



STATE AUDITOR'S OFFICE

THE COMMONWEALTH
OF MASSACHUSETTS

NO. 85-233-1

STATE AUDITOR'S
REPORT ON THE ACTIVITIES
OF THE
LEGISLATIVE RESEARCH COUNCIL
AND LEGISLATIVE RESEARCH BUREAU
JULY 1, 1982 TO JUNE 30, 1984

JOHN J. FINNEGAN,
AUDITOR

ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS
02108

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OFFICIAL AUDIT REPORT

APR 25 1985

ISSUED BY THE
Department of the State Auditor

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AUDITOR'S REPORT

THE COMMONWEALTH
OF MASSACHUSETTS

Mr. Daniel M. O'Sullivan, Director
Legislative Research Bureau
Room 1212
11 Beacon Street
Boston, MA 02108

We have examined the financial statements of the Legislative Research Council and Legislative Research Bureau for the two fiscal years ended June 30, 1984, as listed in the Table of Contents. We made our examination in accordance with generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of accounting records and such other auditing procedures, including tests of compliance with applicable laws and regulations, as we considered necessary in the circumstances.

JOHN J. FINNEGAN,
AUDITOR

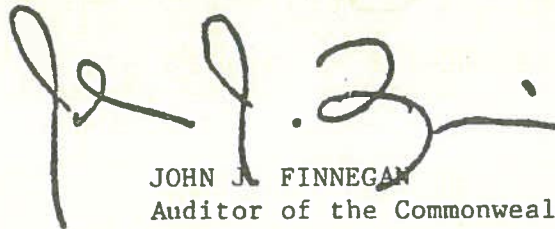
As described in the Notes to Financial Statements, No. 1 (page 13), the Legislative Research Council's and Legislative Research Bureau's records are maintained on a basis prescribed by the Commonwealth of Massachusetts. The basis differs in certain respects from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present the council's and the bureau's financial position and the results of their operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements present fairly the Legislative Research Council's and Legislative Research Bureau's expenditures under appropriations for the two fiscal years ended June 30, 1984, in conformity with the Commonwealth's accounting system, which has been

STATE HOUSE, ROOM 229
BOSTON, MASSACHUSETTS
02133
617-727-2075

applied on a basis consistent with that of prior periods. The tested items complied with applicable laws and regulations, and our audit procedures revealed nothing that caused us to believe that the untested items did not comply with applicable laws and regulations.

November 5, 1984

A handwritten signature in black ink, appearing to read "J. J. Finnegan", with a stylized flourish at the end.

JOHN J. FINNEGAN
Auditor of the Commonwealth

REPORT ON ADEQUACY OF INTERNAL CONTROL SYSTEM

As part of our financial and compliance audit examination of the Legislative Research Bureau (LRB) and the Legislative Research Council (LRC), we studied the LRB's and LRC's internal accounting control system to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the LRB's and LRC's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the internal accounting control system taken as a whole.

LRB's and LRC's officers are responsible for establishing and maintaining an internal accounting control system. In fulfilling this responsibility, management's estimates and judgments are required to assess the expected benefits and related costs of control procedures.

The objective of an internal accounting control system is to provide management with reasonable, but not absolute, assurance that (1) assets are safeguarded against loss from unauthorized use or disposition and (2) transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the Commonwealth's accounting system.

We found that because of the small size of operations at the LRB and the LRC and the low number of employees (one) working in the business office, existing internal accounting controls were limited. We determined that expanding substantive audit tests was more efficient and economical than evaluating and relying on these internal controls. Our study and evaluation, conducted for the limited purpose described in the first paragraph, would not necessarily disclose all material weaknesses in the system. Accordingly, we

do not express an opinion on the system of internal accounting control at the LRB and LRC, taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

FINANCIAL STATEMENTS

Statement No. ILegislative Research CouncilComparative Statement of Disbursements under Appropriations

