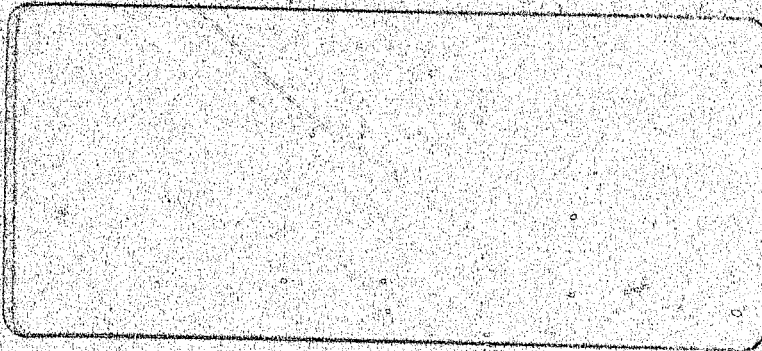
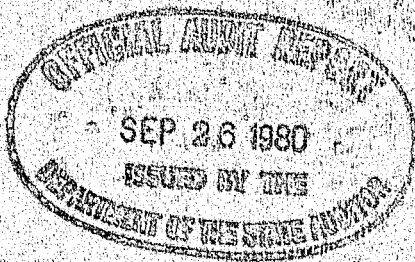




The Commonwealth of Massachusetts



127187



From the Office of
State Auditor Thaddeus Bucyko

NO. 80-2-S-148

REPORT ON THE EXAMINATION OF THE ACCOUNTS
OF THE
MASSACHUSETTS CORRECTIONAL INSTITUTION
FRAMINGHAM
JULY 1, 1978 TO JUNE 30, 1979

MASSACHUSETTS
SERIES 80
ACQUISITIONS

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ORGANIZATION

June 30, 1979

The Massachusetts Correctional Institution, Framingham is authorized by Chapter 125, Section 16 of the General Laws, as amended, and is under the control of the Department of Correction. The Institution is located on Western Avenue in the Town of Framingham. The Institution also owns land in the Town of Sherborn. The total assessed valuation of all real estate is \$6,559,250. The total area consists of 272.7 acres of land with an assessed valuation of \$3,720,950, and buildings thereon with an assessed valuation of \$2,838,300. The buildings vary in age, having been constructed between 1877 and 1965, and are currently being used for administration offices, housing of inmates, living quarters for employees, maintenance shops, a storeroom and a hospital.

Department of Correction

	<u>Date of Original Appointment</u>	<u>Annual Salary</u>
Commissioner: William T. Hogan, Jr.	September 16, 1979	\$47,500
First Associate Commissioner: Michael V. Fair	April 15, 1979	34,291
Associate Commissioner (Area II): John C. Lum	December 3, 1978	29,590
Associate Commissioner (Area I): Alfred I. Murphy	April 15, 1979	28,415
Deputy Commissioner for Institutional Services: Thomas P. Sellers	August 1, 1977	24,328

ORGANIZATION (CONTINUED - 2)Institution Officers

Superintendent:

John E. Bates

Appointed November 1, 1974
Annual Salary \$29,163

Deputy Superintendent:

Jean F. Grace

Appointed October 10, 1976
Annual Salary \$25,844

Steward:

Sylvester James Byrne

On Leave without pay as of
November 3, 1979

Jeanne M. Wiggins

Appointed November 18, 1979
Annual Salary \$17,840

Treasurer:

Elizabeth M. Butterworth

Retired January 5, 1980

Lorraine R. Pavia

Appointed January 6, 1980
Annual Salary \$14,256

The Massachusetts Correctional Institution, Framingham is an integral part of the Department of Correction. To its care and custody are committed men and women offenders from all parts of the State. The main building houses the administrative offices, industries, visiting rooms, club rooms, main kitchens and dining rooms. The hospital infirmary and reception center and 4 cottages are located on the institution grounds. Opportunities for rehabilitation are given to the inmates of this Institution. An educational program is offered to those who desire to avail themselves of it. An awaiting trial unit has also been established for the housing of female prisoners from Suffolk, Middlesex and Essex County Jails.

Positions Bonded

All employees are covered by a blanket bond for \$10,000 each.

