

STATE OF CONNECTICUT



*AUDITORS' REPORT
OFFICE OF THE GOVERNOR
OFFICE OF THE LIEUTENANT GOVERNOR
FISCAL YEARS ENDED JUNE 30, 2019 AND 2020*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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December 22, 2020

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Offices of the Governor and the Lieutenant Governor for the fiscal years ended June 30, 2019 and 2020. Our audit identified internal control deficiencies, instances of noncompliance with laws, regulations, and policies, and a need for improvement in practices that warrant the attention of management. The significant findings and recommendations are presented below:

Page 4	The Governor’s Residence Conservancy, Inc. has not been audited since fiscal year 2011. The conservancy should have obtained at least 3 audits since then for the fiscal years ended June 30, 2014, June 30, 2017, and June 30, 2020. The Office of the Governor should ensure that the Governor’s Residence Conservancy, Inc. is audited. The office should review the audit reports and transmit them with a signed review letter to the Auditors of Public Accounts, as required by Sections 4-37f and 4-37g of the General Statutes. (See Recommendation 1.)
Page 5	As of October 13, 2020, there were 285 gubernatorial-appointed vacancies on various statewide boards, commissions, councils and other appointed bodies. The Office of the Governor should continue to take all necessary steps to promptly appoint and reappoint members to fill any vacancies that arise on boards, commissions, councils and other appointed bodies. (See Recommendation 2.)

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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December 22, 2020

AUDITORS' REPORT

We have audited certain operations of the Office of the Governor and the Office of the Lieutenant Governor in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2019 and 2020. The Department of Administrative Services (DAS) provided accounting, payroll and personnel services for the offices during the audited period. The scope of our audit did not extend to the evaluation of the relevant controls at these offices. The objectives of our audit were to:

1. Evaluate the offices' internal controls over significant management and financial functions;
2. Evaluate the offices' compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the offices, and testing selected transactions. Our testing is not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the offices' management and the state's information systems, and was not subjected to the procedures applied in our audit of the offices. For the areas audited, we:

1. Identified deficiencies in internal controls;
2. Identified apparent non-compliance with laws, regulations, contracts and grant agreements, policies, and procedures; and
3. Identified a need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Office of the Governor and the Office of the Lieutenant Governor.

COMMENTS

FOREWORD

The Offices of the Governor and Lieutenant Governor were established under Article Fourth of the Constitution of the State of Connecticut and operate under the provisions of Title 3, Chapter 31 of the General Statutes. The Governor is charged with the responsibility of executive direction and supervision of the general administration of the state. The Honorable Dannel P. Malloy and the Honorable Nancy Wyman both served as Governor and Lieutenant Governor during the first 6 months of the period under review. The Honorable Ned Lamont and the Honorable Susan Bysiewicz were sworn in as Governor and Lieutenant Governor on January 9, 2019 and continue to serve in their elected roles.

Due to the coronavirus (COVID-19) outbreak in the United States and Connecticut, on March 10, 2020, Governor Lamont issued the first public health and civil preparedness emergency declarations, proclaiming a state of emergency throughout the state. Since then, Governor Lamont has taken emergency actions and issued several executive orders to protect public health and safety during the COVID-19 pandemic.

Significant Legislation

There were no legislative changes with any significant effect on the operations of the Offices of the Governor and the Lieutenant Governor during the audited period.

RÉSUMÉ OF OPERATIONS

No receipts were recorded for the Offices of the Governor and the Lieutenant Governor during the audited period.

A summary of General Fund expenditures for the Offices of the Governor and Lieutenant Governor during the audited period and the preceding fiscal year follows:

Expenditure Description	Fiscal Year Ended June 30,		
	2018	2019	2020
<i>Office of the Governor:</i>			
Wages, Salaries and Employee Expenses	\$1,879,611	\$1,752,817	\$1,922,500
Other Services	207,791	218,868	211,382
Rental and Maintenance - Equipment	10,625	11,634	11,799
Motor Vehicle Costs	8,412	9,596	8,948
Premises and Property Expenses	69,593	69,604	68,186
Information Technology	27,881	20,125	17,397
Communications	20,740	15,100	25,092
Purchased Commodities	2,879	22,958	8,460
Total – Office of the Governor	\$2,227,532	\$2,120,702	\$2,273,764
<i>Office of the Lieutenant Governor:</i>			
Wages, Salaries and Employee Expenses	\$573,042	\$539,911	\$594,193
Other Services	1,670	24,299	14,209
Rental and Maintenance - Equipment	2,475	2,420	2,475
Motor Vehicle Costs	8,385	11,429	11,798
Information Technology	2,728	4,211	1,789
Communications	4,073	3,598	4,869
Purchased Commodities	3,062	3,284	7,566
Total – Office of the Lieutenant Governor	\$595,435	\$589,152	\$636,899

During the audited period, there was one foundation, as defined by Section 4-37e of the General Statutes, associated with the Office of the Governor. The Governor's Residence Conservancy, Inc. raises private funds to assist in the restoration and preservation of the Governor's official residence. As a foundation, the Governor's Residence Conservancy is subject to the audit requirements of Section 4-37f (8) of the General Statutes. The foundation has not obtained any of its required audits, as we discuss further in the State Auditors' Findings and Recommendations section of this report.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Offices of the Governor and the Lieutenant Governor disclosed the following 2 recommendations, both of which have been repeated from the previous audit:

Non-Compliance with Audit Requirement – Governor’s Residence Conservancy, Inc.

