



OFFICE OF MANAGEMENT & BUDGET

Office of Internal Audit

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May 3, 2024

Governor Dan McKee
Office of the Governor
82 Smith Street
Providence, RI 02903

Dear Governor McKee:

The Office of Internal Audit (OIA) has completed its annual collection of responses from state agencies and quasi-agencies, as mandated by Rhode Island General Law § 35-14-6, Financial Integrity and Accountability (FIA). The FIA reporting process is a statewide assessment of the adequacy of internal controls, as reported by these entities.

Enclosed is a summary of the responses to the questionnaire developed by OIA. For 2023, OIA received a 98.72% response rate from entities required to respond. This questionnaire facilitated each entity's self-assessment and reporting on internal control systems. It encompasses strategic and general operations, financial information, human resource management, regulatory compliance, internal controls, IT controls, and government service. Additionally, agencies had the opportunity to provide further written commentary.

In addition to satisfying the requirement in Rhode Island General Law, the annual FIA survey gives leadership the opportunity to assess controls and operations within their agency. OIA reviews all responses and communicates results as needed. Additionally, OIA considers FIA responses when determining its audit plan.

Respectfully yours,

Andrew Manca
Chief, Office of Internal Audit

Cc:
Internal Audit Advisory Group
Representative Marvin Abney, Chairman, House Committee on Finance
Senator Louis DiPalma, Chairman, Senate Committee on Finance
Sharon Reynolds Ferland, House Fiscal Advisor
Steven Whitney, Senate Fiscal Advisor

State of Rhode Island Office of Internal Audit

Financial Integrity and Accountability Reports

Summary of Responses for State Agencies as of 12/31/2023

Strategic Information	Yes	No		
Does the entity have a written strategic plan that defines agency objectives and establishes quantifiable goals which has been updated within the last 5 years?	91.67%	8.33%		
Does management perform and document a Strength, Weakness, Opportunity and Threat (SWOT) analysis as part of its strategic planning process?	43.33%	56.67%		
Does the department use performance-based data, or other measures to compare its actual performance, with programmatic goals and objectives at least annually?	91.67%	8.33%		
Please select all areas in which key personnel have changed within the last year	Director 28.33%	Senior management 51.67%	Other key personnel 36.67%	Not applicable 31.67%
What method(s), if any, does management utilize to help mitigate the risk associated with sudden or significant changes in key personnel? (May choose multiple responses)	Cross-training 83.33%	Strategic hiring practices 81.67%	Detailed procedural documentation 68.33%	Enhanced supervision of new staff 68.33%
	Documentation 76.67%	None 3.33%		
Information and Communication				
Of the entity-wide plans listed below, which does the entity have a formal process for preparing, periodically updating, and disseminating? (May choose multiple responses)	Business continuity plan 55.00%	Policies and procedure manual 76.67%	Strategic plan 80.00%	Disaster recovery plan 55.00%
How are entity-wide plans communicated within the organization? (May choose multiple responses)	No formal communication 1.67%	E-mail 91.67%	Posted on agency web site or intranet 65.00%	Quarterly or annual agency wide meetings 45.00%
	Written communication 58.33%	Not applicable 0.00%		
What methods are used to provide training to staff regarding business operations? (May choose multiple responses)	Initial onboarding training 93.33%	Documented training manuals 68.33%	Periodic reviews of work performed 80.00%	None 3.33%
Health and Safety				
Is the entity responsible for meeting the immediate needs of the public or its constituents in an emergency situation such as a security threat or natural disaster?	Yes 48.33%	No 51.67%		
Does the entity produce or transport hazardous materials or operate heavy equipment?	18.33%	81.67%		
Evaluate the entity's physical location in terms of safety and security. If the entity has multiple facilities, consider the safety and security of the facility in conjunction with its purpose.	Location(s) are safe and secure 66.67%	Location(s) are generally safe and secure 26.67%	Safety and security is less than adequate 6.67%	
	Yes 35.00%	No 65.00%		
Has there been one or more workplace injuries in the last year?				
Internal Control				
Are policies and procedures in place and designed to provide adequate segregation of duties, independent checks, and oversight of actions taken by employees?	Yes 98.33%	No 1.67%		
Is the internal control structure supervised and reviewed by management to determine if it is operating as intended?	Yes 93.33%	No 1.67%	Sometimes 5.00%	
Does the entity have adequate staffing in order to reasonably ensure all control activities are in place and operating as designed?	66.67%	15.00%	18.33%	
Are instances of management override of internal controls documented and approved by an appropriate third party?	Yes 71.67%	No 28.33%		
Is there a process in place to regularly reconcile critical accounts which is documented and signed by appropriate management staff?	88.33%	11.67%		
IT Controls				
Are controls in place to ensure information systems and data are protected from unauthorized access, theft, or malicious acts?	Yes 100.00%	No 0.00%		
Do information systems' controls effectively prevent and/or detect missing or invalid data?	76.67%	23.33%		
Do only authorized staff have information system administrator access or override privileges?	95.00%	5.00%		
How does the entity protect the security, privacy on confidentiality of information?	Employee training 88.33%	Secure systems 91.67%	Password policies 90.00%	Authorized access procedures 88.33%

