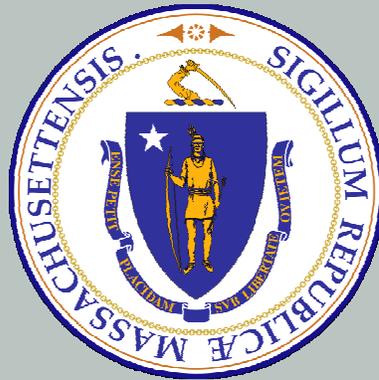


# A Toolkit for Departments to Combat Fraud, Waste and Abuse



Comptroller of the Commonwealth

November 2009



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**Commonwealth Fiscal Officers:**

This past spring, as part of this Office's mission to assure taxpayers that their funds are expended as intended, we initiated a series of fraud prevention efforts. One of the results of this effort was the creation of a compliance/best practice working group to discuss ways the Commonwealth can better work to prevent fraud and waste in government.

This group is comprised of Chief Financial Officers and Internal Control Officers. With assistance from the Governor's Recovery and Reinvestment Office and Attorney General Coakley's STOP Fraud Task Force, we are pleased to release the first in a series of tools and trainings specifically targeted to assist departments in fraud prevention efforts. This tool is designed to complement the existing materials on the Internal Control section of our website.

The most important message to take from this guide is that fraud prevention and detection must be a part of each employee's job. We need to remind employees of the competing responsibilities of treating taxpayers as customers while simultaneously maintaining a skeptical eye for those who are attempting to defraud us. As technology continues to provide us with new tools to do our jobs, it provides those who would defraud us with these same tools. Information security competes with hackers who try to break into our systems. Social engineers will link bits of public information into a web of lies that will make them appear credible. They will attempt to use our employees to defraud us.

We must not become complacent.

Incorporate into your businesses practices or performance metrics procedures to detect and prevent fraud. We hope this document helps in that effort. As always, thoughts and comments on how to improve this document and tools to assist in detecting fraud are always welcome.

Martin J Benison

# All Fraud, Waste and Abuse Have The Same Pattern:

## **Pressure/Motivation**

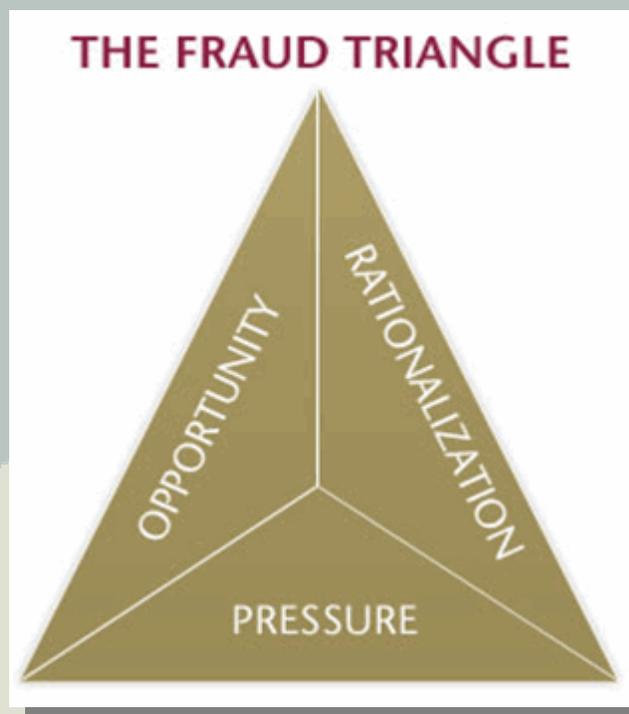
There Is a Will to Commit Fraud, Waste and Abuse

## **Opportunity**

There Is Minimal Oversight or Lack of Controls within the Organization

## **Rationalization**

Individuals Who Commit Fraud, Waste and Abuse View it as an Accepted Practice or Part of Their Rights as a Contractor or Employee



# What Is Fraud?

There are a number of different definitions, but fraud is largely a deliberate deception to secure an unfair gain. This could be a monetary, contractual or other type of advantage that is unlawful.

