

# Auditors of Public Accounts



## *At a Glance*

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

**John A. Rasimas, CPA, 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 – 107***

***Recurring operating expenses – \$11,267,495***

***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. 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 Act 15-5 requires the Auditors of Public Accounts to conduct audits of all 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 services plan has been written by the local or regional board of education responsible for educating the student.

## **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 2015-2016 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 peer review under this program, covering the 2015-2016 fiscal year, was successfully completed during August 2016. Audit organizations may receive a rating of Pass, Pass with Deficiency(ies), or Fail. Our office received a rating of Pass. 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 Michigan and Oregon.

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 31<sup>st</sup> 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.

We began the process of organizing, planning and conducting audits of private special education providers as required by Public Act 15-05. We expect to issue our first reports in late 2016 or early 2017.

In 2016, 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 become more integral to 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 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, last year we agreed to serve on NASACT's Audit Committee and, as a result, supplied a senior level auditor who is a CPA to serve on the audit team that is conducting NASACT's annual financial statement audit for the fiscal years ended June 30, 2015, 2016 and 2017. Our office also hosted the NSAA's 2015 Information Technology Conference in Hartford, which brought over 100 IT auditors from across the country to Connecticut in September, and was a very successful event. 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 2015-2016, 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, a number of our staff served on National State Auditors Association committees during the year, while two of our audit supervisors participated on teams conducting peer reviews of other state audit organizations, including those serving the states of Michigan and Oregon.

### **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 2015-2016 fiscal year, our office issued 34 audit reports and special reports. These included 32 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, 2015. It should be noted that this latter audit was required as a condition of the state receiving approximately \$9,160,000,000 in federal financial assistance.

A total of 252 recommendations were included in the 32 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 2015-2016 fiscal year, agencies implemented or otherwise resolved 51 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 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 desirable. In our latest annual report, fifteen such recommendations were presented to the General Assembly for consideration.

During the 2015-2016 fiscal year, our office received 18 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.