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Financial Integrity and Accountability Reports

Summary of Responses for State Agencies as of 12/31/2023

Grants				
	Effective	Somewhat effective	Not effective	Not applicable
How effective is the entity at tracking federal award revenue, federal award expenses and meeting periodic reporting requirements?	65.00%	8.33%	1.67%	25.00%
Are there any current or pending inquiries, investigations, or actions by a regulatory agency?	5.00%	80.00%	15.00%	
Has the entity failed to obtain or been forced to return federal funds?	11.67%	73.33%	15.00%	
Operations				
	Yes	No		
Has there been a change in the nature, size or structure, of the entity, within the last year?	13.33%	86.67%		
If they entity accepts payments from the public, please indicate which forms of payment are accepted. (May choose multiple responses)	Credit/debit card	Cash	Personal/business check	Certified/bank check
	28.33%	25.00%	60.00%	58.33%
	Entity does not accept payment from the public	Money order	Direct deposit	Wire transfer
	35.00%	48.33%	11.67%	31.67%
Are you aware of or do you suspect any theft, misappropriation, fraud or other unethical act to be currently occurring or have occurred during the last year within your entity?	0.00%	100.00%		
Which of the following physical safeguards are in place over cash, inventory and fixed assets of the entity? (May choose multiple responses)	Inventory listing of supplies & goods	Documented periodic reconciliation of assets	Dual signatures	Locked or secured storage areas
	70.00%	60.00%	36.67%	76.67%
Does the entity exchange personal or financial information with the public using the Internet? (i.e. processing applications, complaints, issuing licenses, etc.)	53.33%	46.67%		
Do any of the following items hinder the agency's ability to meet its objectives?	Financial resource limitations	Obsolete equipment	Outdated technology	Inadequate staffing
	43.33%	30.00%	43.33%	56.67%
	Not applicable			
	35.00%			
Human Resources Management				
	Excellent	Good	Fair	Poor
Evaluate morale among senior management.	45.00%	48.33%	5.00%	1.67%
Evaluate morale among employees.	26.67%	58.33%	15.00%	0.00%
Are personnel who perform key controls required to take vacations or are other personnel periodically required perform the key controls?	Yes	No		
Is it suspected that employees misuse, or demonstrate patterns of misuse, of sick time?	60.00%	40.00%		
Have any employees filed any workplace grievances against the agency in the last year?	15.00%	85.00%		
Do training and mentoring programs exist for employees?	41.67%	58.33%		
	93.33%	6.67%		
Evaluate management's past performance.	Long track record of meeting or exceeding strategic goals, as well as a positive history of reacting to changing conditions	Successful in meeting goals and objectives, appears to be in control of operations	Moderately successful in meeting goals and forecasts, occasional crisis management due to changing operating conditions	Often unable to meet goals, operational changes often create crisis situations for management
	58.33%	41.67%	10.00%	0.00%
	Rarely able to meet goals, constant management by crisis			
	0.00%			
Evaluate management's experience and skill mix.	Experienced management team that has successfully managed through one or more business cycles	Management team of average experience that has successfully managed through one or more business cycles	Management team lacks experience in a key area	Management team lacks experience with common industry problems
	78.33%	20.00%	1.67%	0.00%
Evaluate management's depth.	Good management depth at key positions with full succession planning	Adequate management depth with all key positions covered by qualified individuals	Insufficient management depth with an active recruiting effort to fill positions	Insufficient management depth in key positions representing serious exposures
	50.00%	45.00%	5.00%	0.00%

State of Rhode Island Office of Internal Audit

Financial Integrity and Accountability Reports

Summary of Responses for State Agencies as of 12/31/2023

<i>Regulatory</i>				
	Yes	No	Occasionally	
Does the entity conduct internal self-reviews with regard to compliance with laws, rules and regulations?	68.33%	5.00%	26.67%	
<i>Government Service</i>				
	Adequately well	Needs improvement	Not very well	
How well is the entity meeting the needs of its constituents?	95.00%	5.00%	0.00%	
	Yes	No		
Does the entity have a means of monitoring constituent satisfaction with its services?	85.00%	15.00%		
Does the entity solicit feedback from customers and utilize the information to drive operational change?	81.67%	18.33%		
Does the agency receive customer service complaints?	68.33%	31.67%		
	Yes	No	Not applicable	
Is the agency exceeding target wait times, processing times or response times for one or more of its customer-facing functions?	35.00%	31.67%	33.33%	
	Yes	No		
Does the entity focus on improving accountability and transparency to the general public through the use of internet portals (ri.gov) or another means of information disbursement?	85.00%	15.00%		
How is the entity working to improve government accessibility? (May choose multiple responses)	Physical relocation	Physical improvement to facilities	Change in hours	Improved phone services
	18.33%	45.00%	11.67%	31.67%
	Internet services	Improved customer service program	Not applicable	
	70.00%	38.33%	18.33%	