**What are some of the common types of fraud that governments may experience?**

- Bid Rigging
- Bribery
- Conflicts of Interest
- Minority Business Enterprise / Disadvantaged Business Enterprise or Women-Owned Business Enterprise Fraud
- Kickbacks or Unlawful “pay to play”
- Materials, Equipment and Supplies Overcharging
- Product Substitution
- Quality-Control Testing
- Time Overcharging
- Unlawful Use of Public Assets



# “Red Flag” or Fraud Indicators

Red flag indicators are activities that may indicate trouble in any process. These are best described as clues or hints that something outside the norm is/has occurred and that a closer look at an area or activity is required. These indicators include, but are not limited to:

## “Red Flag” or Fraud Indicators – Bid Rigging and Collusion

In bid rigging and collusion, contractors misrepresent that they are competing against each other when, in fact, they have agreed to cooperate on the winning bid to increase job profit.

- Unusual bid patterns: too close, too high, round numbers, or identical winning margins or percentages
- Different contractors making identical errors in contract bids
- Bid prices dropping when a new bidder enters the competition
- Rotation of winning bidders by job, type of work, or geographical area
- Losing bidders hired as subcontractors
- Apparent connections between bidders: common addresses, personnel, or telephone numbers
- Losing bidders submitting identical line-item bid amounts on non-standard items
- Persistent high prices by all bidders
- Joint venture bids by firms that usually bid alone
- Losing bids do not comply with bid specifications or only one bid is complete and other bids are poorly prepared
- “Sole sourcing” increases the likelihood of fraud, waste and abuse.



## “Red Flag” or Fraud Indicators – Bribery

Bribery occurs when a contractor misrepresents the cost of performing work by compensating a public official for permitting contract overcharges to increase contractor profit. These indicators include, but are not limited to:

- A public official or employee has a lifestyle that exceeds his or her salary
- Oversight officials socialize with, or have business relationships with, contractors or their families
- Involvement of an unnecessary middleman or broker
- A contracting employee declines a promotion to a non-procurement position
- A contracting employee insists contractors use a certain sub-contractor or broker
- A contracting employee shows a keen interest in the award of a contract or purchase order to a particular contractor or vendor
- A contract change order lacks sufficient justification
- Other inspectors at the job site notice a pattern of preferential contractor treatment



## “Red Flag” or Fraud Indicators – Conflicts of Interest

In fraud involving conflict of interest, a public official misrepresents that he or she is impartial in business decisions when he or she has an undisclosed financial interest in a contractor or consultant. These indicators include, but are not limited to:

- Unexplained or unusual favoritism shown to a particular contractor or consultant
- A public official disclosing confidential bid information to a contractor or assisting the contractor in preparing the bid
- A public official having discussions about employment with a current or prospective contractor or consultant
- A close socialization with and acceptance of inappropriate gifts, travel, or entertainment from a contractor or the ability to purchase such items at below fair market value
- A vendor or consultant address being incomplete or matching an employee’s address
- A public official leasing or renting equipment to a contractor for performing contract work
- A contracting or purchasing employee lives beyond his or her means
- A public official who is named as a designated employee fails to file Conflict of Interest or Financial Disclosure forms in accordance with Massachusetts General Laws Chapter 268B
- A public employee declines promotion from a procurement position



## **“Red Flag” or Fraud Indicators – Minority Business Enterprise/Disadvantaged Business Enterprise or Women Business Enterprise Fraud**

Under this scheme, a contractor misrepresents who performed the contract work in order to increase job profit while appearing to be in compliance with contract goals for involvement of minority (MBE), disadvantaged (DBE) or women (WBE) businesses in accordance with Executive Order 390, General Laws Chapter 7, Section 40N and 49CFR parts 23 and 26. These indicators include, but are not limited to:

- A business owner lacking background, expertise, or equipment to perform sub-contract work
- A situation where employees are shuttling back and forth between prime contractor and a MBE/WBE/DBE business' payrolls
- Business names on equipment and vehicles have temporary signage covering the legal owner which is not a certified MBE/WBE /DBE
- Orders and payment for necessary supplies made by individuals who are not employed by MBE/ WBE/DBE owned business
- A prime contractor facilitated purchase of MBE/WBE/DBE business
- A MBE / WBE / DBE business owner is never present at the job site
- A prime contractor always uses the same MBE/WBE/DBE
- Financial ownership agreements between prime and MBE/WBE/DBE contractors exist beyond the contractual relationship
- Joint bank accounts exist between prime contractor and MBE/WBE/DBE subcontractors
- An absence of written contracts between prime and sub-contractors



