

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 – 114

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 comply 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 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 4-61dd 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 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 through 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 during 2014-2015 and Future Goals

Generally accepted government auditing standards require that audit agencies undergo an external quality control review assessment at least once every three years. In order to comply with this requirement, our office participates in a peer review program sponsored by the National State Auditors Association. Under this program, a team of auditors from other state government audit organizations comes to our office and conducts a review of our quality control procedures to determine whether such procedures are sufficient to ensure that all audits performed by our office during the review period are conducted in accordance with professional auditing standards.

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, two of our audit staff members served on teams conducting peer reviews of other state audit organizations, including those in Tennessee and Virginia. Our next peer review, covering the 2015-2016 fiscal year, is scheduled to be conducted during the summer of 2016.

Our participation in this program has not only resulted in realized cost savings to our agency, but also has given us an opportunity to learn about 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. These audits are in lieu of the university contracting with external firms 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.

In 2015, our goal is to expand our services in two major areas: performance auditing and the better use and evaluation of information technology.

Performance audits are an examination of a program, function, operation, or the management systems and procedures of a governmental or non-profit entity to assess whether the entity is achieving economy, efficiency and effectiveness in the employment of available resources. In the past, our office had a dedicated performance audit unit; however, due to limited resources and other demands on our office several years ago, members of the unit were reassigned to other audit work. As a result of new staff hires and audit efficiencies being realized, we are planning to reinstitute performance auditing within the next couple of years.

Performance audits can be a valuable tool for the state by measuring the extent to which a program is achieving its goals and objectives; determining whether alternative approaches would yield better program performance; determining ways to save state resources; and determining the extent to which programs duplicate, overlap, or conflict with other programs. As the state endeavors to find ways to operate more efficiently, performance audits could serve as a useful tool to preserve state resources and improve state services.

Technology has clearly become more integral to state operations. 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 continued our office's participation in various professional organizations that are involved in governmental auditing. On the national level, we are actively involved with the National Association of State Auditors, Comptrollers and

Treasurers (NASACT) and the National State Auditors Association (NSAA). To this end, we have recently agreed to serve on NASACT's 2015 Audit Committee and, as a result, will be supplying a senior level auditor who is a CPA to serve on the audit team that will be conducting NASACT's annual financial statement audit for the next three years. Our office has also 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 continue to be actively involved 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 also has offered support and encouragement to employees who have expressed an interest in serving professional audit organizations in various capacities. During 2014-2015, a member of our management team served on the Governmental Accounting and Auditing Committee of the Connecticut Society of Certified Public Accountants (CTCPA) as well as the Institute of Internal Auditors advisory board to the American Center for Government Auditing. In addition, one of our audit supervisors served on the National State Auditors Association E-Government Committee, while two of our audit supervisors participated on teams conducting peer reviews of other state audit organizations, including those serving the states of Tennessee and Virginia.

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 2014-2015 fiscal year, our office issued 37 audit reports and special reports. These included 35 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, 2014. It should be noted

that this latter audit was required as a condition of the state receiving approximately \$8,905,000,000 in federal financial assistance.

A total of 325 recommendations were included in the 35 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 2014-2015 fiscal year, agencies implemented or otherwise resolved 35 percent of all prior audit recommendations.

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, fifteen such recommendations were presented to the General Assembly for consideration.

During the 2014-2015 fiscal year, our office received 43 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.