



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued February 21, 2020

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## Middlesex Sheriff's Office

For the period July 1, 2016 through December 31, 2018





Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

February 21, 2020

Sheriff Peter J. Koutoujian  
Middlesex Sheriff's Office  
400 Mystic Avenue, Fourth Floor  
Medford, MA 02155

Dear Sheriff Koutoujian:

I am pleased to provide this performance audit of the Middlesex Sheriff's Office. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2016 through December 31, 2018. My audit staff discussed the contents of this report with management of your office, whose comments are reflected in this report.

I would also like to express my appreciation to the Middlesex Sheriff's Office for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular watermark.

Suzanne M. Bump  
Auditor of the Commonwealth

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## LIST OF ABBREVIATIONS

CTR	Comptroller of the Commonwealth
GAAP	Generally Accepted Accounting Principles
HR/CMS	Human Resources Compensation Management System
MMARS	Massachusetts Management Accounting and Reporting System
MSO	Middlesex Sheriff's Office
OSA	Office of the State Auditor
OSD	Operational Services Division

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## EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Middlesex Sheriff's Office (MSO) for the period July 1, 2016 through December 31, 2018. In this performance audit, we reviewed MSO's activities related to its non-payroll expenses, its inventory of non-generally accepted accounting principles (GAAP) fixed assets,<sup>1</sup> its vehicles, its procurement of contracts for goods and services, and its correction officers' overtime.

Below is a summary of our findings and recommendations, with links to each page listed.

<b>Finding 1</b> <b>Page <a href="#">7</a></b>	MSO's non-GAAP fixed asset inventory lacks required information.
<b>Recommendation</b> <b>Page <a href="#">7</a></b>	MSO should update its non-GAAP inventory record to include the date of purchase, historical cost, and date of disposal for each item.
<b>Finding 2</b> <b>Page <a href="#">8</a></b>	Vehicle management lacks adequate monitoring procedures.
<b>Recommendation</b> <b>Page <a href="#">9</a></b>	MSO should develop and implement policies and procedures for vehicle use and maintenance that include mileage and logs for all agency vehicles.

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1. The "Fixed Assets—Acquisition Policy" issued jointly by the Comptroller of the Commonwealth and the Operational Services Division defines non-GAAP fixed assets as follows: "**Singular** assets (including infrastructure) with the following characteristics: **vehicles, equipment, furniture, computer software, and all electrical and computer components** with (1) a useful life of more than one year and (2) with **an original cost between \$1,000 and \$49,999**[:;] **Buildings and other infrastructure** with an original cost between **\$1,000 and \$99,999**[:;] **Road infrastructure** with a **cost of less than \$99,999 per lane mile** for roads and bridges[:;] **Software** costs **below \$50,000**. It is important that software be inventoried for license purposes. Departments are subject to liability if they install non-purchased or non-licensed software."

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## OVERVIEW OF AUDITED ENTITY

Established in 1692, the Middlesex Sheriff's Office (MSO) is one of the oldest law enforcement agencies in the United States. MSO became an independent state agency on July 11, 1997, after the Middlesex County government was abolished and its debts and obligations transferred to the Commonwealth by Chapter 48 of the Acts of 1997. Chapter 127 of the Acts of 1999 amended the Massachusetts General Laws by adding Chapter 34B. This law made the Sheriff an employee of the Commonwealth, but the Sheriff remained an elected official and retained administrative and operational control of MSO. At the close of calendar year 2018, MSO had 647 employees, 471 of whom were full-time correction officers, who supervised and cared for the inmates in MSO's custody.

MSO operates the Middlesex County House of Correction, located at 269 Treble Cove Road in Billerica. This facility is used for the care and custody of people who are sentenced or awaiting trial. As of December 31, 2018, MSO reported that 790 inmates lived at the House of Correction. In addition, MSO houses 41 female county inmates at the MCI-Framingham medium-security reception and diagnostic center. The facility provides programs for women who are serving criminal sentences, are awaiting trial, or have been involuntary committed by courts because of mental health issues. Additionally, MSO operates a training academy in Chelmsford, administrative offices in Medford, and Civil Process Division offices in Cambridge and Lowell.

MSO's website lists the following mission statement:

*The Middlesex Sheriff's Office improves the quality of life by providing a safe and secure environment for staff, offenders and communities, working with our partners in law enforcement and criminal justice. . . .*

*We accomplish our mission by empowering our highly-trained staff, through our core beliefs of: trust . . . respect . . . innovation [and] professional excellence.*

For its operations, MSO received state appropriations totaling \$67,670,864 in fiscal year 2017, \$69,237,216 in fiscal year 2018, and \$69,933,318 in fiscal year 2019.