STATUTORY REFERENCES

1. Chapter 124 of the General Laws, as amended:
 - A. Section 1, Commissioner of Correction to have general supervision
2. Chapter 125 of the General Laws, as amended:
 - A. Section 2, Appointment of superintendent
3. Chapter 127 of the General Laws, as amended:
 - A. Section 3, Authorization for inmates' funds
 - B. Section 48B, Payment of wages to inmates
 - C. Section 51, Operation of industries
 - D. Section 58, Industries' selling prices
 - E. Section 85 and 86, Inmates out on indenture
 - F. Sections 96A and 96B, Unclaimed monies of inmates
4. Chapter 33 of the General Laws, as amended:
 - A. Section 4A, Use of land and stable facilities belonging to the Commonwealth



Thaddeus Puczeko

Auditor

-4-

The Commonwealth of Massachusetts
Department of the
Auditor

State House, Boston 02133

AUDITOR'S REPORT

John E. Bates, Superintendent
Massachusetts Correctional Institution - Framingham
Western Avenue
Framingham, Massachusetts 01701

We have examined the financial statements of the Massachusetts Correctional Institution, Framingham, in the Department of Correction, for the fiscal year ended June 30, 1979. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other auditing procedures we considered necessary in the circumstances.

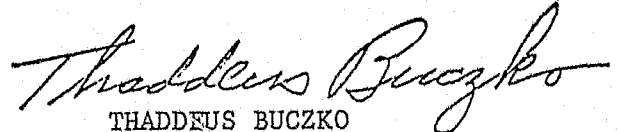
The Massachusetts Correctional Institution, Framingham maintains its financial records on a basis prescribed by the Commonwealth of Massachusetts, which practices differ in certain respects from generally accepted accounting principles. The principal difference is that the Commonwealth's accounting system is maintained on a modified cash basis. Provisions are made for unpaid obligations only to the limit of the appropriations made available, whereas generally accepted accounting principles require the accrual method of accounting.

In our opinion, the accompanying financial statements present fairly the assets, liabilities and fund balances of the Massachusetts Correctional Institution, Framingham for the fiscal year ended June 30, 1979 in conformity with the Commonwealth's accounting system applied on a basis consistent with

that of the preceding audit period.

Supplementary schedules numbered I, II and III in this report are included as supplementary information and have been subjected to the audit procedures applied in the examination of the financial statements mentioned above and are, in our opinion, fairly stated in all material respects in relation to the financial statements, taken as a whole.

March 21, 1980


THADDEUS BUCZKO
State Auditor

NOTES AND FINDINGS

Audit Review: At the conclusion of the audit, a draft of this report was reviewed with the outgoing Superintendent John E. Bates and the new Superintendent Terrance Hulbrook of the Massachusetts Correctional Institution - Framingham.

1. Basis of Accounting: The Commonwealth's accounting system, as prescribed by the Comptroller is maintained on a modified cash basis. Financial data is presented on a consistent basis with an approach which may be described as conservative. Physical properties such as furniture and equipment are expensed upon acquisition and are not included with recognized assets, while land and buildings are recorded at the assessed valuations. Also, provisions are made for unpaid obligations and outstanding purchase orders within the limits of appropriations made available.

2. Physical Property and Equipment: Prior audit reports have indicated, in part, the following:

"In connection with the records of physical property and equipment certain deficiencies exist as follows:

- "a) Adequate current inventory records of physical property and equipment are not being maintained.*
- "b) Annual physical property and equipment inventories are not being taken at the close of each fiscal year as required by the State Comptroller.*
- "c) Physical property and equipment items do not have the institution's identification tags attached thereto."*

Currently, the Institution is still in the process of implementing a tag system. Also, inventories are taken of property and equipment by the department heads at the end of each fiscal year. However, these records are not maintained on a current basis throughout the year, taking into consideration additions and deletions, as required by the Comptroller's Manual which states,

In part, as follows:

"C. Inventory to be kept current - Spending agencies will maintain an inventory of physical property and will currently enter changes as they occur.

"D. A current record must be maintained of state-owned property in the custody of employees."

We recommend that the above regulations be complied with.

3. Inmates' Computer Program: Con'puter Systems Programming is an independent service bureau operating from within the Institution. This program was started by inmate programmers as a means of expanding the training program and allows inmates to obtain on the job computer training. Con'puter Systems Programming is a general partnership under Massachusetts General Laws, Chapter 108A, as amended. The partnership is comprised of certain inmates certified as programmers by Honeywell, Inc.

