STATE OF CONNECTICUT

AUDITORS' REPORT
JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 2001

AUDITORS OF PUBLIC ACCOUNTS
KEVIN P. JOHNSTON ♦ ROBERT G. JAEKLE

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July 18, 2003

AUDITORS' REPORT
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FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 2001

We have examined the financial records of the Joint Committee on Legislative Management and those of the following commissions whose financial affairs were administered by that Committee:

Permanent Commission on the Status of Women
Commission on Children
Latino and Puerto Rican Affairs Commission
State Capitol Preservation and Restoration Commission
African-American Affairs Commission

Our examination covered the fiscal years ended June 30, 2000 and 2001. Financial statement presentation and auditing is done on a Statewide Single Audit basis to include all State agencies. This examination has been limited to assessing the Joint Committee on Legislative Management's, the Permanent Commission on the Status of Women's, the Commission on Children's, the Latino and Puerto Rican Affairs Commission's, the State Capitol Preservation and Restoration Commission's and the African-American Affairs Commission's compliance with certain provisions of financial related laws, regulations, contracts and grants, and evaluating the Committee's and related Commissions' internal control structure and procedures established to ensure such compliance. This report on our examination consists of the Comments, Condition of Records, Recommendations and Certification that follow.

COMMENTS

FOREWORD:

The Joint Committee on Legislative Management (JCLM) operates, generally, under the provisions of Title 2, Chapter 18a, Sections 2-71a through 2-71w of the General Statutes. It is responsible for the financial affairs of the General Assembly, including the coordination and management of legislative matters and the supervision and approval of legislative expenditures from all appropriations to the General Assembly, legislative commissions and legislative interim committees. It must review and approve budgetary requests of all legislative commissions, committees, and agencies, and coordinate the work of the General Assembly's standing committees. The Committee is required to assess ways and means to improve the legislative operation and to make improvements in the legislative organization, procedures, facilities and working conditions. It is also responsible for the maintenance, supervision and control of the State Capitol and the Legislative Office Building and grounds as well as for the undertaking of authorized capital projects involving the preservation and restoration of the State Capitol building.

Members of the Joint Committee on Legislative Management:

Under the provisions of Section 2-71a of the Connecticut General Statutes the membership of JCLM shall be as provided in the joint rules of the House of Representatives and the Senate. For the 2000 and 2001 sessions of the General Assembly such rules provide for 19 members to be appointed from the House of Representatives and 13 from the Senate. As of June 30, 2001, the Committee's membership was as follows:

- House Members:

  Co-Chairperson, Speaker, Moira K. Lyons
  Deputy Speaker, Melody A. Currey
  Deputy Speaker, Wade A. Hyslop, Jr.
  Deputy Speaker, Mary G. Fritz
  Majority Leader, David B. Pudlin
  Minority Leader, Robert M. Ward
  Deputy Minority Leader, Lawrence F. Cafero, Jr.
  Deputy Minority Leader, Brian J. Flaherty
  Representative Reginald G. Beamon
  Representative Richard O. Belden
  Representative Raymond V. Collins
  Representative William R. Dyson
  Representative Ruth C. Fahrbach
  Representative Robert D. Godfrey
  Representative Robert T. Keeley
  Representative John S. Martinez
  Representative Anne McDonald
  Representative Ernest E. Newton II
  Representative F. Philip Prelli

- Senate Members:

  Co-Chairperson, President Pro Tempore, Kevin B. Sullivan
  Chief Deputy President Pro Tempore, Alvin W. Penn
  Majority Leader, George C. Jepsen
  Minority Leader Louis C. DeLuca
  Assistant Minority Leader William A. Aniskovich
  Senator David J. Cappiello
  Senator Biaggio Ciotto
  Senator Joseph J. Crisco, Jr.
  Senator Judith G. Freedman
  Senator Thomas P. Gaffey
  Senator George L. Gunther
  Senator Martin M. Looney
  Senator Melodie Peters

Other members who served during the audited period were:

- House Members:

  Speaker Pro Tempore, Joan V. Hartley

- Senate Members:

  Senator M. Adela Eads
  Senator Eileen M. Daily

Michael L. Nauer served as Acting Executive Director from September 8, 1998 until December 31, 1999. D'Ann Mazzocca was appointed as the Executive Director, effective January 3, 2000 and continues to serve in that capacity.

Legislative Changes:

The following legislative action has impacted JCLM during the audited period.

Section 6 of Public Act 99-161, effective July 1, 1999, amended Section 2-71p, subsection (b) and (c), of the General Statutes by increasing the threshold at which JCLM is required to advertise purchases and sales from $10,000 to $50,000; it also increased the threshold at which JCLM can waive competitive purchasing from $1,000 to $10,000.

