



STATE OF NEW YORK
OFFICE OF THE STATE INSPECTOR GENERAL
Final Report
May 12, 2010

SUMMARY OF FINDINGS/RECOMMENDATIONS

The New York State Inspector General established that Randall Griffin, the former treasurer of the New York State Internal Controls Association (NYSICA), embezzled funds from NYSICA. Griffin was arrested by the Inspector General and the State Police and charged with petit larceny in Albany City Court; he was subsequently convicted of Disorderly Conduct. Upon discovery of the theft, Griffin paid restitution and was relieved of his treasurer duties by the NYSICA Board of Directors.

The Inspector General found that NYSICA has improved its internal controls over its checking accounts, and is contemplating additional measures to strengthen the organization's integrity and transparency. The Inspector General recommends that NYSICA continue these efforts and report its progress to the Inspector General.

ALLEGATION

The Inspector General received from NYSICA an allegation that NYSICA Treasurer Randall Griffin had written and cashed at least six checks, totaling \$300, from a NYSICA bank account for his personal benefit.

SUMMARY OF INVESTIGATION

New York State Internal Controls Association (NYSICA) is an organization comprised of internal controls officers from various New York State agencies, authorities and commissions with a shared goal of maintaining and improving accountability in government. NYSICA also counts among its members a number of employees from international, federal, state, and local governments. It is funded primarily by fees paid by participating agencies. The mission of NYSICA is to support the internal control officers, internal auditors, and their respective staffs by:

- sharing resources and best practices for the development and implementation of internal control programs;
- advocating for internal control training programs; providing support and guidance in internal control matters;

- serving as a liaison/intermediary between agencies, authorities, commissions, and the control agencies such as the Division of the Budget and the Office of the State Comptroller;
- participating in the Internal Control Task Force (ICTF); and
- developing training materials for state agencies, to heighten awareness of the need for, and value of internal controls.

Randall Griffin was employed by New York State for almost 29 years. He last served as the director of internal audit for the New York State Department of Health (DOH) from 2004 until November 2008. After leaving state service, he was hired by Greene County as deputy treasurer and co-head of the Board of Ethics.

While working for DOH, Griffin became an active member of NYSICA and was elected treasurer in 2007. He remained involved with NYSICA after leaving state service and was re-elected as treasurer in March 2009. The duties of the NYSICA treasurer are set forth in the association's bylaws:

The Treasurer maintains an accounting for Association funds and expenditures; is responsible for the preparation of the annual statement of funds collected and expended; assures that bank statements are timely reconciled; and signs, as one of the two board members, the checks for disbursement of funds.

The Inspector General interviewed Steven Suriano, immediate past president of NYSICA; Carolyn Hapeman, NYSICA's current president; and Mark Mitchell, NYSICA's president-elect, about the discovery of Griffin's embezzlement of NYSICA funds. They related that they first became suspicious of Griffin due to his sporadic attendance at Board meetings and frequent failure to provide monthly financial reports to the Board. In the fall of 2009, the Board explored the idea of establishing an annual budget for NYSICA. The Board also decided to audit the NYSICA account. While reviewing NYSICA expenditures from its account with the State Employees Federal Credit Union (SEFCU), NYSICA discovered that Griffin had written six checks to cash totaling \$300 from the association's account, which he then endorsed and cashed. On November 19, 2009, when questioned by Mitchell about the checks, Griffin was remorseful and admitted stealing the money because he was "short," but claimed he had hoped to pay back the money before it was discovered. On November 24, 2009, Griffin paid full restitution in the amount of \$300, and he was removed as treasurer.

The Inspector General interviewed Griffin under oath. Griffin admitted stealing the NYSICA funds and said he used the money to cover automatic withdrawals from his SEFCU account. Griffin explained that he "had cash flow problems" after he lost his job at DOH and claimed that he "intended to put it back."

The Inspector General also analyzed NYSICA's checking account records, which confirmed that Griffin cashed six checks from NYSICA's bank account for his personal

benefit. These checks were drawn on SEFCU's Empire State Plaza branch in Albany, in the total amount of \$300.

The Inspector General and State Police arrested Griffin and charged him with Petit Larceny. Following his arrest, Griffin was terminated from his position as deputy treasurer and co-head of the Board of Ethics for Greene County. On March 1, 2010, Griffin pleaded guilty in Albany Police Court to Disorderly Conduct and was ordered to pay a \$100 fine; restitution was not ordered because he had already repaid NYSICA.

NYSICA has informed the Inspector General that it has taken remedial measures to improve internal controls over its funds. For example, oversight of the association's checking account and check writing authority has been divided between the president and president-elect. A monthly financial review of all SEFCU accounts will be conducted as part of the Board's monthly meetings. Furthermore, NYSICA is undertaking a review of its bylaws in an effort to strengthen oversight over high risk areas, and is contemplating other steps to improve transparency and safeguard the association's integrity.

FINDINGS AND RECOMMENDATIONS

The Inspector General established that former NYSICA Treasurer Randall Griffin wrote and cashed six checks totaling \$300 from a NYSICA bank account for his personal benefit. Griffin was arrested and charged with Petit Larceny, and he was later convicted of Disorderly Conduct. Griffin was fined \$100; he had previously reimbursed NYSICA the \$300 he embezzled.

NYSICA has already taken several steps to improve its internal controls. As recommended by the Inspector General, the association is continuing these efforts and will report further progress to the Inspector General.