Con'puter Systems Programming is a profit making organization. All costs of the system are paid with revenues earned from data processing services rendered to the business community. The program is operated at no cost to the Commonwealth. In exchange for the use of space at the Institution, Con'puter Systems Programming designed and maintains the inmate payroll system, cost free. The Con'puter Systems Programming income and expense report for the 1979 calendar year indicated the following:

Total Income	\$118,212
Total Expenses	44,966
Total Dividends	71,732*

* Paid directly to inmates' accounts. Seven inmates shared these profits based on the length of time as a partner.

The Department of Correction has been considering a maintenance charge for Con'puter Systems Programming similar to the charges made to inmates participating in the Community Work Release Program. To date, no action has been taken concerning the implementation of this charge.

4. Use of Property by Other Agencies: Since February 1974 the Wilson Cottage has housed an alcoholic detoxification unit for the treatment of alcoholics in the Framingham area. An agreement dated February 5, 1974 between the Department of Correction and the South Middlesex Opportunity Council Inc., a private non-profit organization, provides that the Council may occupy the cottage on a tenant-at-will basis with no rental charge.

Two farm buildings with adjacent land area are being used for the housing, feeding and exercising of horses owned by the National Lancers, in the active, organized militia of the Commonwealth. The South Middlesex Pre-Release Center #I occupies the Hodder House. The South Middlesex Pre-Release Center #II, formerly the Western Avenue Pre-Release Center, occupies a portion of the staff home on Western Avenue. The Department of Agriculture has been allowed the use of approximately 14 acres of farm land for a community garden program. The Framingham Public Works Department has offered snow removal and sanding services during the winter months in exchange for the use of a section of unused land for a snow dump.

5. Payroll Bank Account: The prior audit report indicated, in part, the following:

"The payroll bank account of the Institution has been reconciled to the State Treasurer's records only up to and including June 30, 1978...."

"It is recommended that the reconciliation of this account be maintained on a current basis."

A review of the payroll bank account indicated that reconciliations are now maintained on a current basis.

6. Trustee (Residents) Account: The prior audit report indicated in part:

"Our examination of the Residents Account indicated that the Superintendent of the Institution had pre-signed blank checks. The situation came about because of the Superintendent's desire to have payments of expenditures made during his absence.

"It is recommended that the Superintendent discontinue the practice of presigning checks and authorize another employee to sign checks in his absence.

A follow up on this comment indicates that blank checks are no longer presigned and that the Superintendent, the Treasurer and the Steward are now authorized to sign checks.

7. Affirmative Action Plan: We requested Institution personnel and the Labor Relation Specialist at the Central Office of the Department of Correction to provide us with a copy of the current affirmative action plan. A copy of the affirmative action plan was provided at the exit conference.

8. Awaiting Trial Unit: Prior audit reports have stated, in part, as follows:

"In 1973 a Federal Judge found conditions unfit for habitation at the Suffolk County Jail. The female defendants awaiting trial at that facility were and are now being assigned to MCI Framingham.

"The women are housed in the Institution hospital and all related costs are borne by MCI Framingham...The Sheriff of Suffolk County was requested by the Commissioner of Correction in a letter dated July 28, 1975 to supply personnel and funds to help defray the costs of room, board and custody of the assigned defendants. To date, the Sheriff has not complied with this request. It is noted that the court decree suggested that the Mayor of Boston use his statutory authority to obtain funds for the costs entailed in maintaining the inmates.

"Previous audit reports also recommended that the institution bill the City of Boston for the costs incurred for maintaining the defendants and to seek assistance from the Department of the Attorney General regarding this matter. The Institution has forwarded all pertinent information and records related to this matter to the central office of the Department of Correction for appropriate disposition."

During the course of this audit we contacted the Area II Director of the Department of Correction. We were informed that, to date, no action has been taken by the Department concerning this situation.

9. Canteen Fund: The prior audit report stated that receipts were not being deposited on a daily basis and recommended that receipts be deposited daily.

A review of the Canteen Fund during the current audit indicated that deposits were made twice each week or whenever substantial amounts of cash were collected.

10. Industries: The operating accounts of the Institution's Industries maintenance appropriation are included in audit report #80-3-S-1002, Consolidated Prison Industries, recently issued by the Department of the State Auditor.

11. Clothing Purchases Charged to Food Account: A random sampling of the 1979 fiscal year Maintenance Appropriation payments was made. We found that 7 payments totaling \$2,354 were made to a sportswear store but were charged to the "Food for Persons" account. Institution personnel stated that although the invoices indicated that these payments were for food items, clothing for inmates was actually purchased. It was also stated that these invoices were labeled as food items because of the unavailability of funds in the clothing account.