Section 4 of Public Act 01-106, effective July 1, 2001, amended Section 2-71p of the General Statutes, by clarifying and making permanent a pilot program established by Section 9 of Public Act 99-161 to award contracts for supplies, materials, equipment and contractual services on the basis of multiple criteria bids or proposals.

Section 7 of Public Act 00-231, effective January 3, 2001, as codified by Section 2-1h of the General Statutes, provides permanent full-time employees of the JCLM with one hour of compensatory time for each two hours of overtime worked.

Legislative Branch Commissions:

Through its administrative staff, the Committee supports the operations of all legislative committees and commissions and the various agencies of the legislative branch, except the Auditors of Public Accounts office. Within the budget for the Committee, provisions are made to fund the operations of all the committees and offices of the Legislature. Separate General Fund budgets were approved for the Auditors of Public Accounts, the Permanent Commission on the Status of Women, the Commission on Children, the Latino and Puerto Rican Affairs Commission and the African-American Affairs Commission. Also, the State Capitol Preservation and Restoration Commission maintains a balance of unspent funds previously transferred from State Capital Projects Funds. The statutory authorizations, general duties and membership of each of the Commissions are discussed under separate captions in the "Resume of Operations" section of this report.

RÉSUMÉ OF OPERATIONS:

General Fund:

General Fund receipts of the JCLM, primarily for rental payments from food service contractors, totaled $183,436 and $143,252 for the fiscal years ended June 30, 2000 and 2001. The decrease in receipts was primarily due to a decrease in nonfederal grants.

General Fund expenditures for JCLM operations totaled $46,082,045 and $46,027,913 during the 1999-2000 and 2000-2001 fiscal years, as summarized below. For comparative purposes, expenditures for the 1998-1999 fiscal year are also presented.

	1998-1999	1999-2000	2000-2001
Personal services	$26,480,427	$28,007,542	$29,869,153
Contractual services	13,327,366	15,807,888	12,645,092
Commodities	849,164	931,232	1,213,954
Sundry charges	23,331	19,628	25,475
Equipment	2,122,892	1,315,755	1,663,356
General Government Buildings	610,883		
Total	**$42,803,180**	**$46,082,045**	**$46,027,913**

General Fund expenditures increased approximately seven percent during the audited period. A nearly twelve percent increase in personal services expenditures was mainly due to: an increase in Legislator salaries of nearly thirty percent during each of the 1999-2000 and 2000-2001 fiscal years, an additional (27^{th}) pay period for the fiscal year ended June 30, 2000, and cost of living adjustments of two percent and three and one half percent during the 1999-2000 and 2000-2001 fiscal years. Contractual services decreased by approximately five percent during the audit period. Significant contractual services expenditures included EDP contractual services, fees for professional services, and printing and binding. Due to the completion of year 2000 upgrades during the 1999-2000 fiscal year, the EDP contractual services category decreased from $3,404,931 to $720,293 during the 1999-2000 and 2000-2001 fiscal years.

Permanent Commission on the Status of Women:

The Permanent Commission on the Status of Women operates under the provisions of Title 46a, Chapter 812, Sections 46a-1 to 46a-6 of the General Statutes. The duties of the Commission are to conduct an ongoing study of all matters concerning women. In furtherance of that responsibility the Commission shall: inform leaders of business, education, State and local governments, and the communications media of the nature and scope of the problem of sex discrimination, to enlist their support in working toward improvement; serve as liaison between government and private interest groups concerned with services for women; promote consideration of qualified women for all levels of government positions; and oversee coordination and assess programs and practices in all State agencies as they affect women. The membership of the Commission as of June 30, 2001, was as follows:

Cindy R. Slane, Chairperson
Senator Eric D. Coleman
Senator John A. Kissell
Representative Robert Farr

Representative Michael P. Lawlor
Mildred Bauzá
Marcia A. Cavanaugh
Ann M. Clark
Anne Dailey
Barbara DeBaptiste
Jann-Marie Halvorsen
Patricia Hendel
Sarah E. McGirr
Tanya Meck
Rosaida M. Rosario
Susan O. Storey
Patricia E, Whitcombe, M.D.

Others members who served during the audited period were:

Senator Thomas Upson
Senator Donald E. Williams, Jr.
Holly Abery-Wetstone
Anne R. Fornabi
Karen L. Giblin
Carmen I. Sierra

Leslie J. Brett served as Executive Director throughout the audited period.

General Fund expenditures of the Permanent Commission on the Status of Women totaled $632,338, $603,537, and $644,380 for the 1998-1999, 1999-2000, and 2000-2001 fiscal years, respectively. The increase in expenditures was primarily attributable to increases in personal services costs. Receipts amounted to $158,192, $129,154, and $149,180 during the three fiscal years, respectively. The decrease and subsequent increase in receipts were primarily attributable to changes in Federal and State grant activity. For additional comments regarding the Permanent Commission on the Status of Women see the "Condition of Records" and "Recommendations" sections of this report.