## “Red Flag” or Fraud Indicators – Kickbacks or Unlawful “pay to play”

In kickback schemes, a contractor or subcontractor misrepresents the cost of performing work by secretly paying a fee for being awarded the contract, therefore inflating the job cost to the government. These indicators include, but are not limited to:

- Unexplained or unreasonable limitations on the number of potential sub-contractors contracted for bid or offer
- Continuing awards to subcontractors with poor performance records
- “No-value-added” technical specifications that dictate contract awards to particular companies
- Non-qualified and / or unlicensed sub-contractors working on prime contracts
- Poor or no established contractor procedures for awarding of subcontracts through competition
- Lack of separation of duties between purchasing, receiving, and storing
- Purchasing employees maintaining a standard of living exceeding their income



## “Red Flag” or Fraud Indicators – Commodities, Materials, Equipment and Supplies Overcharging

Under this fraud scheme, a contractor misrepresents how much construction and non-construction materials, commodities, equipment and/or supplies were actually used on the job to increase profit.

- Discrepancies are present between contractor - provided quantity documentation and observed data compared to amounts requisitioned or required
- A refusal or inability to provide supporting documentation
- Photocopies of documentation are submitted when originals are expected
- The contractor resists inspection during the job or delivery process
- Packing lists, bills of lading, other shipping and receipt records have altered or missing information
- Irregularities in standard stationery or other contractor documents that are used to calculate payments
- An unusually high volume of purchases from one vendor
- Invoiced goods cannot be located in inventory or accounted for
- Not taking advantage of contracted discounts or volume purchasing
- The acquisition price is not easily discernable



## **“Red Flag” or Fraud Indicators – Product Substitution**

In a fraud scheme involving product substitution, a contractor misrepresents the product used in order to reduce costs for materials. These indicators include, but are not limited to:

- Mismatching or mislabeling of products and materials
- A contractor that restricts or avoids inspection of goods upon delivery
- A contractor refuses to provide supporting documentation regarding production or manufacturing
- Photocopies of necessary certification, delivery, and production records exist where originals are expected
- Irregularities in signatures, dates, or quantities on delivery documents
- A high rate of rejections, returns, or failures
- Certifications required in the contract are not signed
- A contractor offers to select samples for testing programs
- A supplier entertains or provides gratuities to procurement personnel
- Vendor fails to supply warranty information
- Vendor fails to apply manufacturers’ rebates/discounts towards final costs



## **“Red Flag” or Fraud Indicators – Time Overcharging**

In a time overcharging scheme, a consultant or contractor misrepresents the distribution of employee labor on jobs in order to charge for more work hours, or a higher overhead rate to increase profit. These indicators include, but are not limited to:

- Unauthorized alterations to timecards and other source records
- Hours and dollars consistently at or near budgeted amounts
- Timecards are filled out by supervisors, not by employees
- Photocopies of timecards submitted where originals are expected
- Inconsistencies between consultants’ labor records and a their employees’ timecards
- Frequent payroll adjustment entries with descriptions such as “charged wrong accounts” etc.
- Labor charges with contracts are inconsistent with contract progress
- Personnel files cannot be found or are “found” after a delay
- Lack of a clear audit trail to verify propriety of labor charges
- Job misclassification – apprentice workers billed out at higher rates



# Fraud, Waste and Abuse Indicators by Organizational Responsibility

Fraud, waste and abuse can occur in other areas of business that may not be as evident as the “red flags” discussed above. These areas of business may have the following indicators:

<u>Management</u>	<u>Contracts</u>	<u>Accounting</u>	<u>Audit</u>	<u>Ethics and Conduct</u>
Lack of oversight	Lack of competition	Lack of or failure to follow internal controls	No audit trail reporting	Violations of Commonwealth Laws
Lack of training for employees	Unexplained contract awards to contractors or subcontractors	Lack of controls over management overrides	No prior audits	Social relationship between employees and contractors
Lack of fraud hotline or a failure to support whistleblower programs	Unusual bidding practices	Unauthorized transactions	Repeat audit findings going unresolved	Failure to protect personally identifiable information
Failure to respond to identified issues	Failure to check debarment lists	Transactions with “round” numbers	Difficulty in providing information for audit purposes	Employee overly protective of information or is reluctant to train others
Lack of management understanding or support for systems, processes and controls	Failure to follow contract requirements	Unexplained entries in records	Inability to support questioned costs	Employee discussing prospective employment with a vendor during business period with employee
No checks and balances	Contract performance “too good to be true”	Unusual bank account transactions		