It is recommended that the Institution follow State regulations and procedures relative to the transfer of funds between subsidiary accounts.

12. Cash Audits: Special cash audits were made at this Institution as of the close of business January 7, 1980 and March 31, 1980. These examinations were occasioned by the following retirements:

<u>Name of Employee</u>	<u>Date of Cash Audit</u>	<u>Position</u>
Elizabeth M. Butterworth	January 7, 1980	Treasurer
Lorraine R. Pavia	March 31, 1980	Treasurer

The result of the March 31, 1980 special cash audit follows:

Analysis of Cash Balances

March 31, 1980

State Funds:

Cash on Hand and in Bank	\$ 6,327	
In Custody of State Treasurer	<u>247,444</u>	\$253,771*
Trustee Account		23,886
Trustee Savings Account		16,005
Employees' Bond Fund		263
Prisoners' Reform Benefit Fund		642
Canteen Fund		17,743
Industries		598
Industries:		
Inmates' Compensation Fund Savings Account		<u>975</u>
		<u>\$313,883</u>

- * Payroll: The last payroll bank reconciliation completed by this Institution was made as of November 30, 1979. A reconciliation made as of March 31, 1980 for cash audit purposes, indicated an unlocated variance of \$7,062. This was brought to the attention of the retiring Treasurer and the Superintendent of the Institution.

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

The financial statements and supplementary schedules listed in the

"Table of Contents" follow:

Statement No. IMCI - FraminghamBalance Sheet

June 30, 1979 and June 30, 1978

	<u>June 30,</u> <u>1979</u>	<u>June 30,</u> <u>1978</u>
<u>Assets</u>		
Cash on Hand and In Bank:		
Trustee Accounts	\$31,377	\$22,986
Employees' Bond Deposit Fund	264	438
Prisoners' Reform Benefit Fund	441	386
Canteen Fund	<u>16,288</u>	<u>12,792</u>
	<u>\$48,370</u>	<u>\$36,602</u>
Accounts Receivable:		
Rents	\$209	\$116
Prisoners' Reform Benefit Fund	<u>357</u>	<u>491</u>
	<u>\$566</u>	<u>\$607</u>
Inventories:		
Materials and Supplies	\$49,218	\$29,579
Canteen Inventory (At Cost)	<u>8,041</u>	<u>7,858</u>
	<u>\$57,259</u>	<u>\$37,437</u>
State Treasurer Maintenance Reserve	<u>\$92,342</u>	<u>\$74,630</u>
Real Estate:		
Land	\$3,720,950	\$3,720,950
Buildings	<u>2,838,300</u>	<u>2,838,300</u>
	<u>\$6,559,250</u>	<u>\$6,559,250</u>
Total Assets	<u>\$6,757,787</u>	<u>\$6,708,526</u>
<u>Liabilities and Fund Balances</u>		
Current Liabilities:		
Accounts Payable Maintenance Appropriation	<u>\$92,342</u>	<u>\$74,630</u>
Fund Balances:		
State Funds	\$6,608,677	\$6,588,945
Trustee Accounts	31,377	22,986
Employees Bond Deposit Fund	264	438
Prisoners Reform Benefit Fund	798	877
Canteen Fund	<u>24,329</u>	<u>20,650</u>
	<u>\$6,665,445</u>	<u>\$6,633,896</u>
Total Liabilities and Fund Balances	<u>\$6,757,787</u>	<u>\$6,708,526</u>

Statement No. IIMCI - FraminghamComparative Statement of Receipts Account of Income
and Expenditures Under Maintenance Appropriation

