



THE COMMONWEALTH  
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STATE AUDITOR'S  
REPORT ON THE ACTIVITIES  
OF THE  
LEGISLATIVE RESEARCH COUNCIL  
AND LEGISLATIVE RESEARCH BUREAU  
JULY 1, 1984 TO JUNE 30, 1986

JOHN J. FINNEGAN  
AUDITOR

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OFFICIAL AUDIT REPORT

DEC 3 1 1986

ISSUED BY THE  
Department of the State Auditor

AUDITOR'S REPORT

THE COMMONWEALTH  
OF MASSACHUSETTS

Mr. Daniel J. Foley, Director  
Legislative Research Bureau  
30 Winter Street, 11th Floor  
Boston, Massachusetts 02108

We have examined the Legislative Research Council's Legislative Research Bureau's financial statements for the fiscal years ended June 30, 1986, as listed in the Table of Contents. We made our examination in accordance with generally accepted government auditing standards for financial 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, 1 (page 6), the records of the Legislative Research Bureau of the Legislative Research Council are maintained on a basis prescribed by the Commonwealth of Massachusetts. This basis differs in certain respects from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present the Council's and Bureau's results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements present fairly the Legislative Research Bureau's and the Legislative Research Council's expenditures under appropriation for the two fiscal years ended June 30, 1986, in conformity with the Commonwealth's accounting system, which has been applied

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## REPORT ON THE ADEQUACY OF INTERNAL CONTROL SYSTEM

We have examined the financial statements of the Legislative Research Bureau and Legislative Research Council for the two fiscal years ended June 30, 1986, and have issued our report thereon dated September 30, 1986.

Our examination was made in accordance with generally accepted government auditing standards. Solely to assist us in planning and performing our examination, we made a study and evaluation of the internal accounting controls of the Legislative Research Bureau and Legislative Research Council. That study and evaluation was limited to a preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because the entity is so small, it is not feasible to have adequate internal control. Therefore, our study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole. Also, our examination, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the system of internal accounting control. However, during our examination, we did not become aware of any condition that we believe to be a material weakness.

This report is intended solely for the use of management. 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 Expenditures  
under Appropriations

Two Fiscal Years Ended June 30, 1986

	<u>1986</u>	<u>1985</u>	<u>Increase (Decrease)</u>
Appropriation (Account #0141-0000)	<u>\$9,000</u>	<u>\$6,000</u>	<u>\$3,000</u>
Disbursements	\$6,012	\$ 75	\$5,937
Encumbrances	-	-	-
Expenditures	<u>\$6,012</u>	<u>\$ 75</u>	<u>\$5,937</u>
Reverted	<u>2,988</u>	<u>5,925</u>	<u>(2,937)</u>
	<u>\$9,000</u>	<u>\$6,000</u>	<u>\$3,000</u>
Analysis of Expenditures:			
Travel and Automotive Expenses	<u>\$6,012</u>	<u>\$75</u>	<u>\$5,937</u>

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

Statement No. IILegislative Research BureauComparative Statement of Expenditures  
under Appropriations

Two Fiscal Years Ended June 30, 1986

	<u>1986</u>	<u>1985</u>	<u>Increase (Decrease)</u>
Balance Forward	\$ 65,278	-	\$65,278
Appropriation (Account #0142-0000)	475,307	\$468,672	6,635
Total Available	<u>\$540,585</u>	<u>\$468,672</u>	<u>\$71,913</u>
 Total Expenditures	 \$461,721	 \$403,394	 \$58,327
Balance Reserved	78,864	65,278	13,586
	<u>\$540,585</u>	<u>\$468,672</u>	<u>\$71,913</u>
 Analysis of Expenditures:			
Salaries, Other	\$394,288	\$353,197	\$41,091
Heat and Plant Operations	1,199	1,160	39
Travel and Automotive Expenses	8,118	3,001	5,117
Advertising and Printing	447	666	(219)
Repairs, Replacements, and Al-			
terations	1,329	884	445
Office and Administrative Ex-			
penses	6,463	1,985	4,478
Equipment	6,114	1,272	4,842
Rentals	43,763	41,229	2,534
	<u>\$461,721</u>	<u>\$403,394</u>	<u>\$58,327</u>

