

REPORTS ON THE EXAMINATIONS OF
THE ACCOUNTS OF THE VARIOUS
STATE AUTHORITIES.



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The Commonwealth of Massachusetts

REPORT ON THE EXAMINATION OF THE ACCOUNTS
OF THE
LEGISLATIVE POST AUDIT AND OVERSIGHT BUREAU
FOR THE PERIOD JULY 1, 1978 TO JUNE 30, 1980



From the Office of
State Auditor ~~Thaddeus Bucyko~~
John J. Finnegan

NO. 81-7-S-232

REPORT ON THE EXAMINATION OF THE ACCOUNTS
OF THE
LEGISLATIVE POST AUDIT AND OVERSIGHT BUREAU
FOR THE PERIOD JULY 1, 1978 TO JUNE 30, 1980

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ORGANIZATION

November 30, 1980

The Legislative Post Audit and Oversight Bureau is authorized by Section 64 of Chapter 3 of the General Laws. As provided by the statute, the Bureau operates under the direction of the Joint Committee on Post Audit and Oversight of the General Court. Members of the Committee and officers of the Bureau are as follows:

Joint Committee on Post Audit and OversightSenate Members

Francis K. McCann, Chairman
 Walter J. Boverini, Vice Chairman
 Anna P. Buckley
 Joseph B. Walsh
 John A. Brennan, Jr.
 Robert A. Hall

House Members

Rudy Chmura, Chairman
 Kevin W. Fitzgerald, Vice Chairman
 William P. Nagle, Jr.
 Michael J. Rea, Jr.
 John B. Perry
 Gregory W. Sullivan
 William R. Keating
 Richard T. Moore
 Denis Lawrence
 Bruce N. Freeman
 Walter A. DeFilippi

Legislative Post Audit and Oversight Bureau

	<u>Date of Original Appointment</u>	<u>Annual Salary</u>
Director: Richard F. Tobin, Jr.	March 1, 1978	\$37,290
Assistant Director: Cornelius R. Owens	March 1, 1972	33,492

Functions

The Bureau, as directed by the Committee, conducts audits, special studies and investigations on specific matters affecting the Commonwealth. Audits of state agencies are conducted with an emphasis on performance auditing. Performance auditing, as defined by Section 63 of Chapter 3 of the General Laws, "an auditing program conducted for the particular purpose of

ORGANIZATION (CONTINUED - 2)

making an appraisal or evaluation of the efficiency of operations, the effectiveness of programs, and the faithfulness of administrative compliance with the intent of legislation and administrative regulations affecting a specified agency of the Commonwealth."

The Committee, as provided by Section 63 of Chapter 3, has the power "to summon witnesses, administer oaths, take testimony and compel the production of books, papers, documents and other evidence in connection with any authorized examination and review." The Bureau is authorized by Section 64 of Chapter 3 to have access to "all records,...money or other property of any agency of the state."

Location of the Bureau

The Bureau is located in room 146 of the State House in Boston.

STATUTORY REFERENCES

1. Legislative Post Audit and Oversight Bureau established by Section 64 of Chapter 3 of the General Laws
2. Section 63 of Chapter 3, of the General Laws, as amended, relates to the powers and duties of the Joint Committee on Post Audit and Oversight

*Thaddeus Buczko**Auditor*

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The Commonwealth of Massachusetts
Department of the
Auditor

State House, Boston 02133

AUDITOR'S REPORT

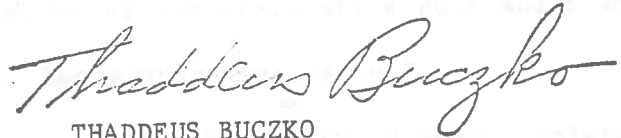
Richard F. Tobin Jr., Director
Legislative Post Audit and Oversight Bureau
Room 146
State House
Boston, Massachusetts 02133

We have examined the Comparative Statement of Disbursements under Maintenance Appropriations of the Legislative Post Audit and Oversight Bureau for the three fiscal years ended June 30, 1980. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note A - Significant Accounting Policies, the records of the Legislative Post Audit and Oversight Bureau are maintained on a basis prescribed by the Commonwealth of Massachusetts. This basis differs in certain respects from generally accepted accounting principles. The subject financial statement of this report refers to a specific account within the fund structure of the Commonwealth. As such, the financial statements are not intended to present financial position in accordance with generally accepted accounting principles.

In our opinion, the accompanying financial statement presents fairly the financial activity of the Legislative Post Audit and Oversight Bureau for

the periods indicated, in conformity, with the Commonwealth's accounting system applied on a basis consistent with that of the preceding periods.

A handwritten signature in cursive script, reading "Thaddeus Buczko".

THADDEUS BUCZKO
State Auditor

December 16, 1980

GENERAL COMMENTS

Audit Review: At the conclusion of this audit a draft of this report was reviewed with Richard F. Tobin, Director of the Legislative Post Audit and Oversight Bureau, and Michael DelVecchio, Legislative Analyst - I.