<u>Management</u>	<u>Contracts</u>	<u>Accounting</u>	<u>Audit</u>	<u>Ethics and Conduct</u>
No segregation of duties	Unclear contract requirements	Failure to reconcile inventories and financial records		
Improper use of funds	Billing contract for costs not incurred or unreasonable costs	Current spending inconsistent with adjusted, budgeted spending levels		
Supervision assuming work of subordinates	Incomplete or lack of paperwork (including inspection paperwork)	Altered records		
Subordinates signing for managers	Lack of inspection	Large cash payments		
High personnel turnover	Excessive cost overruns	Sequentially numbered purchase orders, checks, invoices etc., for the same purpose		
	Unsupported contract or project estimates			
	Night time work in a non 24 x 7 x 365 environment			
	Failure to monitor past performance			
	Excessive number of contract claims			
	MBE / WBE / DBE lacks capability to perform			

# What to Do If You Suspect Fraud, Waste or Abuse

If you have evidence of Fraud, Waste or Abuse activity, report such activity to management or an oversight agency.

**OR**

## **Blow the Whistle:**

If you have a whistleblower complaint involving public funds, the following contacts are available:

### **Commonwealth Hotline Numbers:**

**Inspector General** (800) 322-1323  
To report suspected fraud, waste or abuse in government.

**Attorney General - Fair Labor Helpline** (617) 727-3465  
To report violations of minimum wage and overtime laws and requirement for timely payment of wages.

**Division of Unemployment Assistance** (800) 354-9927  
To report unreported wages or persons collecting benefits while working.

**Office of the State Auditor** (617) 727-6200  
For state agencies to report variances, shortages or thefts of funds or property.



# Whistleblower Protections

Chapter 149, Section 185 of the General Laws protects public employees who wish to make disclosures to expose violations of law or risk to public health, safety or environment in a “whistleblower” mode.

## Who is Protected?

Employees of the Commonwealth and its agencies or political subdivisions, including, but not limited to, cities, towns, counties and regional school districts, or any authority, commission, board or instrumentality thereof.

## What are whistleblowers protected from?

Covered individuals are protected from being discharged, suspended, demoted, or from any other adverse employment action being taken as a reprisal for making a protected disclosure.

## What kinds of disclosures are protected?

Any disclosure made by an employee to any public body\* of an activity or practice that the employee believes is in violation of a law, rule or regulation, or which the employee believes poses a risk to public health, safety or the environment.

A public body can be:

- U.S. Congress or state legislature
- Popularly elected local government body
- Federal, state or local judiciary
- Federal, state or local regulatory, administrative or public agency or authority, or instrumentality thereof
- Federal, state or local law enforcement agency, prosecutor’s office or police/peace officer
- Any division, board, committee or commission of any of the above

# A Checklist for Departments to Combat Fraud, Waste and Abuse

The Comptroller has convened a Control and Compliance Best Practices Working Group. This group consists of CFOs, Internal Control Officers in a number of departments managing federal funds, and representatives from the Comptroller, State Auditor, Attorney General, Inspector General and Governor's offices. The purpose of this group is to identify tools that may be helpful to departments in the areas of compliance and oversight of public funds by leveraging existing best practices.

## Introduction

While there is no 100% preventative measure against all forms of fraud, waste and abuse, departments can take many measures to prevent, detect, mitigate and learn from instances of their occurrences. The United States Government Accountability Office (GAO) has also stepped up inquiry as to what prime recipients of American Recovery and Reinvestment grants are doing to combat fraud, waste and abuse. Below is guidance in the form of a checklist.

**Note:** This list is not comprehensive and is not legal advice. It is intended as a helpful resource to be used for informational purposes only. Each state agency is familiar with its respective program requirements and is responsible for complying with state law, ARRA and other related federal laws, rules or guidance.

