

AUDITORS OF PUBLIC ACCOUNTS

John C. Geragosian and Clark J. Chapin, *State Auditors*

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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 – 119

Recurring Operating Expenses – \$13,368,685

Organizational Structure – Audit Operations (Compliance, Performance, Information Technology and Whistleblower) 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 through performance audits
- 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 Conn. Gen. Statutes Sec. 2-89 through 2-92. As provided for in Conn. Gen. Statutes Sec. 2-90, the office of the Auditors of Public Accounts 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. In addition, under Conn. Gen. Statutes Sec. 4-61dd, our office is responsible for reviewing all whistleblower complaints and reporting the results of these reviews to the Attorney General. Conn. Gen. Statutes Sec. 1-122 requires our office to conduct compliance audits of certain quasi-public agencies and Conn. Gen. Statutes Sec. 2-90a authorizes our office to audit the trust accounts maintained by state marshals. Finally, Conn. Gen. Statutes Sec. 2-90(i) and 10-91g through 10-91i require the Auditors to conduct audits of private providers of special education that receive any state or local funds as a result of providing special education services

to students with an individualized education program or for whom an individual service plan has been completed by the local or regional board of education responsible for educating the student. Conn. Gen. Statutes Sec. 2-90c charges our office with auditing incentive programs and annual reports submitted by the Commissioner of Economic and Community Development. We issued five related audit reports during the last four fiscal years.

During the 2023 legislative session, the General Assembly passed Public Act 23-197, An Act Implementing the Recommendations of the Auditors of Public Accounts. The act changed various statutes related to our office, auditing, and other related topics. The act:

- Explicitly exempts whistleblower complaints filed with the state auditors or under the False Claims Act from disclosure under the Freedom of Information Act (FOIA);
- Requires the applicable local legislative body or regional board of education to hold a public meeting on a noncompliant or irregular audit before submitting a corrective action plan; and
- Replaces statutory references to “comprehensive annual financial reports” with “annual comprehensive financial reports.”

Public Service

The Auditors of Public Accounts provides independent, unbiased, and objective opinions and recommendations on the operations of state government and the state’s effectiveness in safeguarding resources. As the only legislative branch agency with staff physically assigned to conduct audits within state and quasi-public agencies, our office serves the General Assembly and the public as an independent watchdog of state operations. Our office strives to assist state agencies in achieving effective fiscal management. Furthermore, we report on the integrity of the state’s financial statements and whether state and federal funds are used in compliance with applicable laws, rules, and regulations.

Our office determines whether these agencies are following laws, regulations, internal policies, and prudent business practices. Through our work on the Statewide Single Audit, our office determines whether state agencies are following federal requirements on major federal programs. We determine whether state programs and systems are operating efficiently and effectively by way of our performance audits and program reviews. Finally, our office receives and reviews whistleblower complaints from state employees and the public to prevent and detect waste, fraud, and abuse.

In addition, our website (<https://wp.cga.ct.gov/apa/>) contains all relevant information about our office. It also contains links to electronic copies of over a thousand different reports for members of the public and other interested parties to view or download.

Improvements/Achievements for Fiscal Year 2022-2023

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. 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.

We issued the following performance audits during the past fiscal year: Private Providers of Special Education, Governor's Council for Agricultural Development, and Connecticut Prescription Monitoring Program (Follow-up Report).

Conn. Gen. Statutes Sec. 3-37(a) requires the State Treasurer to submit a final audited report to the Governor and the Investment Advisory Council on or before December 31st annually. 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 Annual Comprehensive Financial Report 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.

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. Our office conducts this work rather than the university contracting with outside accounting firms. In addition, our office has continued to offer services for special audits required under NCAA rules and foundation audits, upon request, as permitted by Conn. Gen. Statutes Sec. 4-37f(8). During the past year, such reviews included audits of the Charter Oak State College Foundation, Inc., Central Connecticut State University-NCAA, and the Connecticut Mental Health Center Foundation.

During this fiscal year, our office restructured and expanded our information technology (IT) and communications capabilities.

We obtained additional IT resources to further expand our use of data analytics and increased our IT Unit's support to field audit teams through sorting and aggregating data and trends to enhance the audit process. We began to expand other IT functions by adding experienced staff to implement new types of security reviews; design and develop custom applications; and manage our Microsoft Office 365 environment.

