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STATE AUDITOR'S
REPORT ON THE ACTIVITIES
OF THE
LEGISLATIVE RESEARCH COUNCIL
AND LEGISLATIVE RESEARCH BUREAU
JULY 1, 1986 TO JUNE 30, 1988

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OFFICIAL AUDIT REPORT

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The Commonwealth of Massachusetts

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INDEPENDENT AUDITOR'S REPORT

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

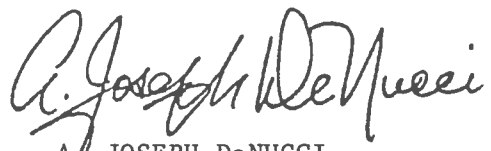
We have audited the Legislative Research Council's and the Legislative Research Bureau's financial statements for the two fiscal years ended June 30, 1988, as listed in the Table of Contents. These financial statements are the responsibility of the bureau's and the council's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Notes to Financial Statements, No. 1 (page 6), the records are maintained on a basis of accounting prescribed by the Commonwealth of Massachusetts, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial activity of the Legislative Research Council and the Legislative Research Bureau for the two fiscal years ended June 30, 1988 in conformity with the basis of accounting prescribed by the Commonwealth of Massachusetts. 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.

August 3, 1989


A. JOSEPH DeNUCCI
Auditor of the Commonwealth

REPORT ON ADEQUACY OF INTERNAL CONTROL SYSTEM

We have examined the financial statements of the Legislative Research Bureau and the Legislative Research Council for the two fiscal years ended June 30, 1988, and have issued our report thereon dated August 3, 1989.

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 the Legislative Research Council. The 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 entities are so small that it is not feasible to have adequate internal control, 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 Appropriation

Two Fiscal Years Ended June 30, 1988

	<u>1988</u>	<u>1987</u>	<u>Increase/ (Decrease)</u>
Appropriation (Account #0141-0000)	<u>\$9,000</u>	<u>\$9,000</u>	<u>-</u>
Disbursements	\$2,233	\$2,471	\$(238)
Encumbrances	-	-	-
Expenditures	<u>\$2,233</u>	<u>\$2,471</u>	<u>\$(238)</u>
Reverted	<u>6,767</u>	<u>6,529</u>	<u>238</u>
	<u>\$9,000</u>	<u>\$9,000</u>	<u>-</u>
Analysis of Expenditures:			
Travel and Automotive Expenses	<u>\$2,233</u>	<u>\$2,471</u>	<u>\$(238)</u>

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

Statement No. IILegislative Research BureauComparative Statement of Expenditures under Appropriation

Two Fiscal Years Ended June 30, 1988

	<u>1988</u>	<u>1987</u>	<u>Increase/ (Decrease)</u>
Balance Forward	\$ 58,572	\$ 78,864	\$(20,292)
Appropriation (Account #0142-0000)	669,115	589,319	79,796
Total Available	<u>\$727,687</u>	<u>\$668,183</u>	<u>\$ 59,504</u>
 Total Expenditures	 \$624,267	 \$609,611	 \$ 14,656
Incumbrances	-	-	-
Balance Reserved	-	58,572	(58,572)
Reverted	103,420	-	103,420
	<u>\$727,687</u>	<u>\$668,183</u>	<u>\$ 59,504</u>
 Analysis of Expenditures:			
Salaries, Other	\$427,606	\$409,303	\$18,303
Heat and Plant Operations	-	265	(265)
Travel and Automotive Expenses	7,030	4,348	2,682
Advertising and Printing	2,700	1,504	1,196
Repairs, Replacements, and Alterations	8,062	4,684	3,378
Special Supplies and Expenses	615	6,381	(5,766)
Office and Administrative Expenses	9,339	9,165	174
Equipment	34,204	58,684	(24,480)
Rentals	134,711	115,277	19,434
	<u>\$624,267</u>	<u>\$609,611</u>	<u>\$14,656</u>

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

NOTES TO FINANCIAL STATEMENTS

. Summary of Significant Accounting Policies

According to Chapter 7A, Section 7, 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 the 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. Receipts are recognized when received, and expenditures, with the exception of year-end encumbrances, are recorded on a cash basis. At the close of the fiscal year, all encumbrances (expenditure 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.

. Fiscal Year 1988 Expenditures

As described in Note No. 1, at fiscal year-end all encumbrances against appropriation accounts for ordinary maintenance that expire at the end of the fiscal year are recorded as expenditures. The State Comptroller considers

These fiscal year-end encumbrances as accounts payable, and, in accordance with Chapter 29, Section 13, of the General Laws, these encumbrances are to be paid within four months of the fiscal year-end, but are extendable to six months upon request. The unencumbered balance is reverted to the Commonwealth at the end of each month.

Fiscal year 1988 expenditures, as indicated on Financial Statement No. II, have been adjusted to reflect the final disposition of the fiscal year-end encumbrances.

b. Rental Expenses

The bureau currently leases from the Provident Institution Associates Limited Partnership approximately 5,310 square feet of office space located at 10 Winter Street, Boston, at an annual rental of \$132,750, plus a tax-escalation clause. This lease runs from September 1, 1986 to August 31, 1987 and provides for five successive one-year options. The bureau is now in its second option year.

An analysis of the rentals account, as shown in this report on Statement No. II, follows:

	<u>Fiscal Year</u>	
	<u>1988</u>	<u>1987</u>
Payments in accordance with lease agreement, Winter Street	\$132,750	\$105,094
Payments - tax escalation	1,961	721
Payments - prior quarters, Beacon Street	-	7,562
Payments - alterations, Winter Street	-	1,900
Total Rentals	<u>\$134,711</u>	<u>\$115,277</u>

SUPPLEMENTARY INFORMATION

. Annual Report

In compliance with Chapter 3, Section 31, of the Massachusetts General Laws, the annual reports of the Legislative Research Bureau were filed with the House Clerk on November 10, 1987 and November 9, 1988, the second Wednesday of November, as stipulated.

. Audit Review

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

. Accounts Payable

As described in the Notes to Financial Statements, encumbrances outstanding at year-end for lapsing appropriations are recorded as expenditures at year-end and are reported as accounts payable by the State Comptroller. Chapter 29, Section 13, of the Massachusetts General Laws requires the Comptroller to encumber (reserve) that portion of appropriated monies representing encumbrances outstanding for ordinary maintenance at the close of the fiscal year. The liquidation or payment of accounts payable shall be in the four months immediately succeeding the fiscal year and, if necessary, may be extended, prior to the close of the four months, for an additional two months, provided, however, that a written request and approval is furnished to the Comptroller.

ORGANIZATION

June 30, 1988

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, one of them serving as Chairperson of the council, designated annually by the President of the Senate, and eight members of the House of Representatives, one of them serving as House Chairperson, appointed annually by the Speaker of the House. 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, 1988, 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 G. Mara, House Chairperson
- Representative James T. Brett, Vice-Chairperson
- Representative Charles N. Decas
- Representative William J. Flynn, Jr.
- Representative William P. Nagle, Jr.
- Representative Robert L. Howarth
- Representative Kevin Poirier
- Representative Sherman W. Saltmarsh, Jr.

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 the approval of the Committee on Rules of the two branches acting concurrently. The bureau's two principal officers are as follows:

Daniel J. Foley, Director
Robert D. Webb, Assistant Director

Date of
Appointment

February 8, 1985
July 15, 1970