

This written document titled *History of the Department of Audit* from 1883 to 1988 was discovered in the State Auditor's paper files in 2019. As of this writing in October 2019, this department is now known as the Office of the State Auditor (OSA).

As of this writing in October 2019, this History as discovered, is posted to the website of the Office of the State Auditor. OSA does not attest to the completeness or accuracy of the History. It has not been updated or adjusted in any way.

History of the Department of Audit

1883

The history of the Department of Audit started with the establishment of a three member committee to examine the accounts of the State Treasurer.

1907

The Office of the State Auditor was created

All matters requiring the payment of money from the State Treasury must be presented to the State Auditor for audit and approval before payment.

1907

Every officer, department, commission, institution shall keep books of accounts in such form and manner as the State Auditor shall direct

A uniform chart of accounts must be used for reporting financial matters to the State Auditor.

1918

A uniform chart of accounts for State institutions was prepared under the direction of the State Auditor and became effective on July 1, 1918

1923

A law was passed that required the State Auditor to install the uniform system of accounting for any towns where the municipal officers requested the same, or where the town at its meeting voted to adopt the uniform system.

A law was enacted that required cities and towns to make an annual report to the State Auditor of the financial affairs of the municipality.

Forms were sent to municipalities so that financial information could be sent and presented to the State Auditor in a uniform manner. Many of the municipalities had difficulty in completing the forms.

State Auditor discovered a number of places where the accounts were not properly maintained and the municipality was in bad financial shape and that an audit should be made of their accounts.

The State Auditor had authority to inquire into the financial condition of a municipality but had no authority to compel the municipalities to accept a new accounting system.

Law passed that required the State Auditor to conduct an audit of the books of accounts in any city or town requesting the same.

1925

Division of Municipal Accounts was established to install the new uniform system of accounts. Between 1923 and 1925 systems were installed in one city and eighteen towns.

1927

In 1926 the Department audited the accounts of the City of Biddeford and installed the uniform system of accounting. During this process irregularities were discovered which resulted in several indictments and four convictions for embezzlements of money.

1931

The Department of Audit was created under the administrative direction of the State Auditor.

1932

The State Controller took over the financial reporting function of the State from the State Auditor. The State Controller was now required to publish the detailed report of the financial operations of the State.

1933

The State Auditor reported that it is impossible to supervise the accounting of all the municipalities in the State and therefore the statutes should be revised to require all municipalities to have an annual audit by certified public accountants, public accountants, or by the State. Also there should be an amendment to the statutes to have copies of the audits filed with the State so comparable statistics of all the cities and towns could be published.

1935

Proposed legislation for a compulsory audit of every municipality in the State was defeated. The State Auditor reported that until such measure is enacted there is little hope of improvement in government accounting and financial reporting in our municipalities, some fifty of which are now practically bankrupt.

1936

In the last 10 years the Department of Audit has uncovered shortages in municipalities of \$242,000 as compared \$750,000 in Massachusetts during the same period of time.

1940

Auditing of dockets of courts was discontinued.

1945

The "resident auditor plan" which assigned auditors to specific State agencies to perform audits on an ongoing basis was discontinued.

1964

Statutes required that within 30 days of completion of the annual audit a municipal auditor must send to the State Auditor the audited financial statements and a certified copy of the audit procedural form prescribed by the State Auditor.

State statutes also required that municipal officers notify the State Auditor of the auditor elected or engaged within 30 days after the election or engagement.

1972

Fraud Investigation Division was created

Director of the Fraud Investigation Division shall report in writing instances of possible fraud, attempted fraud or a violation of laws that may have occurred to the Attorney General for action the Attorney General deems appropriate.

Attorney General could request assistance of the Fraud Investigation Division in performing additional procedures that could result in the recovery of funds.

1974

Program Review and Evaluation Division was established

1975

An E.D.P. Audit Division was established to perform audits of various State computer systems

1988

Department of Audit performs the State's first Single Audit as required by federal regulations. This is an annual audit requirement.