	Who Should Perform	Item Checked	Tools/Resources	Done	Not Done	NA
1	Management	Each state agency should have a Code of Conduct that meets or exceeds the provisions of MGL Chapter 268A, promotes the highest standards of ethical behavior and is distributed to all employees.	<p><a href="#">MGL Chapter 268A</a></p> <p>Examples</p> <p>NAGE Code of Conduct:</p>  <p>nage.pdf (133 KB)</p> <p>Manager's code of conduct link: <a href="#">Manager Code of Conduct</a></p> <p>Ethics.org Resource Center: <a href="#">Ethics Tool kit</a></p>			
2	Management	<p>Conduct a Fraud Risk Assessment to identify where fraud may occur. A fraud risk assessment should consider relevant fraud schemes and scenarios and map them to mitigating controls. Fraud risks should be included in the enterprise risk assessment conducted as part of your Internal Control Plan development. COSO's <i>Enterprise Risk Management-Integrated Framework</i> describes the essential ERM components, principles, and concepts for all organizations, regardless of size.</p> <p>The Inspector General has issued an updated guide on developing fraud prevention policies and programs.</p>	<p>Appendix D in the Institute of Internal Auditor's <a href="#">Managing the Business Risk of Fraud</a> has a risk assessment framework.</p> <p><a href="#">COSO's Enterprise Risk Management Framework</a> is used in the Comptroller's Risk Management training offering. Sign up for this training at the Comptroller's web site: <a href="#">Training and Meeting Schedule</a>.</p> <p><a href="#">IGO Guide on Fraud Prevention</a></p>			

	Who Should Perform	Item Checked	Tools/Resources	Done	Not Done	NA
3	Management	Update your Internal Control System (per <a href="#">Chapter 647 of the Acts of 1989</a> ), consisting of the Internal Control Plan and the policies and procedures that govern your daily activities, to reflect how you will maintain compliance with federal stimulus requirements.	<a href="#">Chapter 647 of the Acts of 1989</a> <a href="#">ARRA Internal Control Guidance</a>			
4	Management	Agencies, particularly those new to operating or managing state and/or federal funds, or that have an entirely new program or business area, should fully document or update all policies, procedures and processes. Employees should receive paper or electronic copies of procedures for their areas of responsibility, and be trained in their application.	Office of the State Comptroller's <a href="#">Internal Control Guide</a> and other pertinent information.			
5	Human Resources	Verify that agency guidelines regarding background checks have been followed for applicable employees and new hires.	HRD's: <a href="#">Employment Check Guidelines</a>			
6	Management	Verify that segregation of duties/checks and balances are in place. These measures should be applied consistently across the agency and in all locations.	Example - Reconciliation of balances and activities is performed by someone who does not report them.			
7	Management	Document that all staff involved with ARRA or any other federal funds are trained on award requirements.	Review <a href="#">grants.gov</a> , to find individual awards, grants and application procedures. Also, <a href="#">the Edward J. Collins Center at the University of Massachusetts – Boston</a> has set up a group to help apply for federal grants.  Review revisions to OMB Circular A-133 ( <a href="#">HTML</a> or <a href="#">PDF</a> ) <a href="#">Audits of States, Local Governments, and Non-Profit Organizations</a> , for <a href="#">areas subject to audit</a> .,  See Matrix of Requirements: <a href="#">2009 OMB Compliance Supplement Addendum 1</a>			
8	Management	If the agency's staffing levels prevent adequate segregation of duties, address by cross-training or job rotation.	See HRD documentation on <a href="#">cross-training</a> and job rotation.			

	Who Should Perform	Item Checked	Tools/Resources	Done	Not Done	NA
9	Finance	Review all documentation and reconciliations for unusual entries or deviations from programmatic purposes.	<p>Check for corrections and amounts that appear too high or low; flag and review all management overrides; spot check for round numbers or multiple payments in same cycle for same amount/same recipient (absent a lease or recurring payment).</p> <ul style="list-style-type: none"> <li>• Use the NGA 341S report for spending (weekly)</li> <li>• NAR402SD for Cash Receipt Details (daily)</li> <li>• NAR403BD for lock box receipts details (Daily)</li> <li>• NAR405S for revenue transaction level details (Weekly)</li> </ul> <p><a href="#">All are available in document direct.</a></p>			
10	Management/ Internal Audit	<p>If an agency operates its own fraud hotline, ensure it is accessible only by internal audit staff.</p> <p>If an agency has a process in place for notifying federal agencies of suspected fraud, waste or abuse, it should maintain that process, and also contact the appropriate state oversight agency hotline below. Agencies without an established process should contact an existing state hotline, as well as the Inspector General’s Office (IGO) of their federal awarding agency.</p> <p>Agencies must also alert sub-recipients as to their responsibilities for reporting fraud, waste and abuse.</p>	<p><u>List of Federal IGO Hotlines:</u> See Directory at: <a href="#">Council of Inspectors General</a></p> <p><u>State Hotline Numbers</u> Inspector General: (800) 322-1323 to report suspected fraud, waste, or abuse in government.</p> <p>Attorney General: Fair Labor Helpline: (617) 727-3465 to report violations of minimum wage and overtime laws and requirement for timely payment of wages</p> <p>Division of Unemployment Assistance: (800) 354-9927 to report individuals collecting benefits while working full-time and employers who are not reporting wages.</p> <p>State Auditor: (617) 727-6200 and submit a <a href="#">Chapter 647 Reporting Form</a> to report unaccounted for variances, losses, shortages, or thefts of funds or property.</p>			