Criteria: Section 4-37f (8) of the General Statutes requires that a foundation, as defined under Section 4-37e(2), which has in any of its fiscal years receipts and earnings from investments totaling \$250,000 or more, to have completed on its behalf for such fiscal year a full audit of the books and accounts of the foundation. A foundation which has receipts and earnings from investments totaling less than \$250,000 in each fiscal year during any 3 of its consecutive fiscal years, must have completed on its behalf a full audit of its books and accounts for the third fiscal year in any such 3-year period. These audits may be conducted by an independent certified public accounting firm or the Auditors of Public Accounts (APA), upon request by the state agency with the consent of the foundation.

Section 4-37g(b) provides that, in the case of an audit that was not conducted by the APA, the executive authority and chief financial official of the state agency shall review the audit report and transmit the report, and a signed review letter, to the APA.

Condition: The Governor’s Residence Conservancy, Inc. has not been audited since fiscal year 2011. The conservancy should have obtained at least 3 audits since then.

Context: The Auditors of Public Accounts completed the last audit of the Governor’s Residence Conservancy, Inc. for the fiscal years ended June 30, 2010 and 2011. Even if the conservancy’s receipts and earnings from investments were less than \$250,000 in every fiscal year since the last audit, it should have obtained audits for the fiscal years ended June 30, 2014, June 30, 2017, and June 30, 2020.

Effect: In the absence of audits conducted in accordance with Section 4-37f(8) of the General Statutes, there is reduced assurance to donors and other interested parties that conservancy funds have been properly administered and used as intended.

Cause: This exception initially occurred during the prior administration. The current administration informed us that the cost for an independent accounting firm to conduct the audits would exceed the conservancy’s budget.

Prior Audit Finding: This finding has been previously reported in the last 3 audit reports covering the fiscal years ended 2013 through 2018.

Recommendation: The Office of the Governor should ensure that the Governor’s Residence Conservancy, Inc. is audited. The office should review the audit reports and transmit them with a signed review letter to the Auditors of Public Accounts, as required by Sections 4-37f and 4-37g of the General Statutes. (See Recommendation 1.)

Auditee Response: “The Office of the Governor (“OTG”) agrees with this recommendation. Pursuant to section 4-37(f)(8) of the Connecticut General Statutes, the Governor’s Residence Conservancy, Inc. has requested that the State Auditors conduct an audit on the Conservancy for any outstanding audit periods. The request for audit covers any outstanding audits from the prior administration from 2011 through 2019.”

Failure to Make Statutory Appointments

Criteria: The Governor is required to make appointments to boards, commissions, councils, and other appointed bodies under various state statutes. The Governor should make appointments in a timely manner to ensure that the bodies benefit from the expertise provided by a full complement of members.

Condition: As of October 13, 2020, there were 285 gubernatorial-appointed vacancies on various boards, commissions, councils and other appointed bodies.

Context: The 285 vacancies represent approximately 17% of the 1,659 seats appointed by the Governor.

Effect: Without the timely appointment or reappointment of these positions, there is an increased risk of the lack of a quorum and lack of expected expertise of a full complement of members.

Cause: The Office of the Governor informed us that although there is a mechanism in place to track vacant seats, many of the appointments specify a particular background or skill set which sometimes makes it difficult to find qualified individuals. The lack of a full-time designated staff member to monitor the status of appointments and vacancies has also contributed to the condition.

Prior Audit Finding: This finding has been previously reported in the last 3 audit reports covering the fiscal years ended 2013 through 2018.

Recommendation: The Office of the Governor should take all necessary steps to promptly appoint and reappoint members to fill any vacancies on boards, commissions, councils and other appointed bodies. (See Recommendation 2.)

Auditee Response: “The OTG agrees with this recommendation. The OTG strives to make timely appointments to the various boards and commissions within the Governor’s purview. Many of those appointments specify a particular background or skill set; it also sometimes takes longer to find a qualified individual due to the time commitment required. Since the last audit, OTG has directed additional staff resources to focus on board and commission vacancies. OTG meets weekly to discuss and make appointments. OTG has also developed a website advertising open vacancies and soliciting volunteers to serve.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Offices of the Governor and the Lieutenant Governor contained 2 recommendations. Both have been repeated or restated with modifications during the current audit.

- The Office of the Governor should ensure that the Governor’s Residence Conservancy, Inc. is audited and the audit reports are reviewed and transmitted with a signed review letter to the Auditors of Public Accounts, as required by Sections 4-37f and 4-37g of the General Statutes. **This recommendation is being repeated. (See Recommendation 1.)**
- The Office of the Governor should take all necessary steps to appoint and reappoint members to fill any vacancies that arise in membership of boards, commissions, councils and other appointed bodies in a timely fashion. **This recommendation is being repeated. (See Recommendation 2.)**

Current Audit Recommendations:

- 1. The Office of the Governor should ensure that the Governor’s Residence Conservancy, Inc. is audited. The office should review the audit reports and transmit them with a signed review letter to the Auditors of Public Accounts, as required by Sections 4-37f and 4-37g of the General Statutes.**

Comment:

The Governor’s Residence Conservancy, Inc. has not been audited since fiscal year 2011. The conservancy should have obtained at least 3 audits for the fiscal years ended June 30, 2014, June 30, 2017, and June 30, 2020.

- 2. The Office of the Governor should take all necessary steps to appoint and reappoint members to fill any vacancies that arise in membership of boards, commissions, councils and other appointed bodies in a timely fashion.**

Comment:

There were 285 gubernatorial-appointed vacancies on various statewide boards, commissions, councils and other appointed bodies.

ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Office of the Governor and the Office of the Lieutenant Governor during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Laura Zhao



Laura Zhao
Associate Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
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