Two Fiscal Years Ended June 30, 1984

	<u>1984</u>	<u>1983</u>	<u>Increase (Decrease)</u>
Appropriation (#0141-0000)	<u>\$9,000</u>	<u>\$6,000</u>	<u>\$3,000</u>
Disbursements	\$3,940	\$2,996	\$ 944
Encumbrances	-	-	-
Total Expenditures	<u>\$3,940</u>	<u>\$2,996</u>	<u>\$ 944</u>
Balance Reverted	<u>5,060</u>	<u>3,004</u>	<u>2,056</u>
	<u>\$9,000</u>	<u>\$6,000</u>	<u>\$3,000</u>
Analysis of Expenditures:			
Travel and Automotive	<u>\$3,940</u>	<u>\$2,996</u>	<u>\$944</u>

The accompanying notes are an integral
part of these financial statements.

Statement No. IILegislative Research CouncilComparative Statement of Disbursements under Appropriations

Two Fiscal Years Ended June 30, 1983

	<u>1983</u>	<u>1982</u>	<u>Increase (Decrease)</u>
Appropriation (#0141-000)	<u>\$6,000</u>	<u>\$6,000</u>	<u>-</u>
Disbursements	\$2,996	\$3,144	\$(148)
Encumbrances	-	-	-
Total Expenditures	<u>\$2,996</u>	<u>\$3,144</u>	<u>\$(148)</u>
Balance Reverted	<u>3,004</u>	<u>2,856</u>	<u>148</u>
	<u>\$6,000</u>	<u>\$6,000</u>	<u>-</u>
Analysis of Expenditures:			
Travel and Automotive	<u>\$2,996</u>	<u>\$3,144</u>	<u>\$(148)</u>

The accompanying notes are an integral
part of these financial statements.

Statement No. IIILegislative Research CouncilComparative Statement of Budget and Actual
Expenditures under Appropriation

Fiscal Year Ended June 30, 1984

	<u>Budget</u>	<u>Actual</u>	<u>Actual under (over) Budget</u>
Appropriation (#0141-0000)	<u>\$9,000</u>	<u>\$9,000</u>	<u>-</u>
Expenditures:			
Travel and Automotive	<u>\$9,000</u>	<u>\$3,940</u>	<u>\$5,060</u>

The accompanying notes are an integral
part of these financial statements.

Statement No. IVLegislative Research CouncilComparative Statement of Budget and Actual
Expenditures under Appropriation

Fiscal Year Ended June 30, 1983

	<u>Budget</u>	<u>Actual</u>	<u>Actual under (over) Budget</u>
Appropriation (#0141-0000)	<u>\$6,000</u>	<u>\$6,000</u>	<u>-</u>
Expenditures:			
Travel and Automotive	<u>\$6,000</u>	<u>\$2,996</u>	<u>\$3,004</u>

The accompanying notes are an integral
part of these financial statements.

Statement No. VLegislative Research BureauComparative Statement of Disbursements under Appropriations

Two Fiscal Years Ended June 30, 1984

	<u>1984</u>	<u>1983</u>	<u>Increase (Decrease)</u>
Appropriations (#0142-0000)	<u>\$448,650</u>	<u>\$425,000</u>	<u>\$23,650</u>
Disbursements	\$375,420	\$387,929	\$(12,509)
Encumbrances	<u>45,396</u>	<u>-</u>	<u>45,396</u>
Total Expenditures	<u>\$420,816</u>	<u>\$387,929</u>	<u>\$32,887</u>
Balance Reverted	<u>27,834</u>	<u>37,071</u>	<u>(9,237)</u>
	<u>\$448,650</u>	<u>\$425,000</u>	<u>\$23,650</u>
Analysis of Expenditures:			
Salaries, Other	\$371,797	\$342,085	\$29,712
Services, Nonemployees	-	-	-
Heat and Other Plant Operations	1,291	1,312	(21)
Travel and Automotive Expenses	2,353	3,410	(1,057)
Advertising and Printing	2,251	-	2,251
Repairs, Replacements, and Alterations	684	-	684
Special Supplies and Expenses	776	564	212
Office and Administrative Expenses	2,825	3,353	(528)
Equipment	2,255	1,025	1,230
Rentals	<u>36,584</u>	<u>36,180</u>	<u>404</u>
	<u>\$420,816</u>	<u>\$387,929</u>	<u>\$32,887</u>

The accompanying notes are an integral
part of these financial statements.

