

Auditors of Public Accounts

At a Glance

JOHN C. GERAGOSIAN and ROBERT M. WARD, State Auditors

Stephen R. Eckels, Deputy State Auditor

Established - 1662

Statutory Authority - Title 2, Chapter 23, Connecticut General Statutes

Central office- State Capitol, 210 Capitol Avenue, Hartford, CT 06106

Average number of full-time employees - 113

Recurring operating expenses - \$10,940,000

Organizational structure - Audit Operations and Administration Unit

Mission

The mission of the Auditors of Public Accounts is to:

- ***Determine whether state agencies and quasi-public agencies complied with applicable state and federal legal requirements***
- ***Determine whether state resources are properly and prudently safeguarded and used***
- ***Attest to the fairness of the state's financial statements and provide a certification thereto***
- ***Perform the annual statewide single audit required by the federal government***
- ***Evaluate the state agencies' economy, efficiency and effectiveness in using available resources***
- ***Evaluate program results considering costs and benefits***
- ***Ensure that all audit results are properly disclosed to management and the public***
- ***Investigate whistleblower matters***

Statutory Responsibility

The Auditors of Public Accounts (Auditors) operates under provisions contained in Sections 2-89 through 2-92 of the General Statutes. As provided for in Section 2-90 of the General Statutes, our office is charged with the responsibility of auditing the books and accounts of each

officer, department, commission, board, and court, of the state government, as well as all state-aided institutions and certain quasi-public agencies created by act of the General Assembly. In addition, under Section 4-6ldd of the General Statutes, our office is responsible for reviewing all whistleblower complaints and reporting the results of these reviews to the Attorney General. Finally, Section 1-122 of the General Statutes requires our office to conduct compliance audits of certain quasi-public agencies and Section 2-90a of the General Statutes authorizes our office to audit the trust accounts maintained by state marshals.

Public Service

In accordance with our office's statutory authority, it is the goal of the Auditors of Public Accounts to serve the public interest regarding fiscal and compliance matters related to the State of Connecticut. To accomplish this goal, the Auditors provide independent, unbiased and objective opinions and recommendations on the operation of the state government and the state's effectiveness in safeguarding resources. The Auditors strive to assist state agencies in achieving effective fiscal management. Furthermore, the Auditors report on the integrity of the state's financial statements and whether federal funds provided to the state are used in compliance with applicable laws, rules and regulations. All reports have a wide distribution, which includes state officials, federal and state organizations, the media and the interested public thru our website. As previously noted, the Auditors also review whistleblower complaints in conjunction with the Office of the Attorney General.

In addition, our office maintains its own website (<http://www.cga.ct.gov/apa>). A key feature of this website is that it provides for the electronic distribution of our office's audit reports. Accordingly, members of the public and other interested parties may download copies of all audit reports issued by our office. General information about the operations of our office can also be found on this website.

Improvements/Achievements 2013-2014

Generally accepted government auditing standards require that audit agencies undergo external quality control review assessment at least once every three years. In order to comply with this requirement in the past, it was the practice of our office to hire a CPA firm to review our quality control procedures in order to determine whether such procedures were sufficient to ensure that all audits performed by our office during the review period were conducted in accordance with professional auditing standards.

In September 2011, the Auditors decided to participate in NSAA's Peer Review Program. Under this program, our office committed to providing volunteers from our staff to assist NSAA for a week or two each year with peer reviews in other states. In return, NSAA arranges for a team of volunteers from other state audit organizations to conduct a peer review of our office's system of quality control once every three years. It should be noted that our initial peer review under this program, covering the 2012-2013 fiscal year, was successfully completed during August 2013. Also under this program, during the past year, three of our audit staff members served on teams conducting peer reviews of other state audit organization, including those in New Jersey, Utah and Montana.

Our participation in this program has not only resulted in realized cost savings to our agency, but has given us an opportunity to learn of the best practices employed by other state audit organizations in carrying out their audit missions.

Our office's higher education audit group continues to provide audit certification to the financial statements of the University of Connecticut and the University of Connecticut Health Center. Such audits are in lieu of the university contracting out for such services. In addition, our office has continued to offer its services for special audits required under NCAA rules and foundation audits, upon request, as permitted by Section 4-37f, subsection (8), of the General Statutes. During the past year, such reviews included an audit of the Charter Oak State College Foundation and NCAA audit at Central Connecticut State University.

Section 3-37 subsection (a) of the General Statutes requires the State Treasurer to submit a final audited report to the Governor and the Investment Advisory Council on or before December 31st of each year. Our office continues to provide an audit certification for the Treasurer's Annual Report on this timetable. In addition, in connection with the audits of the Offices of the State Comptroller and State Treasurer, our office continues to provide special audit services in connection with the Comprehensive Annual Financial Report, the Combined Investment Funds and the Short-Term Investment Fund. Other requests for audit services continue to be met in a professional and timely manner without the need for outside professional assistance.