In August 2022, we hired two communications professionals to improve our internal and external outreach. The unit modernized our external reports and publications to make them more useful and understandable to our readers; improved our social media presence to enhance our

networking capabilities and recruiting efforts; and developed an internal SharePoint informational site to promptly and effectively disseminate news, announcements, and technical information within our organization.

Generally accepted government auditing standards require that audit agencies undergo an external quality control review assessment at least once every three years. 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.

Our peer review under this program, covering the 2021-2022 fiscal year, was successfully completed during August of 2022. Audit organizations may receive a rating of Pass, Pass with Deficiencies, or Fail. Our office received the highest rating of Pass. 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. In the years between external peer reviews, we perform annual internal reviews of our operations. Our next external peer review will be conducted in 2025.

As a governmental audit organization, we participate in various professional organizations involved in governmental auditing. On the national level, we are active with the National Association of State Auditors, Comptrollers and Treasurers (NASACT) and the National State Auditors Association (NSAA). We serve on various NASACT and NSAA committees. We are also active with the New England Intergovernmental Audit Forum (NEIAF) and serve on its executive committee. These affiliations enable our office to stay informed about developments in the auditing profession in addition to providing educational and valuable information-sharing opportunities for our employees.

Our office also has offered support and encouragement to employees who have expressed an interest in serving professional audit organizations in various capacities. During 2022-2023, a number of our staff served on various NSAA committees during the year, and one member of our staff served on the NEIAF Executive Committee.

Future Goals

Our future goals include expanding the services we provide to the General Assembly in three major areas: more effective use and evaluation of information technology in our audit work, additional performance auditing, and enhancing external communications.

Technology is an integral part of state operations. State agencies use technology in all facets of government, including accounting, inventory, payroll, purchasing, storage, and the delivery of front-line services. In response, our office will continue to improve how we evaluate and use technology.

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

We continue to develop the use of data analytics in our auditing. Using data analytics greatly improves our ability to detect waste, fraud, and abuse. Traditional auditing utilizes sampling to determine auditing issues. As an example, auditors might look at certain transactions. The use of data analytics enables auditors to look at the entire universe of those transactions, which allows them to focus on riskier areas and detect anomalies to further assist in identifying waste, fraud, or abuse.

Our office also seeks to conduct additional performance audits. Performance audits are an invaluable tool to determine whether a program is achieving its goals and objectives; whether alternative approaches would yield better performance; ways to save state resources; and the extent programs duplicate, overlap, or conflict with other programs. Performance audits serve as a useful tool to preserve state resources and improve state services.

Our office continues to modernize our communications function. Our auditors do fantastic work, and we hope these improvements better inform our stakeholders about our work.

Information Reported as Required by State Statute

Conn. Gen. Statutes Sec. 2-90, 2-90c, 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 released by our office are issued pursuant to our audit authority as set forth in Conn. Gen. Statutes Sec. 2-90. During the 2022-2023 fiscal year, our office issued 29 audit reports and special reports. These included 26 financial-compliance audits of various state and quasi-public agencies, our annual report to the General Assembly and the statewide single audit reports for the State of Connecticut for the fiscal year ended June 30, 2021, as well as for the fiscal year ended June 30, 2022. It should be noted that this audit was required as a condition of the state receiving approximately \$18,426,000,000 and \$15,572,000,000 in federal financial assistance for the fiscal years ended June 30, 2021 and June 30, 2022, respectively.

There were 266 recommendations in the 28 audit reports issued during the year. These reports also included a review of the implementation of recommendations made during the prior audit. For reports issued during the 2022-2023 fiscal year, agencies implemented or otherwise resolved 41 percent of all prior audit recommendations.

Pursuant to the provisions of Conn. Gen. Statutes Sec. 2-92, 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, three such recommendations were presented to the General Assembly for consideration.

During the 2022-2023 fiscal year, our office received 35 whistleblower complaints. Pursuant to the provisions of Conn. Gen. Statutes Sec. 4-61dd(d), a report on the status of these complaints was forwarded to the clerk of each house of the General Assembly on August 23, 2023