Commission on Children:

The Commission on Children operates under the provisions of Title 46a, Chapter 814d, Sections 46a-126 to 46a-149 of the General Statutes. The duties of the Commission are to review all matters concerning children. In furtherance of that responsibility the Commission shall: meet periodically with various State agencies and officials on any matter related to children and the delivery of services to children; meet with and be available to representatives of private providers of services to children, foster parents, and support groups to children, to understand their concerns regarding the provision for service to children; receive from individuals and departments identified above, requests for review and recommendations by the Commission on any matters related to children and the delivery of services to children; inform leaders of the business community, education community, State and local governments, and the communications media of the nature and scope of problems faced by children; serve as a liaison between government and private groups concerned with children; and review coordination and assess programs and practices in all State agencies as they affect children. The membership of the Commission as of June 30, 2001, was as follows:

Appointed members:

Laura Lee Simon, Chairperson
Senator Eric D. Coleman
Senator Toni N. Harp
Representative Mary Ann Handley
Representative Cameron C. Staples
Judith A. Busch, Esq.

Maryann Campbell
Joseph P. Clary
James P. Cordier
Mary K. Fox
Michael Helfgott
Carl Hooper
Walter Pawelkiewicz
Josh Piteo
Jay Bruce Sutay, M.D.
John P. Yrchik

Ex-officio members:

Kristine Ragaglia, Commissioner of Children and Families
Pat Wilson-Coker, Commissioner of Social Services
Peter H. O'Meara, Commissioner of Mental Retardation
Dr Joxel Garcia, Commissioner of Public Health
Theodore S. Sergi, Commissioner of Education
John J. Armstrong, Commissioner of Correction
Marc S. Ryan, Secretary of the Office of Policy and Management
Richard Blumenthal, Attorney General
Judge Joseph H. Pellegrino, Chief Court Administrator

Other members who served during the audited period were:

Senator Donald E. Williams, Jr.
Elizabeth A. Bozzuto, Esq.
Tamar H. MacFayden
John Raye, M.D.
Lawrence B. Rifkin
Ruth Rose
David Salce
Shirley West
Ex-officio, Judge Robert Leuba, Chief Court Administrator

Elaine Zimmerman served as Executive Director of the Commission throughout the audited period.

Expenditures for the Commission on Children amounted to $640,432, $577,469, and $597,398 for the fiscal years ended June 30, 1999, 2000, and 2001, respectively. A decrease in contractual services during the 1999-2000 fiscal year contributed to that year’s decrease in expenditures. Nearly a ten percent increase in personal services expenditures was primarily responsible for the increase in expenditures for the 2000-2001 fiscal year. Receipts amounted to $69,068, $48,922, and $85,000 for the 1998-1999, 1999-2000, and 2000-2001 fiscal years, respectively. These receipts are comprised primarily of private grants. For additional comments regarding the Commission on Children see the “Condition of Records” and “Recommendations” sections of this report.

Latino and Puerto Rican Affairs Commission:

The Latino and Puerto Rican Affairs Commission operates under the provisions of Title 2, Chapter 23d, Section 2-120 of the General Statutes. The duties of the Commission are to review and comment on any proposed State legislation and regulations that would affect the Latino and Puerto Rican populations in the State; advise and provide information to the Governor on the State's policies concerning the Latino and Puerto Rican communities; advise the Governor concerning the coordination and administration of State programs serving the Latino and Puerto Rican populations; maintain a liaison between the Latino and Puerto Rican communities and governmental entities; encourage Latino and Puerto Rican representation at all levels of State government, including State boards and commissions; secure appropriate recognition of the accomplishments and contributions of the Latino and Puerto Rican populations of the State; and prepare and submit to the Governor an annual report concerning its activities with any appropriate recommendations concerning the Latino and Puerto Rican populations in the State. The membership of the Commission as of June 30, 2001, was as follows:

Maritza Tiru, Chairperson
Ramon Aroyo
Manual Garcia
Elena de Murias
Dr. Julian Nieves III
Raul A. Rodriguez
Efrain Rosado
Americo L. Santiago
Ramon A. Serbia
Ivette Servera
Carlos M. Vazquez
Two Vacancies

Other members who served during the audited period were:

Rolando T. Martinez
Alma L. Maya
Lillian A. Tamayo
Fernando A. Comulada
Thomas Reyes

Fernando Betancourt served as Executive Director of the Commission throughout the audited period.

Expenditures for the Commission amounted to $263,203, $313,357, and $322,779 for the fiscal years ended June 30, 1999, 2000, and 2001, respectively. The increase in expenditures was primarily attributable to increases in contractual services. Receipts amounted to $13,745, $35,358, and $44,285 during the three fiscal years, respectively. The increase in receipts was primarily attributable to increases in private grants. For additional comments regarding the Latino and Puerto Rican Affairs Commission see the "Condition of Records" and "Recommendations" sections of this report.

