



The Commonwealth of Massachusetts

NO. 83-9-232

STATE AUDITOR'S
FINAL REPORT ON THE ACTIVITIES
OF THE
LEGISLATIVE POST AUDIT AND OVERSIGHT BUREAU
JULY 1, 1979 TO JUNE 30, 1981

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OFFICIAL AUDIT REPORT

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*From the Office of
State Auditor John J. Finnegan*

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The Commonwealth of Massachusetts
Department of the State Auditor
State House, Boston 02133

John J. Finnegan
Auditor of the Commonwealth

AUDITOR'S REPORT

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

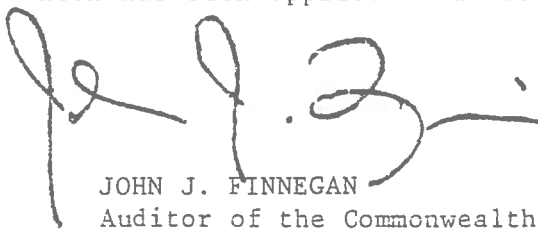
We have examined the Legislative Post Audit and Oversight Bureau's financial statement for the two fiscal years ended June 30, 1981, as listed in the Table of Contents. We made our examination in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The bureau maintained its records on a basis prescribed by the Commonwealth of Massachusetts. (See Notes to Financial Statement, No. 1, page 4.) This basis differs in certain respects from generally accepted accounting principles. The financial statement in this report refers to specific accounts within the Commonwealth's fund structure. As such, the financial statement is not intended to present the bureau's financial position and the results of its operations in accordance with generally accepted accounting principles.

In our opinion, the accompanying financial statement presents fairly the Legislative Post Audit and Oversight Bureau's disbursements under appropriations for the two fiscal years ended June 30, 1981 in conformity with the

Commonwealth's accounting system, which has been applied on a basis consistent with that of the preceding year.

July 5, 1983



JOHN J. FINNEGAN
Auditor of the Commonwealth

FINANCIAL STATEMENT

Comparative Statement of Disbursements under Appropriations

Two Fiscal Years Ended June 30, 1981

	<u>1981</u>	<u>1980</u>	<u>Increase (Decrease)</u>
Appropriations (Account #0169-7102)	\$495,099	\$400,000	\$ 95,099
Balance Forwarded	20,081	71,392	(51,311)
	<u>\$515,180</u>	<u>\$471,392</u>	<u>\$ 43,788</u>
Disbursements	\$477,417	\$451,311	\$26,106
Balance Reserved	37,763	20,081	17,682
	<u>\$515,180</u>	<u>\$471,392</u>	<u>\$43,788</u>
Analysis of Disbursements:			
Salaries	\$453,972	\$427,263	\$26,709
Services - Nonemployees	800	1,000	(200)
Travel and Automotive Expenses	1,987	5,212	(3,225)
Advertising and Printing	-	625	(625)
Repairs, Replacements and Alterations	1,108	296	812
Special Supplies and Expenses	-	630	(630)
Office and Administrative Expenses	10,983	7,036	3,947
Equipment	3,105	2,921	184
Rentals	5,462	6,328	(866)
	<u>\$477,417</u>	<u>\$451,311</u>	<u>\$26,106</u>

The accompanying notes are an integral
part of this financial statement.

NOTES TO FINANCIAL STATEMENT

1. Significant Accounting Policies

The Legislative Post Audit and Oversight Bureau was required to follow the accounting and financial reporting policies prescribed by the State Comptroller. These policies differ in certain respects from generally accepted accounting principles applicable to governmental units. The following is a summary of the significant policies.

Basis of Accounting: Expenditures are recorded on a cash disbursement basis. Each fiscal year's disbursements reflect expenses paid during that fiscal year, rather than expenses incurred during the fiscal year.

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

Appropriation: At the end of each fiscal year, as provided by the annual act of the legislature, the bureau's balance in the appropriation account (#0169-7102) was carried forward and added to the next fiscal year's appropriation. At the close of fiscal year 1981, the Legislative Post Audit and Oversight Bureau was abolished, and two separate bureaus were created under Chapter 351 of the Acts of 1981 (Office of Legislative Post Audit and Oversight of the Senate, account #0169-7102, and Legislative Post Audit and Oversight Bureau of the House of Representatives, account #0169-7103). The abolished bureau's \$37,763 account balance was reserved at the close of fiscal year 1981 and transferred to the account of the Legislative Post Audit and Oversight Bureau of the Senate.

