



# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819  
BOSTON, MASSACHUSETTS 02108

A. JOSEPH DeNUCCI  
AUDITOR

TEL. (617) 727-6200

NO. 2008-0281-3S

**INDEPENDENT STATE AUDITOR'S REPORT  
ON PAYROLL ACTIVITIES OF THE  
OFFICE OF LAW ENFORCEMENT  
JULY 1, 2006 THROUGH SEPTEMBER 30, 2007**

**OFFICIAL AUDIT  
REPORT  
MAY 12, 2008**

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**INTRODUCTION**

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The Office of Law Enforcement (OLE), within the Executive Office of Energy and Environmental Affairs (EOEEA), was established under the authority of Chapter 21A, Section 10A, of the Massachusetts General Laws. The Environmental Police, which is under the supervision and control of the OLE, is the primary enforcement agency of the Commonwealth's boating and recreational vehicle laws and regulations, and is responsible for boating safety and recreational vehicle enforcement within the inland and coastal waters of the Commonwealth. In addition, the Environmental Police, as members of the Environmental Crime Force, investigate criminal violations of the Commonwealth's environmental law regulations in conjunction with the Massachusetts Department of Environmental Protection and the State Office of the Attorney General.

OLE's organizational structure includes its central office, two enforcement bureaus, five boat registration offices, twelve satellite law enforcement offices, and four boating safety offices that are responsible for a specific geographical area.

We conducted an audit of OLE's payroll expenditures for the period July 1, 2006 through September 30, 2007 to determine whether (1) payroll expenditures were properly authorized, paid in a timely manner, complied with rules and regulations, and were appropriately recorded, reconciled, and within budget; (2) the OLE was complying with procedures established in the Office of the State Comptroller's Payroll Policies and Procedures Manual and applicable laws and regulations; and (3) personnel were complying with OLE internal policies and procedures.

Our review determined that, during the period July 1, 2006 through September 30, 2007, the OLE maintained its payroll records according to prescribed requirements and complied with applicable laws, rules, and regulations for those areas reviewed.

## INTRODUCTION

### *Background*

The Office of Law Enforcement (OLE), within the Executive Office of Energy and Environmental Affairs (EOEEA), was established under Chapter 21A, Section 10A, of the Massachusetts General Laws. The Environmental Police, which is under the supervision and control of the OLE, is the primary enforcement agency of the Commonwealth's boating and recreational vehicle laws and regulations, and is responsible for enforcing boating safety and recreational vehicle enforcement within the inland and coastal waters of the Commonwealth. In addition, the Environmental Police, as members of the Environmental Crime Force, investigate criminal violations of the Commonwealth's environmental law regulations in conjunction with the Massachusetts Department of Environmental Protection and the State Office of the Attorney General.

OLE's organizational structure includes its central office, two enforcement bureaus, five boat registration offices, twelve satellite law enforcement offices, and four boating safety offices that are responsible for a specific geographical area, as follows.

#### Enforcement Bureaus:

- Inland Enforcement (Westborough)
- Coastal Enforcement (Hingham)

#### Boat Registration Offices:

- Boston
- Fall River
- Hyannis
- Springfield
- Worcester

#### Satellite Law Enforcement Offices:

- Boston
- Bourne
- Gloucester
- Hanson
- Martha's Vineyard

- Montague
- Nantucket
- New Bedford
- New Braintree
- Scituate
- Springfield (Lake Lorraine)
- Topsfield

Boating Safety Offices:

- Bourne
- Springfield
- Gloucester
- Gardner

The OLE had 152 employees with payroll costs of \$11,396,709 during the audit period.

***Commonwealth Personnel/Payroll System***

Pursuant to Chapter 7A of the General Laws, the Office of the State Comptroller (OSC) has the responsibility for establishing the Commonwealth's accounting system and has full authority to prescribe the requisite forms and books of account, including the classification and accounting of payroll expenditures. The OSC is authorized to approve any payroll system used in the Commonwealth to ensure that the statewide system is capable of recording, reporting, classifying, summarizing, and transmitting accurate and timely payroll data to the Commonwealth's accounting system, the Massachusetts Management Accounting and Reporting System (MMARS). Additionally, the payroll system approved by the OSC must meet all state and federal financial laws and regulations. The OSC manages the Commonwealth's payroll system, and the Office of the State Treasurer disburses all deductions and payments.