One of our primary goals continues to be the modernization of our operations using current available technology. In line with this goal, our office endeavors to utilize information technology whenever possible. During the 2013-2014 fiscal year, continued conversion of all audit assignments to an electronic work paper format allowed us to gradually reduce our paper-based work paper archives. It is anticipated that the permanent and current work papers for all our audits will be converted to an electronic format by the end of the 2014 calendar year. We are already noticing significant productivity improvements in our audit work, which will only increase as we eliminate the storage and handling of all paper-based work papers.

Also during February 2014, our office migrated its employee time and attendance reporting function over to the state's Core-CT self service module. This move eliminated the need for our employees to submit paper-based timesheets at the end of each pay period. Instead, employees can now remotely enter their timesheet data directly into the Core-CT system, eliminating the need for our business office staff to perform this labor-intensive task. Our office uses timesheets to track the hours worked by each auditor on specific audit assignments in addition to recording the total time worked for payroll purposes. This migration also eliminated the need for our business office staff to manually enter timesheet data, pertaining to each audit engagement, into our office's in-house audit database. Instead, a newly designed audit database automatically downloads this timesheet data directly from the Core-CT system.

In the coming year, one of our major goals is to expand our services in the area of information technology. Technology has clearly become a more significant part of how the state operates. State agencies use technology more than ever before in all facets of government, including accounting, inventory, payroll, purchasing, storage, and the delivery of front line services. In order to react to these changes, our office must improve how it evaluates and uses technology.

We will enhance how we evaluate the state's information technology structure for its effectiveness and determine whether state systems adequately maintain the integrity of data, protect against breaches of privacy, and ensure there are proper safeguards to protect against fraud. We will increase our ability to analyze the state's information technology systems. In order to achieve this, we will expand our commitment and focus in this area.

As a governmental audit organization, we have increased our office's participation in various professional organizations that are involved in governmental auditing. On the national level, we have reconnected with the National Association of State Auditors, Comptrollers and Treasurers (NASACT) and the National State Auditors Association (NSAA). Our office has committed to hosting the NSAA's 2015 Information Technology Conference in Hartford, which will bring IT auditors from across the country to Connecticut. Regionally, we have renewed our ties with the New England Intergovernmental Audit Forum (NEIAF). These affiliations enable our office to receive information affecting our profession, provide educational opportunities for our employees, and provide valuable information-sharing.

Our office has also offered its support and encouragement to employees who have expressed an interest in serving professional audit organizations in various capacities. During the past year, a member of our management team served on the Governmental Accounting and Auditing Committee of the Connecticut Society of Certified Public Accountants (CTCPA). In addition, two of our audit supervisors served on National State Auditors Association committees. One served on the E-Government Committee and the other served on the Peer Review Committee and the Pension Audit Issues Working Group.

The past year was one of significant change in the office of the Auditors of Public Accounts. We will continue to find new ways to improve efficiency and enhance the professional reputation our office has always enjoyed.

Information Reported as Required by State Statute

Sections 2-90, 2-92, and 4-61dd contain the various reporting requirements applicable to the Auditors of Public Accounts. A description of the reports issued by our office pursuant to these provisions is described below:

All audit reports issued by our office are issued pursuant to our audit authority as set forth in Section 2-90 of the General Statutes. During the 2013-2014 fiscal year, our office issued 42 audit reports and special reports. These included 40 financial-compliance audits of various state and quasi-public agencies, our annual report to the General Assembly, and the statewide single audit report for the State of Connecticut for the fiscal year ended June 30, 2013. It should be noted that this latter audit was required as a condition of the state receiving approximately \$8,989,000,000 in federal financial assistance.

A total of 244 recommendations were included in the 40 financial-compliance audit reports issued during the year. These reports also included a review of the implementation of recommendations made during the prior audit. Implementation follow-up procedures, in addition to agency responses to the Auditors' audit findings and recommendations, include reviews by the Comptroller's Office, the Office of Policy and Management and the Legislative Program Review and Investigations Committee. For reports issued during the 2013-2014 fiscal

year, agencies implemented or otherwise resolved 55 percent of all prior audit recommendations.

Pursuant to the provisions of Section 6-38e of the General Statutes, the State Marshal Commission requested that our office audit the records and accounts of two state marshals who had died during the past year. The results of our two reviews were reported to the State Marshal Commission as required by Section 6-38e.

Pursuant to the provisions of Section 2-92 of the General Statutes, our office annually presents a report on its operations to the General Assembly by February 1st of each year. Included in this report are recommendations concerning areas in which it appears that statutory revisions or additional legislative actions are desirable. In our latest annual report, eleven such recommendations were presented to the General Assembly for its consideration.

During the 2013-2014 fiscal year, our office received 34 whistleblower complaints. Pursuant to the provisions of Section 4-61dd, subsection (d) of the General Statutes, a report on the status of these complaints was forwarded to the clerk of each house of the General Assembly by the September 1st reporting deadline.