2. Installment Purchase

On June 14, 1979, the Legislative Post Audit and Oversight Bureau contracted with Xerox Corporation to purchase a \$10,783 display typewriter. The bureau made a \$1,078 downpayment, and according to the contract, was to pay the remaining \$9,705 over five years at an 8% finance rate. In fiscal year 1980, the bureau paid Xerox \$3,439 from the "Rentals" accounts, as follows:

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

In fiscal year 1981, the bureau paid \$2,165 from the "Equipment" account, as follows:

Payment on principal	\$1,627
Finance charges	538
	<u>\$2,165</u>

Therefore, as of June 30, 1981, the bureau owed Xerox \$6,434. The contract provided that if the legislature failed to appropriate adequate funds for the equipment, the bureau would be relieved of its obligation to make such payments, and the equipment's title would be returned to Xerox.

On July 1, 1981, the Legislative Post Audit and Oversight Bureau was abolished, and two separate bureaus were created. As a result, the display typewriter and the payment obligation were transferred to the Legislative Post Audit and Oversight Bureau of the House of Representatives.

SUPPLEMENTARY INFORMATION

1. Exit Conference

At the conclusion of the audit, a draft of this report was reviewed with Michael J. DelVecchio, Legislative Analyst of the former Legislative Post Audit and Oversight Bureau.

2. Reports of the Bureau

During fiscal year 1981, the bureau completed and published the following reports:

<u>Report Title</u>	<u>Publication Date</u>
1. Department of Public Health Lakeville Hospital	August 1980
2. Lower Pioneer Valley Regional Planning Commission	September 1980
3. Department of Environmental Management, William K. Webb State Park	February 1981
4. A Comparison of User Satisfaction with State Health Insurance Plans	March 1981
5. Inventory Control - Higher Education	March 1981
6. Middlesex County Courthouse	May 1981
7. Transfer of Funds - 03 and 07 Accounts, 1979-1980 Fiscal Year	May 1981

ORGANIZATION

The Legislative Post Audit and Oversight Bureau was authorized by Chapter 3, Section 64, of the General Laws, as amended. The bureau operated under the direction of the Joint Committee on Post Audit and Oversight of the General Court. As of June 30, 1981, the committee's members and functions and the bureau's officers, location, and functions were as follows:

Joint Committee on Post Audit and OversightSenate Members

Louis P. Bertonazzi, Chairman
 Walter J. Boverini, Vice Chairman
 Anna P. Buckley
 John A. Brennan, Jr.
 Patricia McGovern
 Robert A. Hall

House Members

Rudy Chmura, Chairman
 Kevin W. Fitzgerald, Vice Chairman
 Michael J. Rea, Jr.
 Gregory W. Sullivan
 William W. Keating
 Denis Lawrence
 Michael W. Morrissey
 Alfred A. Minahan, Jr.
 Theodore C. Speliotis
 Bruce N. Freeman
 Walter A. DeFilippi

Legislative Post Audit and Oversight Bureau

	<u>Date of 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

The bureau's office was located in room 146 of the State House, Boston.

Functions

As directed by the committee, the Legislative Post Audit and Oversight Bureau conducted audits, special studies, and investigations of specific matters affecting the Commonwealth. The bureau's audits of state agencies were conducted with an emphasis on performance auditing. As defined by Chapter 3,

Section 63, of the General Laws, as amended, performance auditing is:

An auditing program conducted for the particular purpose of 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 authorized by Chapter 3, Section 63 had 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 was authorized by Chapter 3, Section 64 to have access to "all records, . . . money or other property of any agency of the state."

At the end of fiscal year 1981, the bureau was abolished, and two separate bureaus (office of Legislative Post Audit and Oversight Bureau of the Senate and Legislative Post Audit and Oversight Bureau of the House of Representative) were created under Chapter 351 of the Acts of 1981.