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of the Middlesex Sheriff's Office (MSO) for the period July 1, 2016 through December 31, 2018.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Were non-payroll expenses made in accordance with MSO's policies and procedures, and did they directly support MSO's mission?	Yes
2. Were inventory items (e.g., vehicles, firearms, and office equipment) accurately recorded on the inventory list according to the "Fixed Assets—Acquisition Policy" issued jointly by the Comptroller of the Commonwealth (CTR) and the Operational Services Division (OSD)?	No; see Findings <u>1</u> and <u>2</u> and <u>Other Matters</u>
3. Did MSO properly administer its contracting process for goods and services in accordance with its policies and procedures and the Commonwealth's Standard Contract Form?	Yes
4. Did MSO maintain documentation for overtime paid to correction officers, showing proper approval, and did the overtime amounts paid agree to the Commonwealth's Human Resources Compensation Management System (HR/CMS)?	Yes

To achieve our audit objectives, we gained an understanding of the internal controls related to our audit objectives by reviewing applicable laws and agency policies and procedures, as well as conducting interviews with MSO management. We evaluated the design and tested the operating effectiveness of controls over the contractual procurement of goods and services.

## **Data Reliability**

In 2018, OSA performed a data reliability assessment of the Commonwealth's official financial record, the Massachusetts Management Accounting and Reporting System (MMARS), that focused on testing selected system controls (access controls, application controls, configuration management, contingency planning, and segregation of duties) for the period April 1, 2017 through March 31, 2018. As part of the current audit, we compared invoice data obtained from MSO to purchase order data in the MMARS Commonwealth Information Warehouse to verify that the transaction information matched and the list of contracts was complete.

To determine the completeness and accuracy of the inventory list obtained from MSO, we selected 16 inventory items from the list and traced them to their physical locations. Further, we selected 14 inventory items from physical locations and traced them back to the MSO inventory list.

To determine the accuracy of the list of contracts obtained from MSO, we selected 25 contracts and confirmed their validity using the hardcopy contracts.

To determine the reliability of overtime data obtained from MSO, we selected 15 overtime payments and compared the paid hours and dollar amounts to HR/CMS data.

Based on the results of these data reliability procedures, we determined that the information obtained for our audit period was sufficiently reliable for the purposes of our audit work.

## **Non-Payroll Administrative Expenses**

To determine whether non-payroll administrative expenses were accurately recorded and approved in accordance with MSO policies and procedures, as well as whether they directly supported MSO's mission, we selected a nonstatistical judgmental sample of 80 MSO administrative expense transactions (totaling \$169,449) from a total population of 38,258 (totaling \$37,023,520) that were recorded in MMARS during the audit period. We reviewed the documentation (purchase orders) that MSO maintained for each transaction and determined whether expenditures were related to MSO activities and had sufficient documentation (purchase orders). We also determined whether invoice amounts matched expenditure amounts and whether invoices were approved and marked as paid.

We used a nonstatistical sampling method for our audit objectives and did not project the sample results to the entire population.



## **Inventory**

To assess whether assets were properly inventoried, we judgmentally selected 60 out of 4,349 inventory items (20 out of 266 weapons and ammunition stocks, 20 out of 183 vehicles, and 20 out of 3,900 other assets) from MSO's inventory list, located them, and determined whether they had inventory tags affixed and whether the tags were properly recorded and maintained in accordance with the "Fixed Assets—Acquisition Policy" issued jointly by CTR and OSD. Additionally, we reviewed purchase orders and invoices to determine whether assets were represented accurately on MSO's inventory list.

Further, based on our assessment of the inventory, we noted that MSO maintained a fleet of 183 vehicles. We reviewed policies and procedures related to vehicle fleet management and use at MSO. For our audit period, we obtained the data related to the cost of maintaining those vehicles and compared it to those of other sheriffs in the Commonwealth.

## **Procurement**

To determine whether MSO administered its contracting process for goods and services according to its policies and procedures, we selected a judgmental sample of 25 of 255 contracts that MSO awarded during our audit period. We reviewed the contract files to determine whether each contract was awarded in accordance with MSO policies and procedures, whether each contract had the assigned procurement number (assigned contract identification number), whether each vendor was registered with the Commonwealth, whether each contract was approved, and whether the services rendered under each contract were appropriate for MSO's mission.

## **Overtime**

To determine whether MSO maintained documentation for overtime paid to correction officers, showing proper approval, and whether the overtime amounts paid agreed to HR/CMS, we judgmentally selected 66 out of 880 overtime payments from our audit period. For the sample of overtime payments selected for our testing, we examined hardcopy payroll extraction reports and overtime vouchers to determine whether overtime was approved, whether overtime had supporting documentation (payroll extraction, daily shift rosters, and overtime vouchers) on file, and whether the overtime hours worked and amounts paid agreed to HR/CMS.

We used a nonstatistical sampling approach for our testing and therefore cannot project our results to the entire population.

The table below summarizes the overtime MSO paid its correction officers during our audit period.

<b>Fiscal Year</b>	<b>Overtime Expenditures</b>
<b>2017</b>	\$2,110,829
<b>2018</b>	\$2,436,890
<b>2019 (through December 31, 2018)</b>	\$1,288,184

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## DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

### 1. The Middlesex Sheriff's Office's inventory of non-generally accepted accounting principles fixed assets lacks required information.

