resources, payroll, accounting, and procurement. These departments should answer the questions as if they used a contractor to perform these functions. In the comments field of each relevant section, briefly describe the arrangement.

Representations
The last section of the questionnaire is the department's certification of the accuracy of responses.

The Department Head, CFO, and ICO must read and approve each statement. Then, enter the approvers' names, official titles, and approval dates. Finally, print this section, have each person sign and date it, and keep the signed copy on file as your department's certification of the representations.

Internal controls are critical in creating an environment that is accountable to the public, while being responsive to the needs and direction of senior management. The Internal Control Act, Chapter 647 of the Acts of 1989, mandates that each department document its internal controls in accordance with guidelines established by the Office of the Comptroller – see: Internal Control Guide.

The completed ICQ is due on or before **May 12, 2014**. Staff should plan to provide a copy to any auditors who visit your agency as part of the Commonwealth's Single Audit. If you have any questions, contact the Comptroller's Help Line at (617) 973-2468. Thank you in advance for your time and cooperation.

Attachments: Instructions for Completion

cc: Single Audit Liaisons,
MMARS Liaisons
Payroll Directors
General Counsels
Internal Distribution