

**AUDITORS OF PUBLIC ACCOUNTS**  
**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 – 112**  
**Recurring Operating Expenses – \$10,577,000**  
**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 office of 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 electronic distribution, which includes state officials, federal and state organizations, the media and the interested public. As previously noted, the Auditors also review whistleblower complaints in conjunction with the Office of the Attorney General.

In addition, our office maintains our own website: <http://www.cga.ct.gov/apa>, which provides access to all of our audit reports for members of the public and other interested parties. General information about the operations of our office can also be found on our website.

## **Improvements/Achievements 2012-2013**

Generally accepted government auditing standards require that audit agencies undergo an external quality control review assessment at least once every three years. In the past, in order to comply with this requirement, our office hired an outside accounting firm to review our quality control procedures to determine whether these procedures were sufficient to ensure that all audits performed by our office are 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 concluded that, except for the manner in which our office tracks and credits continuing professional education for our professional audit staff members, the system of quality controls employed by our office has been suitably designed and complied with to ensure that all audit work conducted by our office conforms to professional auditing standards.

During September 2011, the state auditors re-examined how our peer reviews are conducted. After researching all of the factors, the state auditors decided that, rather than hiring an accounting firm to conduct these reviews, our office would participate in the National State Auditors Association (NSAA) Peer Review Program. Under this program, NSAA arranges for a team of volunteers from other state audit organizations to conduct a peer review of our system of quality control. In return, our office committed to providing auditors from our office on a volunteer basis to assist NSAA for a week or two each year with peer reviews in other states. Our initial peer review under this program, covering the 2012-2013 fiscal year, is scheduled to be conducted during August of 2013.

During the past year, five of our audit staff members served on teams conducting peer reviews of other state audit organizations in Michigan, Minnesota, Ohio, Virginia and Wisconsin. Our participation in this program should result in cost savings to our agency, and

perhaps more importantly, give our auditors an opportunity to learn of the best practices employed by other state audit organizations in carrying out their missions.

Our office continues to provide audit certification to the financial statements of the University of Connecticut and the University of Connecticut Health Center. This eliminates the need for the university to contract out for these services.

Our office also offers our 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 December 31st of each year. Our office provides an audit certification for the Treasurer's Annual Report. In addition, in connection with the audits of the Offices of the State Comptroller and State Treasurer, our office provides special audit services in connection with the annual 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 our 2010 Annual Report to the General Assembly, our office recommended that the General Assembly enact legislation to improve Connecticut's whistleblower law to better protect whistleblower complainants from retaliation and to provide the Auditors of Public Accounts with some measure of flexibility to determine the most cost-effective and efficient manner in which to proceed with each whistleblower complaint. This recommendation was implemented with the passage of Public Act 11-48, effective July 1, 2011. Section 17 of this act revised Section 4-61dd of the General Statutes, giving our office flexibility in addressing complaints made under the whistleblower law. The law enables our office to reject a whistleblower complaint if it is trivial or not made in good faith, is not timely, can be handled during the course of a regular audit, can be duly investigated by another agency, or there are other appropriate remedies available to the complainant. These changes will enable our office to focus our limited resources on critical complaints and reduce the significant backlog of whistleblower cases. During the time since the law came into effect, our office has reduced the whistleblower backlog by 35%.

One of the primary goals of the state auditors was to modernize our operations using available technology. The state auditors have made a concerted effort to utilize information technology whenever possible to automate the work of our office.

In early 2011, the state auditors made a decision to institute the use of electronic-based audit software in our office to replace the paper-based audit process. With the assistance of the Office of Legislative Management, our office issued a request for proposal for auditing software and related product training. After an extensive evaluation and testing process, an audit software vendor was selected and the contract was finalized on December 28, 2011.

During 2012, the necessary computer hardware and software was purchased, and the first round of scheduled training commenced. During the 2012-2013 fiscal year, as audit teams

opened new audit assignments, we conducted all of those audits with the new software. This new process is clearly increasing our productivity as well as saving money on materials and storage.

Other efficiency initiatives completed or begun during the 2012-2013 fiscal year included the following:

- Our office converted to the electronic distribution and filing of all audit-related correspondence in order to reduce the handling of paper within our agency and to facilitate remote access by our auditors. This effectively eliminated the need for our auditors to travel to our central office in Hartford from remote locations.
- Our office instituted a comprehensive review of our personnel policy manual. We expect to complete this review and enact appropriate revisions to our personnel policy manual by the end of 2013. These revisions are intended to update, clarify and streamline our policies in this area.

As a governmental audit organization interested in maintaining the highest of professional standards, our office continues participation in the professional organizations related to governmental auditing. On the national level, our office has become more involved with the National Association of State Auditors, Comptrollers and Treasurers (NASACT) and the National State Auditors Association (NSAA). 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 support and encouragement to employees who have expressed an interest in serving professional audit organizations in various capacities. As a result of these efforts, during the 2012-2013 fiscal year, one of our employees served on the Connecticut Society of Certified Public Accountants' Governmental Accounting and Auditing Committee and two employees served on the National State Auditors Association's E-Government and Peer Review Committees, respectively. In addition, one of the state auditors will serve as vice-chair of the National State Auditors Association's Human Resources Committee during the 2014 calendar year.

### **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 2012-2013 fiscal year, our office issued 41 audit reports and special reports. These included 39 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, 2012. It should be noted that this latter audit was required as a condition of the state receiving approximately \$9,226,000,000 in federal financial assistance.

A total of 234 recommendations were included in the 39 financial-compliance audit reports issued during the year. These reports also included a review of the implementation of recommendations made in the prior audit report. For reports issued during the 2012-2013 fiscal year, agencies implemented or otherwise resolved 51 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 one audit of a state marshal trust account during the 2012-2013 fiscal year. As a result of this audit, seven 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 our operations to the General Assembly by February 1<sup>st</sup> of each year. Included in this report are recommendations concerning areas in which it appears that statutory revisions or additional legislative actions are necessary. In our latest annual report, six of these recommendations were presented to the General Assembly for its consideration.

During the 2012-2013 fiscal year, our office received 39 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.