Reports of the Bureau: During the audit period, the Bureau completed and published the following reports:

<u>Title</u>	<u>Date</u>
1. Subcommittee Report on M.B.M.	August, 1978
2. All College Purpose Trust Fund	January, 1979
3. General Purpose Trust Fund State Colleges	May, 1979
4. Department of Mental Health Bridgewater Treatment Center	August, 1979
5. M.D.C. Southboro Fluoridation and pH Control Facility	September, 1979
6. University Contingency Fund Southeastern Massachusetts University	September, 1979
7. President's General Purpose Fund University of Lowell	October, 1979
8. Whittier Regional Vocational Technical High School Culinary Arts Program	October, 1979
9. Department of Mental Health Solomon Mental Health Center	October, 1979
10. Motor Vehicle Excise Tax Program	January, 1980
11. A Review of Life Care Programs	February, 1980
12. Hazardous Waste Removal Project Division of Water Pollution Control	March, 1980
13. Reconstruction, Route 146, Sutton to Rhode Island State Line Volumes I and II	April, 1980
14. Governor's Office and Contingent Expense Account, Appro. 0411-1901	April, 1980

15. Governor's Extraordinary Expense Account, Appro. 0411-8000 April, 1980
16. Discretionary Accounts, University of Massachusetts, Boston May, 1980

The Bureau also published its third "Status Report", covering the period of May, 1977 to August, 1978. This report included a summary of the findings and recommendations of the audits completed by the Bureau during that time period. It also included discussions of the compliance measures undertaken by State agencies in connection with the audits.

Employee Salaries: Salaries constitute the largest single expense item of the Legislative Post Audit and Oversight Bureau. The total salaries paid by the Bureau during Fiscal Years 1978, 1979 and 1980 are summarized as follows:

	<u>Dollar Amount</u>	<u>Percent Increase over Prior Year</u>	<u>Percent of Total Bureau Disbursements</u>
1978	\$335,515	-	76.5%
1979	357,614	6.6%	91.9%
1980	427,263	19.5%	94.7%

The increases in salaries paid can be attributed to the following factors:

1. The Bureau granted cost-of-living increases to its employees, which amounted to approximately 6.4% effective July 1, 1978 and 7.0% effective August 1, 1979.
The increases were approved by the House and Senate Committee Chairmen, the Speaker of the House and the President of the Senate.
2. The Bureau paid salaries to 19 employees during Fiscal Year 1980, compared to 17 employees during Fiscal Year 1979.
3. The Bureau paid decreasing amounts for services (non-employees) over the past two fiscal years, summarized as follows:

	<u>Dollar Amount</u>	<u>Percent Decrease over Prior Year</u>	<u>Percent of Total Bureau Disbursements</u>
1978	\$87,093	-	19.9%
1979	10,465	88.0%	2.7%
1980	1,000	90.4%	0.2%

Bureau Director: Effective February 1, 1979, Richard F. Tobin, Jr. was promoted from the position of Acting Director to Director of the Bureau. The promotion was approved by the House and Senate Committee Chairmen, the Speaker of the House and the President of the Senate.

The current salary of the Director is listed in the Organization section of this report.

FINANCIAL STATEMENT

The financial statement listed in the Table of Contents follows:

NOTES Statement No. I

Comparative Statement of Disbursements
under Maintenance Appropriations

Three Fiscal Years Ended June 30, 1980

	<u>1980</u>	<u>1979</u>	<u>1978</u>
Appropriations (Account #0169-7102)	\$400,000	\$365,000	\$365,000
Balance Forwarded	71,392	95,648	169,333
	<u>\$471,392</u>	<u>\$460,648</u>	<u>\$534,333</u>
Disbursements	\$451,311	\$389,256	\$438,685
Balance Reserved	20,081	71,392	95,648
	<u>\$471,392</u>	<u>\$460,648</u>	<u>\$534,333</u>
Analysis of Disbursements:			
Salaries	\$427,263	\$357,614	\$335,515
Services - Nonemployees	1,000	10,464	87,093
Travel and Automotive Expenses	5,212	5,482	3,168
Printing and Advertising	625	-	-
Maintenance Repairs, Replacements and Alterations	296	143	2,338
Special Supplies and Expenses	630	-	-
Office and Administrative Expenses	7,036	10,147	5,011
Equipment	2,921	61	-
Rentals	6,328	5,345	5,560
	<u>\$451,311</u>	<u>\$389,256</u>	<u>\$438,685</u>

The Notes to the Financial Statements are an integral part of this report.

NOTES TO FINANCIAL STATEMENTNote A: Significant Accounting Policies:

The Legislative Post Audit and Oversight Bureau is required to follow accounting and financial reporting policies as prescribed by the Commonwealth of Massachusetts. The Commonwealth's policies differ from generally accepted accounting principles as applicable to Governmental units. The following is a summary of the significant policies which apply to the Bureau.

Appropriations: At the end of each fiscal year, as provided by annual act of the Legislature, the balance remaining in the appropriation account (#0169-7102) is carried forward and added to the appropriation of the next fiscal year.

Basis of Accounting: Expenditures are recorded on a cash disbursement basis. Disbursements presented under each fiscal year reflect expense items which were paid for during that time period, rather than expenses which were incurred during such time period.

Expenditures for real property and fixed assets are reported as disbursements in the year the items were paid for. The Commonwealth's accounting system does not reflect on its financial statements the cost of real property and fixed assets owned by the Commonwealth and, consequently, no depreciation is recorded on such property.

Note B: Installment Purchase:

On June 14, 1979, the Legislative Post Audit and Oversight Bureau entered into contract with Xerox Corp. to purchase a display typewriter for \$10,783. Of this amount, \$9,705 is payable over 5 years at an 8% finance rate. As provided by the contract, the Bureau paid \$3,439 to Xerox during Fiscal Year 1980, detailed as follows:

Downpayment	\$1,078
Payment on Principal	1,644
Finance Charges	717
	<u>\$3,439</u>

The entire above amount is included under "Rentals" on Statement No.

I. As of June 30, 1980, \$8,061 remained payable to Xerox Corp. The contract provides that if the Legislature fails to appropriate adequate funds for the equipment, the Bureau will be relieved of its obligation to make payments, and title to the equipment will be delivered to Xerox Corp.