	Who Should Perform	Item Checked	Tools/Resources	Done	Not Done	NA
11	<p>Legal/ Management</p>   <p>Program/ Project Staff</p>   <p>Human Resources</p>	<p>Section 1553 of ARRA provides protections for individuals who make disclosures relating to Recovery Act funds. Any employer receiving covered funds is required to post a notice of the rights and remedies provided under this section. All Recovery Act job sites must prominently post signage of Whistleblower protections:</p> <p>All state agencies, their sub-recipients and vendors, should distribute this poster to all employees and post it prominently at work sites.</p> <p>State agencies should post on all agency bulletin boards</p> <p>Commonwealth public employees are also subject to whistleblower protection.</p>	<p>Notice of <a href="#">the rights and remedies under Section 1553.</a></p> <p><a href="#">Whistleblower Poster.</a></p> <p> Section1553WhistleblowerProvisions.pdf</p> <p><a href="#">M.G.L. c. 149, s. 185</a> and <a href="#">M.G.L. c.12A, §14(c)</a></p>			
12	Procurement	For procurement of goods/services, the ARRA Contract Terms attachment, or the agency's own contract additions covering ARRA activity, must be used, along with the Commonwealth's Standard Contract Form and Terms and Conditions. Any additions to standard terms must have sign off from agency general counsel or agency head.	<p><a href="#">ARRA Contract Terms attachment</a></p> <p><a href="#">Standard Contract Form</a></p> <p><a href="#">Terms and Conditions</a></p>			

	Who Should Perform	Item Checked	Tools/Resources	Done	Not Done	NA
13	Procurement	Establish process to check all bidders/vendors/contractors for debarment or exclusion from federal awards, suspended licenses, etc., as directed by the Operational Services Division's Procurement Information Center. Also require vendors/contractors to submit copy of valid license with bids.	<p>OSD's <a href="#">Procurement Information Center</a></p> <p>Federal Sites:</p> <p><a href="#">Excluded Parties List System</a> – Contains parties that are excluded from receiving Federal contracts, certain subcontracts, and certain Federal financial and non-financial assistance and benefits.</p> <p><a href="#">List of Excluded Individuals/Entities</a> - Listed parties are excluded from participation in the Medicare, Medicaid and all Federal health care programs.</p> <p>State Sites:</p> <p><a href="#">DCAM Debarred Contractor's List</a> - This list consists only of individuals and firms debarred by the Division of Capital Asset Management. The Office of the Attorney General maintains a separate list of additional individuals and firms debarred by that office that is available in the Central Register or by contacting the AGO directly at (617) 727-2200 x. 3277.</p> <p><a href="#">DIA Stop Work Orders</a> – Listed businesses are prevented from bidding or participating in any state or municipal funded contracts for a period of three (3) years.</p> <p><a href="#">DPL License Check</a> - Check contractors here for valid professional licenses and/or disciplinary actions.</p> <p><a href="#">DCAM Certified Prime Contractors/Sub-bidders</a> This lists firms that are allowed to bid on state construction projects.</p> <p><a href="#">Mass Med Board</a> - Check the Massachusetts Board of Registration in Medicine site for <a href="#">Online Physician Verifications</a>.</p>			
14	Procurement	Ensure that all required forms are submitted prior to contract award and verify information provided.	Check new vendors for Certificates in Good Standing - see <a href="#">Secretary of State's Office Database</a> .			
15	Financial	Establish process to verify that all changes to vendor records (name, address change, bank account) are submitted by an authorized vendor signatory, and approved by an agency signatory. This is to prevent theft or misappropriation of funds.	See Comptroller policy: <a href="#">Vendor/Customer File and W-9s</a> .			
16	Procurement	Perform background/reference/credit checks on vendors to determine financial capacity to perform work.	Use <a href="#">Commonwealth's Criminal Offender Record Information System</a> (CORI) or private service.			