Two Fiscal Years Ended June 30, 1979

	<u>1979</u>	<u>1978</u>	Increase (Decrease)
Appropriation (Account #4315-0001)	<u>\$2,575,000</u>	<u>\$2,365,302</u>	<u>\$209,698</u>
Disbursements	\$2,476,678	\$2,360,245	\$116,433
Encumbrances	92,342	-	92,342
Expenditures	<u>\$2,569,020</u>	<u>\$2,360,245</u>	<u>\$208,775</u>
Reverted	5,980	5,057	923
	<u>\$2,575,000</u>	<u>\$2,365,302</u>	<u>\$209,698</u>
Receipts Account of Income	<u>\$42,006</u>	<u>\$21,677</u>	<u>\$20,329</u>
Analysis of Expenditures:			
Salaries - Permanent	\$1,458,524	\$1,427,721	\$ 30,803
Salaries - Other	454,049	400,283	53,766
Services - Non-Employees	5,450	8,010	(2,560)
Food for Persons	116,933	114,849	2,084
Clothing	15,000	9,999	5,001
Housekeeping Supplies and Expenses	16,750	12,794	3,956
Laboratory and Medical Supplies and Expenses and General Care	9,755	6,033	3,722
Heat and Other Plant Operations	333,000	276,299	56,701
Farm and Grounds	1,800	2,000	(200)
Travel and Automotive Expenses	9,000	7,987	1,013
Advertising and Printing	900	552	348
Maintenance-Repairs, Replacements and Alterations	45,100	38,973	6,127
Special Supplies and Expenses	49,147	14,925	34,222
Office and Administrative Expenses	35,000	29,906	5,094
Equipment	14,612	5,936	8,676
Rentals	4,000	3,978	22
	<u>\$2,569,020</u>	<u>\$2,360,245</u>	<u>\$208,775</u>
Average Number of Inmates	<u>127</u>	<u>132</u>	(5)
Gross Weekly Per Capita Cost	<u>\$389</u>	<u>\$344</u>	<u>\$45</u>
Net Weekly Per Capita Cost	<u>\$383</u>	<u>\$341</u>	<u>\$42</u>

Statement No. II (Continued - 2)MCI - FraminghamComparative Statement of Receipts Account of Income
and Expenditures Under Maintenance Appropriation

Two Fiscal Years Ended June 30, 1979

	<u>1979</u>	<u>1979</u>	<u>Increase (Decrease)</u>
Analysis of Receipts Account of Income:			
Reimbursement for Services	\$ 9,833	\$ 1,089	\$ 8,744
Rents - Employees	13,698	13,131	567
Rents - Other	225	330	(105)
Sales	11	166	(155)
Miscellaneous	18,239	6,961	11,278
Total Income Transferred to State Treasurer	<u>\$42,006</u>	<u>\$21,677</u>	<u>\$20,329</u>

Supplementary Schedule No. IMCI - FraminghamSchedule of Cash Receipts and Disbursements

July 1, 1978 to June 30, 1979

	<u>Balance</u> <u>July 1, 1978</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 1979</u>
State Account	-	\$1,997,697	\$1,997,697	-
Trustee Accounts	\$22,986	239,534	231,143	\$31,377
Employees' Bond Deposit Fund	438	30,084	30,258	264
Prisoners' Reform Benefit Fund	386	4,861	4,806	441
Canteen Fund	12,792	63,606	60,110	16,288
	<u>\$36,602</u>	<u>\$2,335,782</u>	<u>\$2,324,014</u>	<u>\$48,370*</u>

* Analysis of Balance:

Cash on Hand

\$ 1,625

Cash in Bank:

Framingham Trust Company, Framingham

46,745\$48,370

Supplementary Schedule No. IIMCI - FraminghamSchedule of Inventories

June 30, 1979

Maintenance Appropriation Account:	
Food for Persons	\$23,301
Clothing	3,003
Housekeeping	492
Laboratory and Medical Supplies and Expenses and General Care	331
Heat and Other Plant Operation	21,038
Automotive Supplies	1,053
	<u>\$49,218</u>
 Canteen Fund:	
Merchandise Inventory (At Cost)	<u>\$8,041</u>

Supplementary Schedule No. IIIMCI - FraminghamSchedule of 1979 for Accounts Payable

June 30, 1979

	<u>Amount Reserved</u>
Salaries - Other	\$ 5,000
Services - Non-Employees	1,433
Food for Persons	18,335
Clothing	6,833
Housekeeping Supplies and Expenses	2,823
Laboratory and Medical Supplies and Expenses and General Care	661
Heat and Other Plant Operations	39,631
Farm and Grounds	217
Travel and Automotive Expenses	2,524
Advertising and Printing	512
Maintenance-Repairs, Replacements and Alterations	6,494
Special Supplies and Expenses	2,153
Office and Administrative Expenses	3,340
Equipment	672
Rentals	1,714
	<u>\$92,342</u>

Note: Represents amounts reserved to pay encumbrances outstanding against maintenance appropriations which expired on June 30, 1979.

END