

# 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, CGS**

**Central Office – State Capitol, 210 Capitol Avenue, Hartford, CT 06106**

**Average number of full-time employees – 114**

**Recurring operating expenses – \$10,685,000**

**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) operate 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 4-61dd 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 the state government and the state's effectiveness in safeguarding resources. The Auditors strive to assist state agencies in achieving effective fiscal management. Further, 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 2010-11**

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, our office hired 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. Our last review, commonly referred to as a "peer review," was completed during 2010 and covered the 2009 calendar year. The final report on this review found that, except for the manner in which our office tracks and credits continuing professional education credits for our professional audit staff members, the system of quality controls employed by our office has been suitably designed and complied with to assure that all audit work conducted by our office conforms to professional auditing standards.

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.

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 October 15th of each year. Our office continues to provide an audit certification for the Treasurer's Annual Report on this very short 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.

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (also known as the Stimulus Bill) was signed into law by the President of the United States. Under this law, the State of Connecticut will receive some \$3 billion in federal stimulus dollars over a two and one-half year period, consisting of approximately \$1.65 billion in direct aid and grants and \$1.3 billion in additional Medicaid assistance. Because of the rigorous oversight mandated by Congress and to ensure public transparency and accountability of the expenditure of stimulus funds, this law imposed significant additional auditing requirements on state government auditing organizations. As a result, our office found it necessary to reallocate existing audit resources during the most recent audit cycle in order to fulfill both the existing federal audit mandates as well as the new federal audit mandates pertaining to the audit of those stimulus funds received by the state.

### **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 2010-2011 fiscal year, our office issued 54 audit reports and special reports. These included 52 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, 2010. It should be noted that this latter audit was required as a condition of the state receiving approximately \$10,260,000,000 in federal financial assistance.

A total of 296 recommendations were included in the 52 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 2010-2011 fiscal year, agencies implemented or otherwise resolved 55 percent of all prior audit recommendations.

As provided for in Section 2-90a of the General Statutes, our office is authorized to audit the trust accounts maintained by state marshals. Pursuant to this authority, our office conducted 21 audits of state marshal trust accounts during the 2010-2011 fiscal year. As a result of these audits, 138 separate instances of non-compliance were reported to the State Marshal Commission.

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 1<sup>st</sup> of each year. Included in this report are recommendations concerning areas where it appears that statutory revisions or additional

legislative actions are desirable. In our latest annual report, seven such recommendations were presented to the General Assembly for its consideration.

During the 2010-2011 fiscal year, our office received 75 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 1<sup>st</sup> reporting deadline.