Statement No. VILegislative Research BureauComparative Statement of Disbursements under Appropriations

Two Fiscal Years Ended June 30, 1983

	<u>1983</u>	<u>1982</u>	<u>Increase (Decrease)</u>
Appropriations (#0142-0000)	<u>\$425,000</u>	<u>\$377,000</u>	<u>\$48,000</u>
Disbursements	\$387,929	\$361,162	\$26,767
Encumbrances	-	-	-
Total Expenditures	<u>\$387,929</u>	<u>\$361,162</u>	<u>\$26,767</u>
Balance Reverted	<u>37,071</u>	<u>15,838</u>	<u>21,233</u>
	<u>\$425,000</u>	<u>\$377,000</u>	<u>\$48,000</u>
Analysis of Expenditures:			
Salaries, Other	\$342,085	\$314,526	\$27,559
Services-Nonemployees	-	3,596	(3,596)
Heat and Other Plant operations	1,312	1,415	(103)
Travel and Automotive Expenses	3,410	3,021	389
Advertising and Printing	-	1,224	(1,224)
Repairs, Replacements, and Alterations	-	-	-
Special Supplies and Expenses	564	408	156
Office and Administrative Expenses	3,353	3,011	342
Equipment	1,025	-	1,025
Rentals	<u>36,180</u>	<u>33,961</u>	<u>2,219</u>
	<u>\$387,929</u>	<u>\$361,162</u>	<u>\$26,767</u>

The accompanying notes are an integral
part of these financial statements.

Statement No. VIILegislative Research BureauComparative Statement of Budget and Actual
Expenditures under Appropriation

Fiscal Year Ended June 30, 1984

	<u>Budget</u>	<u>Actual</u>	Actual under (over) <u>Budget</u>
Appropriation (#0142-0000)	<u>\$448,650</u>	<u>\$448,650</u>	<u>-</u>
Expenditures:			
Salaries, Other	\$385,758	\$371,797	\$13,961
Service-Nonemployees	4,200	-	4,200
Heat and Other Plant Operations	1,600	1,291	309
Travel and Automotive Expenses	4,600	2,353	2,247
Advertising and Printing	3,000	2,251	749
Repairs, Replacements, and Alterations	1,060	684	376
Special Supplies and Expenses	-	776	(776)
Office and Administrative Expenses	3,800	2,825	975
Equipment	6,100	2,255	3,845
Rentals	38,532	36,584	1,948
Total Expenditures	<u>\$448,650</u>	<u>\$420,816</u>	<u>\$27,834</u>

The accompanying notes are an integral
part of these financial statements.

Statement No. VIIILegislative Research BureauComparative Statement of Budget and Actual
Expenditures under Appropriation

Fiscal Year Ended June 30, 1983

	<u>Budget</u>	<u>Actual</u>	Actual under (over) <u>Budget</u>
Appropriation (#0142-0000)	<u>\$425,426</u>	<u>\$425,000</u>	<u>\$426</u>
Expenditures:			
Salaries, Other	\$367,200	\$342,085	\$25,115
Services-Nonemployees	4,000	-	4,000
Heat and Other Plant Operations	1,584	1,312	272
Travel and Automotive Expenses	3,000	3,410	(410)
Advertising and Printing	3,000	-	3,000
Repairs, Replacements, and Alterations	900	-	900
Special Supplies and Expenses	-	564	(564)
Office and Administrative Expenses	3,800	3,353	447
Equipment	5,820	1,025	4,795
Rentals	<u>36,122</u>	<u>36,180</u>	<u>(58)</u>
Total Expenditures	<u>\$425,426</u>	<u>\$387,929</u>	<u>\$(37,497)</u>

The accompanying notes are an integral
part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A summary of significant accounting policies employed in preparation of the financial statements follows.