The Commonwealth's payroll system is the Human Resources Compensation Management System (HR/CMS), which incorporates human resource/personnel and time and attendance information. It is a biweekly payroll system that supports all employees in all branches of government. HR/CMS provides enhanced functionality for state human resources and payroll administrators and ensures conformity to state and federal financial and legal requirements. HR/CMS payroll interfaces

biweekly with the Commonwealth's Labor Cost Management System (LCM) for funds availability, editing, and labor distribution, and then updates the Commonwealth's accounting system, MMARS.

The HR/CMS system integrates all applicable human resource data and time and attendance information each time payroll and pay calculations are run. HR/CMS has a module that integrates and reports employees' accumulated leave balances.

The OSC has established payroll policies and procedures, and each department is required to develop specific internal controls for its payroll processing. These specific internal controls are a decentralized function that is carried out on an individual department basis with both the executive and non-executive branches. Such decentralized controls include, but are not be limited to, the preparation of employee time sheets, segregation of duties, review and approval procedures, new hire/termination procedures, and specific security guidelines that ensure compliance with the OSC's policies and procedures. Furthermore, as specified in the Internal Control Act (Chapter 647 of the Acts of 1989), internal procedures should ensure safeguards, validity, completeness, timeliness, authorization, and accuracy of all information processed through the payroll systems. Departments are responsible for documenting and distributing internal procedures to their staff in order to ensure compliance with these policies within their department. Furthermore, OSC has developed many reports within HR/CMS that can be accessed through the MMARS Warehouse (a database of accounting information) to assist departments in their preparation and certification of payroll data.

### ***Audit Scope, Objectives, and Methodology***

In accordance with Chapter 11, Section 12, of the General Laws, we conducted an audit of OLE's payroll expenditures for the period July 1, 2006 to September 30, 2007. The purpose of our audit was to examine OLE's processing of personnel and payroll transactions to determine whether transactions were properly managed, documented, reported, and recorded and that the OLE complied with applicable state laws, rules, and regulations. Our audit included a review of policies and procedures over the processing of payroll transactions to determine whether the expenditures for payroll were appropriate, including proper authorizations and records for personnel actions.

Our audit was conducted in accordance with applicable generally accepted government auditing standards and included tests and procedures we considered necessary to meet our audit objectives.

In order to plan our audit tests, we met with and interviewed OLE officials to obtain and review personnel and payroll policies and procedures.

The objectives of our audit were to (1) ensure that payroll expenditures were properly authorized, paid in a timely manner, complied with rules and regulations, and were appropriately recorded, reconciled, and within budget; (2) determine whether the OLE was complying with procedures established in the OSC's Payroll Policies and Procedures Manual and applicable laws and regulations; and (3) determine whether OLE personnel were complying with OLE internal policies and procedures.

To meet our objectives, our procedures consisted of the following:

- Interviewed OLE officials and staff to determine OLE's personnel and payroll policies and procedures;
- Tested transactions for time and attendance, the hiring and termination of staff, salary increases, overtime and compensatory time, and contract employees;
- Examined timesheets for evidence of time worked and employee and supervisory signatures;
- Reviewed new-hire authorization forms for appropriate signatures and rates of pay;
- Confirmed start dates, names, Social Security Numbers, and tax withholding information;
- Confirmed deductions for union dues, Medicare, health insurance, deferred compensation, and retirement;
- Verified pay increases, termination dates, last payment due, and removal of terminated employees from payroll;
- Verified leave taken was authorized and recorded in cumulative records;
- Verified that overtime and compensatory time was authorized;
- Reviewed the OLE's determination of the value of taxable fringe benefits and traced value to tax-reporting records.

Our review disclosed that, during the period July 1, 2006 to September 30, 2007, the OLE maintained its payroll records according to the prescribed requirements and complied with applicable laws, rules, and regulations for those areas reviewed and tested. Specifically, for the items tested, we noted that transactions for time and attendance, hiring of new staff, terminations, salary

increases, and overtime and compensatory time were supported by evidence of time worked, were appropriately signed by employees and supervisors, dates appeared to be accurate, deductions were adequately supported and authorized, and leave was accurately recorded for tax-reporting purposes.