**State of Rhode Island Office of Internal Audit
Financial Integrity and Accountability Reports**

Summary of Responses for Quasi Agencies as of 12/31/2023

Strategic Information	Yes	No		
Does the entity have a written strategic plan that defines agency objectives and establishes quantifiable goals which has been updated within the last 5 years?	83.33%	16.67%		
Does management perform and document a Strength, Weakness, Opportunity and Threat (SWOT) analysis as part of its strategic planning process?	61.11%	38.89%		
Does the department use performance-based data, or other measures to compare its actual performance, with programmatic goals and objectives at least annually?	83.33%	16.67%		
Please select all areas in which key personnel have changed within the last year	Director	Senior management	Other key personnel	Not applicable
	27.78%	33.33%	16.67%	44.44%
What method(s), if any, does management utilize to help mitigate the risk associated with sudden or significant changes in key personnel? (May choose multiple responses)	Cross-training	Strategic hiring practices	Detailed procedural documentation	Enhanced supervision of new staff
	83.33%	66.67%	77.78%	66.67%
	Documentation	None		
	88.89%	5.56%		
Information and Communication				
Of the entity-wide plans listed below, which does the entity have a formal process for preparing, periodically updating, and disseminating? (May choose multiple responses)	Business continuity plan	Policies and procedure manual	Strategic plan	Disaster recovery plan
	50.00%	77.78%	77.78%	44.44%
How are entity-wide plans communicated within the organization? (May choose multiple responses)	No formal communication	E-mail	Posted on agency web site or intranet	Quarterly or annual agency wide meetings
	0.00%	72.22%	50.00%	55.56%
	Written communication	Not applicable		
	55.56%	11.11%		
What methods are used to provide training to staff regarding business operations? (May choose multiple responses)	Initial onboarding training	Documented training manuals	Periodic reviews of work performed	None
	83.33%	83.33%	88.89%	11.11%
Health and Safety				
Is the entity responsible for meeting the immediate needs of the public or its constituents in an emergency situation such as a security threat or natural disaster?	Yes	No		
	33.33%	66.67%		
Does the entity produce or transport hazardous materials or operate heavy equipment?	27.78%	72.22%		
Evaluate the entity's physical location in terms of safety and security. If the entity has multiple facilities, consider the safety and security of the facility in conjunction with its purpose.	Location(s) are safe and secure	Location(s) are generally safe and secure	Safety and security is less than adequate	
	77.78%	22.22%	0.00%	
Has there been one or more workplace injuries in the last year?	Yes	No		
	33.33%	66.67%		
Internal Control				
Are policies and procedures in place and designed to provide adequate segregation of duties, independent checks, and oversight of actions taken by employees?	Yes	No		
	100.00%	0.00%		
Is the internal control structure supervised and reviewed by management to determine if it is operating as intended?	Yes	No	Sometimes	
	94.44%	0.00%	5.56%	
Does the entity have adequate staffing in order to reasonably ensure all control activities are in place and operating as designed?	94.44%	0.00%	5.56%	
Are instances of management override of internal controls documented and approved by an appropriate third party?	Yes	No		
	77.78%	22.22%		
Is there a process in place to regularly reconcile critical accounts which is documented and signed by appropriate management staff?	100.00%	0.00%		
IT Controls				
Are controls in place to ensure information systems and data are protected from unauthorized access, theft, or malicious acts?	Yes	No		
	100.00%	0.00%		
Do information systems' controls effectively prevent and/or detect missing or invalid data?	88.89%	11.11%		
Do only authorized staff have information system administrator access or override privileges?	100.00%	0.00%		
How does the entity protect the security, privacy on confidentiality of information?	Employee training	Secure systems	Password policies	Authorized access procedures
	88.89%	100.00%	94.44%	72.22%

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Summary of Responses for Quasi Agencies as of 12/31/2023