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



## NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

According to Chapter 7, Sections 16-17, of the General Laws, as amended, the State Comptroller is responsible for the Commonwealth's accounting system. The Comptroller establishes and maintains funds as authorized or mandated by the various provisions of the General Laws. The State Treasurer, a constitutional officer, has custody of and manages the Commonwealth's cash and investments.

The financial statements in this report refer to specific accounts within the Commonwealth's fund structure. The Legislative Research Council and Legislative Research Bureau are required to follow the accounting and financial reporting policies as prescribed by the Commonwealth. These policies differ in certain respects from generally accepted accounting principles as applicable to governmental units. The following is a summary of the Commonwealth's significant policies as they pertain to the Legislative Research Council and the Legislative Research Bureau.

Basis of Accounting: The Legislative Research Council and the Legislative Research Bureau use a limited accrual basis of accounting. Expenditures, with the exception of year-end encumbrances, are recorded on a cash basis. At the close of the fiscal year, all encumbrances (expenditures commitments) against maintenance appropriation accounts are recorded as expenditures. The State Comptroller considers these encumbrances as accounts payable, which if not expended, will revert to the Commonwealth on December 31. Encumbrances on continuing appropriation accounts are recorded as a reserve for balances forwarded at the close of the fiscal year. Outstanding advances, if not returned by year-end, are recognized as expenditures. The Commonwealth's accounting system

requires state agencies to expense, rather than capitalize, purchases of fixed assets.

2. Continuing Appropriation

On June 29, 1985, Chapter 140 of the Acts and Resolves made appropriation account #0142-000 a continuing account and provided for the carry-forward of fiscal year 1985's unexpended balance into fiscal year 1986.

3. 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. Payments for the office amounted to \$43,763 and \$41,229 for the fiscal years 1986 and 1985 respectively.

## SUPPLEMENTARY INFORMATION

1. Annual Report

In compliance with Chapter 3, Section 31, of the Massachusetts General Laws, the annual report of the Legislative Research Bureau was filed with the House Clerk on November 13, 1985, the second Wednesday of November as stipulated.

2. Audit Review

At the conclusion of this audit, a draft of this report was reviewed with Daniel J. Foley, Director, Robert D. Webb, Assistant Director; and Agnes Dziak, Administrative Assistant, Legislative Research Bureau.

3. Increase in Expenditures - Legislative Research Council

The National Conference of State Legislatures (NCSL) annual meeting was held in Boston in 1985, which resulted in the council's expending only \$75 for travel. In 1986, the NCSL meeting was held in Seattle, and the council's travel expenditures totalled \$6,012.



## ORGANIZATION

June 30, 1986

Massachusetts Legislative Research Council

The Massachusetts Legislative Research Council was established in 1954 under Chapter 3, Sections 56 to 57, of the General Laws, 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 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 June 30, 1986, the council consisted of the following members:

## Appointed by the President of the Senate:

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

## Appointed by the Speaker of the House of Representatives:

Representative Francis J. Mara, House Chairman  
Representative James T. Brett, Vice-Chairman  
Representative Charles N. Decas  
Representative William J. Flynn  
Representative Bruce N. Freeman (deceased June 16, 1986)  
Representative William P. Nagle  
Representative Sherman W. Saltmarsh  
Representative Royal H. Switzler

Massachusetts Legislative Research Bureau

The Massachusetts Legislative Research Bureau was created by statute in 1954, 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 two principal officers are as follows:

	<u>Date of Appointment</u>	<u>Annual Salary</u>
Daniel J. Foley, Director	February 8, 1985	\$48,286
Robert D. Webb, Assistant Director	July 15, 1970	\$44,500