Fund Accounting: The council and the bureau follow the Commonwealth's accounting system, as prescribed by the State Comptroller. Financial activities are recorded in funds that are each deemed to be separate accounting entities. The financial affairs and operations of each fund are accounted for in separate self-balancing accounts.

General Fund: The council and the bureau receive funds from the Commonwealth's General Fund in the form of maintenance appropriations. Amounts from which expenditures may be made and obligations incurred for specific purposes, are authorized by the Legislature for a determinable period of time.

Basis of Accounting: A modified accrual basis of accounting is used. Under this basis of accounting, appropriations are recognized when available to finance operations during the year. There is no earned income at either the bureau or the council. Expenditures are recognized when obligations are incurred from receipt of goods and services. These procedures differ significantly from generally accepted accounting principles.

2. Fiscal Year 1983 and 1984 Expenditures

All encumbrances against appropriation accounts for ordinary maintenance that expire at the end of the fiscal year are recorded as expenditures, which differs from generally accepted accounting principles. The State Comptroller considers these fiscal year-end encumbrances as accounts payable. In accordance with Chapter 29, Section 13, of the General Laws, these encumbrances are

to be paid within four months of fiscal year-end, but may be extended an additional two months when requested. The unencumbered balance is reverted to the Commonwealth at the end of each month.

Fiscal year 1983 expenditures have been adjusted to reflect the final disposition of fiscal year-end encumbrances. Since our audit was conducted before the final disposition of fiscal year-end encumbrances for 1984, the amount reported as total expenditures for fiscal year 1984 has not been adjusted.

3. Equipment

The bureau is the custodian of various office equipment used in the preparation and reproduction of research projects. The Commonwealth requires that expenditures for real property and fixed assets be reported in the year the expenditure is made. Expenditures for office equipment are expensed as incurred and no depreciation is recorded.

4. Rental Expenses

The bureau's rental agreement for office space, with Nathan R. Miller properties, Limited provides for a tenancy-at-will. Payments made by the bureau under this agreement are for the use of approximately 2,420 square feet of office space located at suite 1212 of 11 Beacon Street, Boston.

SUPPLEMENTARY INFORMATION

Exit Conference

At the audit's conclusion, we reviewed a draft of this report with Mr. Robert Webb, Assistant Director.

ORGANIZATION

September 5, 1984

The Massachusetts Legislative Research Council was established in 1954 under Chapter 3, Sections 56 to 57, as amended, to assist the members of the General Court and to function as the planning committee of the Legislative Research Bureau. The council consists of four members of the Senate, designated annually by the President of the Senate, one of them as chairperson of the council and eight members of the House of Representatives, appointed annually by the Speaker of the House, one of them as House Chairman. The statute provides for "holdover" membership pending the formal reappointment of either the present members or the appointment of their successors. The appointees must be divided equally between the two major political parties. The council serves directly under the General Court, but is exempt from joint rule 1A requiring public meetings of legislative committees. Council members receive no additional pay, but are reimbursed for necessary expenses. As of September 5, 1984, the council consisted of the following members:

Appointed by the President of the Senate:

Senator Anna P. Ruckley, Chairperson
Senator Joseph B. Walsh
Senator John F. Parker
Senator Peter C. Webber

Appointed by the Speaker of the House of Representatives:

Representative Robert D. McNeil, House Chairman
Representative William J. Flynn, Jr.
Representative William P. Nagle
Representative Joseph M. Navin
Representative Iris K. Holland
Representative Sherman W. Saltmarsh, Jr.
Representative Bruce N. Freeman
Representative Charles N. Decas

The Massachusetts Legislative Research Bureau was created by statute 29 years ago, as authorized by Chapter 3, Sections 58 to 61, of the General Laws, as amended. The statute requires the bureau to assist individual legislators, legislative committees, and recess commissions with statistical research or fact-finding in connection with proposed legislation or other matters pertaining to the General Court. The appointment and compensation of bureau employees is determined by the council subject to approval of the Committee on Rules of the two branches acting concurrently. The bureau's principal officers are:

Annual Salary

Daniel M. O'Sullivan, Director
Robert D. Webb, Assistant Director

\$42,286
37,424