Grants				
	Effective	Somewhat effective	Not effective	Not applicable
How effective is the entity at tracking federal award revenue, federal award expenses and meeting periodic reporting requirements?	50.00%	0.00%	0.00%	50.00%
	Yes	No	Not applicable	
Are there any current or pending inquiries, investigations, or actions by a regulatory agency?	0.00%	72.22%	27.78%	
Has the entity failed to obtain or been forced to return federal funds?	0.00%	55.56%	44.44%	
Operations				
	Yes	No		
Has there been a change in the nature, size or structure, of the entity, within the last year?	0.00%	100.00%		
If they entity accepts payments from the public, please indicate which forms of payment are accepted. (May choose multiple responses)	Credit/debit card	Cash	Personal/business check	Certified/bank check
	44.44%	38.89%	77.78%	77.78%
	Entity does not accept payment from the public	Money order	Direct deposit	Wire transfer
	16.67%	55.56%	55.56%	66.67%
	Yes	No		
Are you aware of or do you suspect any theft, misappropriation, fraud or other unethical act to be currently occurring or have occurred during the last year within your entity?	0.00%	100.00%		
	Inventory listing of supplies & goods	Documented periodic reconciliation of assets	Dual signatures	Locked or secured storage areas
Which of the following physical safeguards are in place over cash, inventory and fixed assets of the entity? (May choose multiple responses)	50.00%	83.33%	61.11%	83.33%
	Yes	No		
Does the entity exchange personal or financial information with the public using the Internet? (i.e. processing applications, complaints, issuing licenses, etc.)	66.67%	33.33%		
Do any of the following items hinder the agency's ability to meet its objectives?	Financial resource limitations	Obsolete equipment	Outdated technology	Inadequate staffing
	16.67%	5.56%	5.56%	11.11%
	Not applicable			
	83.33%			
Human Resources Management				
	Excellent	Good	Fair	Poor
Evaluate morale among senior management.	50.00%	50.00%	0.00%	0.00%
Evaluate morale among employees.	38.89%	61.11%	0.00%	0.00%
	Yes	No		
Are personnel who perform key controls required to take vacations or are other personnel periodically required perform the key controls?	33.33%	66.67%		
Is it suspected that employees misuse, or demonstrate patterns of misuse, of sick time?	0.00%	100.00%		
Have any employees filed any workplace grievances against the agency in the last year?	22.22%	77.78%		
Do training and mentoring programs exist for employees?	83.33%	16.67%		
Evaluate management's past performance.	Long track record of meeting or exceeding strategic goals, as well as a positive history of reacting to changing conditions	Successful in meeting goals and objectives, appears to be in control of operations	Moderately successful in meeting goals and forecasts, occasional crisis management due to changing operating conditions	Often unable to meet goals, operational changes often create crisis situations for management
	66.67%	33.33%	11.11%	0.00%
	Rarely able to meet goals, constant management by crisis			
	0.00%			
Evaluate management's experience and skill mix.	Experienced management team that has successfully managed through one or more business cycles	Management team of average experience that has successfully managed through one or more business cycles	Management team lacks experience in a key area	Management team lacks experience with common industry problems
	88.89%	11.11%	0.00%	0.00%
Evaluate management's depth.	Good management depth at key positions with full succession planning	Adequate management depth with all key positions covered by qualified individuals	Insufficient management depth with an active recruiting effort to fill positions	Insufficient management depth in key positions representing serious exposures
	44.44%	55.56%	0.00%	0.00%

State of Rhode Island Office of Internal Audit

Financial Integrity and Accountability Reports

Summary of Responses for Quasi Agencies as of 12/31/2023

<i>Regulatory</i>				
	Yes	No	Occasionally	
Does the entity conduct internal self-reviews with regard to compliance with laws, rules and regulations?	77.78%	0.00%	22.22%	
<i>Government Service</i>				
	Adequately well	Needs improvement	Not very well	
How well is the entity meeting the needs of its constituents?	94.44%	5.56%	0.00%	
	Yes	No		
Does the entity have a means of monitoring constituent satisfaction with its services?	88.89%	11.11%		
Does the entity solicit feedback from customers and utilize the information to drive operational change?	77.78%	22.22%		
Does the agency receive customer service complaints?	66.67%	33.33%		
	Yes	No	Not applicable	
Is the agency exceeding target wait times, processing times or response times for one or more of its customer-facing functions?	11.11%	44.44%	44.44%	
	Yes	No		
Does the entity focus on improving accountability and transparency to the general public through the use of internet portals (ri.gov) or another means of information disbursement?	94.44%	5.56%		
How is the entity working to improve government accessibility? (May choose multiple responses)	Physical relocation	Physical improvement to facilities	Change in hours	Improved phone services
	11.11%	38.89%	33.33%	55.56%
	Internet services	Improved customer service program	Not applicable	
	66.67%	50.00%	38.89%	