	Who Should Perform	Item Checked	Tools/Resources	Done	Not Done	NA
17	Procurement/Legal	Ensure contracts are awarded in accordance with applicable procurement processes, laws, regulations and sound business practices.	Review various state finance laws and procurement laws. OSD's <a href="#">Procurement Information Center</a>  <a href="#">State Office of Minority and Women Owned Business Assistance</a>			
18	Management/Program Staff	Sub-Recipient Monitoring: Each prime recipient must develop a plan for how it will monitor the funds it awards and the activities of the entities to which it awards those funds. Monitoring plans should be based on a risk assessment.	Our <a href="#">Sub-Recipient Monitoring</a> guidance includes a link to the AGA's sub-recipient risk assessment tool.			
19	Program/Project Staff	Perform oversight of prime/sub/vendor contract requirements to ensure agency gets what it pays for.	Use on site visits, milestones achieved or reports filed to check performance/progress before next allotment of funds; inspect goods/services received - compare invoice and purchase order to prevent overpayment.			
20	Procurement	Ensure goods and services are bought only when needed. This should be reviewed by someone who does <u>not</u> perform the inventory or purchase the goods.	Take regular inventories of goods. An example of an <a href="#">asset inventory spreadsheet for information technology</a> is published by the University of Colorado for its departments. This can be customized for any good or commodity.			
21	Procurement	Ensure goods purchased are received by someone who does not order them.	The Federal Aviation Administration (US DOT) has a good example of <a href="#">receiving reports with signoffs</a> that can easily be replicated.			
22	Financial	Inventory Control: Have a sign in/out sheet on all supplies/assets susceptible to theft. Spot inventories are done by those not in custody of the assets.	Example – Laptops/USB devices are encrypted and scanned before/after use for improper files; See ITD policies on <a href="#">cyber security</a> . Agency is compliant with <a href="#">Executive Order 504</a> ; any personally Identifiable Information is kept secure.			
23	Financial	Perform random checks of addresses on payments made to vendors to employee payroll file addresses.	See <a href="#">payroll starter queries (LCM)</a> compare to <a href="#">vendor starter query</a> . Download both results into a database or a spreadsheet and perform a match by address. <b>Note that this yields personally identifiable information (PII) and the results must be secured.</b>			
24	Financial	For benefit programs: compare addresses of benefit recipients to the employee payroll and vendor files.	See <a href="#">payroll starter queries (LCM)</a> compare to <a href="#">vendor starter query</a> . Download both results into a database or a spreadsheet and perform a match by address. <b>Note that this yields personally identifiable information (PII) and the results must be secured.</b>			
25	Payroll/ Human Resources	Perform spot reviews of agency time sheets in a random sample to ascertain if hours worked match to payroll records.	See <a href="#">payroll expenditure review policy</a> and <a href="#">ARRA payroll timesheet</a> example.			
26	Program/Project Staff	Perform spot reviews or audits on vendor time sheets in a random sample to ascertain if hours worked match to payroll invoices, or do site inspections.	Different types of inspection reports can be designed or are available on the internet.			

	Who Should Perform	Item Checked	Tools/Resources	Done	Not Done	NA
27	Financial	Unless specifically delegated by the Comptroller under General Laws, the agency uses MMARS for all cash transactions.	See MGL <a href="#">Chapter 7A, Section 7</a> and <a href="#">other state finance law items</a> .			
28	Financial	Reconcile all MMARS transactions to subsidiary systems on a monthly or quarterly basis.	See <a href="#">CIW Starter Queries</a> for different types of transactions.			
29	Financial	Perform monthly reconciliations of dynacash account activity.	See <a href="#">Comptroller's Fiscal Year Close and Open Information</a> .			
30	General	Resolve all audit findings on a timely basis.	See <a href="#">annual single audit report findings</a> .			
31	IT/Legal	Establish protocols and department head approval for physical and logical access to information systems and the protection of any Personally Identifiable Information (PII).	See the Information Technology Division's: <a href="#">Information Security Administration</a> and <a href="#">IT Security Risk Assessment Guidelines</a> and <a href="#">Executive Order 504</a> regarding the security and confidentiality of personal information. See MGL Chapter 93H on <a href="#">Security Breaches</a> .			