The Middlesex Sheriff's Office's (MSO's) inventory of non-generally accepted accounting principles (GAAP) fixed assets needed to be strengthened to ensure that all required asset data fields were included in MSO's inventory system of record. The fixed asset inventory list MSO provided to us included 4,349 total items (183 vehicles, 266 weapons or ammunition stocks, and 3,900 other assets) located throughout MSO's facilities. Our review of the fixed asset inventory indicated that although data fields for model, description, and asset tag identification number were present, the list lacked critical data fields for date of purchase, historical cost, and date of disposal. As a result, MSO may not be accurately reporting the total value of its inventory to the Comptroller of the Commonwealth (CTR).

#### Authoritative Guidance

The "Fixed Assets—Acquisition Policy" issued jointly by CTR and the state Operational Services Division (OSD), last revised November 1, 2006, states,

*Non-GAAP Fixed Assets must be recorded in a Department's inventory and reconciled at least annually. This inventory can be either electronic or on paper, as long as it records the date of purchase, amount, description, location and disposition of an item.*

#### Reasons for Noncompliance

According to MSO management, it was not possible to add the required data fields because of the age of the current database.

#### Recommendation

MSO should update its non-GAAP inventory record to include the date of purchase, historical cost, and date of disposal for each item.

#### Auditee's Response

*The Middlesex Sheriff's Office (MSO) has made the necessary adjustments to add the required data fields in our inventory software system for all future fixed asset acquisitions. This will ensure that the MSO is in compliance with the "Fixed Assets—Acquisition Policy" issued by the Comptroller of the Commonwealth (CTR) and state Operational Services Division (OSD).*

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## 2. Vehicle management lacks adequate monitoring procedures.

During the audit period, MSO's vehicle inventory consisted of 55 sedans, 45 vans, 32 sport utility vehicles, 13 pickup trucks, 12 motorcycles, 8 box trucks, and 18 vehicles that MSO had classified as "other." Administrative controls over MSO's 183-vehicle fleet needed to be improved. Specifically, MSO did not record use of the vehicles in a log that documented the beginning and ending odometer readings for each trip. Because of the lack of monitoring of use, there is a higher risk that these vehicles may be used for non-business purposes without detection and that routine maintenance based on vehicle mileage may not be performed when needed; this could cause MSO to incur additional costs.

### Authoritative Guidance

MSO's "Policy and Procedure 530—Inmate Transportation" states,

*Whenever a female prisoner is being transported, the transportation officer shall inform the Transportation Control Center (TCC) of the odometer mileage reading at the beginning and at the conclusion of the trip. The TCC shall repeat the mileage and announce the time. The transportation officer shall record the mileage and time in the **Daily Report of Transportation Officers** and the TCC shall record the information in the TCC electronic log.*

As a best practice, MSO should expand this policy to include mileage logs for all vehicles regardless of the reason for their use.

In addition, Section 122.19 of the state Department of Correction policy "103 DOC 122—Vehicle Usage and Control" states,

- 1. Keep a record of all vehicles assigned to the institution or division. This record shall identify each vehicle and shall indicate the name of any employee using the vehicle, the date and time of issue, the date and time of return, the outgoing mileage, and the return miles as well as the purpose of the trip. . . .*
- 2. Ensure that an inventory and mileage of all vehicles assigned to the institution or unit is completed on a monthly basis and reported by the fifth day of each month.*

Although sheriffs' departments are not required to follow this policy, it represents a best practice in vehicle fleet management.

### Reasons for Noncompliance

MSO management told us they did not believe it was practical to log mileage each time a vehicle was used because of the number of vehicles and the frequency of use.

## **Recommendation**

MSO should develop and implement policies and procedures for vehicle use and maintenance that include mileage and logs for all agency vehicles.

## **Auditee's Response**

*The Middlesex Sheriff's Office has revisited our internal policy and implemented the [Office of the State Auditor's] recommendation to maintain logs that include date, time and mileage for each trip.*

## OTHER MATTERS

### Vehicle Maintenance

The Middlesex Sheriff's Office (MSO) did not have a vehicle fleet management plan in place to replace its aging fleet on a continuous cycle. Our analysis revealed that MSO's average vehicle was more than 10 years old and maintenance expenses increased during our audit period. MSO had maintenance expenditures totaling \$586,334—the highest among all the sheriffs' departments in the Commonwealth during our audit period (see chart on next page).

As a result of these maintenance expenses, MSO may be spending funds that could have been designated to replace essential vehicles on a defined cycle, which could have reduced maintenance expenditures over the long term. The expenditures for vehicle maintenance are directly attributable to the size, mileage, and age of MSO's fleet. We recommend that MSO develop a fleet management plan for its motor vehicles, including a comprehensive maintenance and replacement program and a mechanism for funding it.

### Total Vehicle Maintenance Expenses by Sheriff's Department July 1, 2016 through December 31, 2018