State Capitol Preservation and Restoration Commission:

The State Capitol Preservation and Restoration Commission operates under the provisions of Title 4b, Chapter 60, Section 4b-60 of the General Statutes. It is responsible for undertaking a continuing review and study of the State Capitol building and grounds, to develop a master plan for the preservation and restoration of the Capitol. The membership of the Commission as of June 30, 2001, was as follows:

Reverend Joseph A. Devine, Chairperson
Jack Dollard
M. Adela Eads
Sharon S. Farrelly
Lorraine Guilmartin
Milton L. Howard
Representative Wade A. Hyslop
John Ruffalo III

Theodore R. Anson, Commissioner of Public Works, ex-officio
Three Vacancies

Other members who served during the audited period were:

Paul D. Abercrombie
John G. Matthews

The Commission had no receipts or expenditures during the audit period. For additional comments regarding the State Capitol Preservation and Restoration Commission see the "Condition of Records" and "Recommendations" sections of this report.

African-American Affairs Commission:

The African-American Affairs Commission operates under Title 2, Chapter 23e, Section 2-121 of the General Statutes. The Commission is charged with reviewing and commenting on proposed State legislation and regulations affecting the State's African-American population; encourage their representation in State government, advising and providing the Governor with information on State policies concerning them; advising the Governor on the coordination and administration of State programs serving them; maintaining a liaison between their communities and governmental entities; and preparing and submitting an annual report to the Governor regarding the Commission's activities and any appropriate recommendation regarding them. The membership of the Commission as of June 30, 2001 was as follows:

George S. Logan, Chairperson
Mustafa Abdul-Salaam
Jonathan Bruce
Lillie Crosby
Jacqueline Dickens
Constance B. Green
Sharon Ibrahim
Derrick T. McBride
Andrea Scott
Four Vacancies

Other members who served during the audited period were:

Chris Cloud
Calvin Dixon, Jr.
Trude Mero
Arthur L. Perry
Larry Reynolds
Ed Schmidt

Gerry Toney served as the Commission's Executive Director until January 6, 2000. James A Slaughter served from May 22, 2000 to March 1, 2002. Vanessa D. Burns was appointed on May 31, 2002 and continues to serve as Executive Director of the Commission.

As the Commission was created in 1997, it did not become fully operational until fiscal year 1999. As a result, receipts and expenditures steadily increased during the audit period. Expenditures of the Commission were $156,295, $192,140, and $297,206 for the fiscal years ended June 30, 1999, 2000, and 2001, respectively. Personal services expenditures contributed significantly to this increase in costs. Also, contractual services expenditures increased from approximately fifteen percent of total expenditures to approximately 27 percent during the audit period. Receipts amounted to $0, $4,225, and $19,239 for the fiscal years ended June 30, 1999, 2000, and 2001 and were comprised mainly of private grants. For additional comments regarding the African-American Affairs Commission see the "Condition of Records" and "Recommendations" sections of this report.

Connecticut Institute for Municipal Studies

The Connecticut Institute for Municipal Studies was a nonprofit corporation created by Public Act 92-16 that operated under Section 1-135 to 1-139 of the General Statutes. During the audited period, the organization was responsible for researching and analyzing certain issues relating to local governments and urban centers within the State. The membership of its board of directors as of June 30, 2001 was as follows:

Representative Richard O. Belden, Chairman
Susan E. Berkley Mendenhall
Michael S. Coyne
James J. Finley
Roger Goodnow
Gerald Gunderson
Sidney J. Holbrook
Andrea Jackson-Brooks
Edith Pestana
John D. Philbin
Paul C. Puzzo
Robert Rader
George J. Ritter
Maria Simao
George Springer
Senator Joseph J. Crisco, Jr.
Senator Robert L. Genuario
Senator Martin M. Looney
Senator William H. Nickerson
Representative William R. Dyson
Representative Anne McDonald
Representative Peter A. Metz

Other members who served during the audited period were:

Terry P. Cassidy
E. Frederick Petersen
Walter Shannon

Nicholas Carbone served as Executive Director of the Institute from the corporation's inception through October 15, 2001. Through executed contracts, he continued to serve the Institute as a part-time consultant until April 30, 2002.

JCLM provided annual funding of $125,000 to the Institute from its inception through June 30, 2002, representing approximately 55 percent of its total receipts during each of the fiscal years ended June 30, 2000 and 2001. Sections 8 and 9 of Public Act 02-140, codified as Sections 1-135 to 1-139a of the General Statutes, effective July 1, 2002, repealed the legislation that established the Institute and also provided for the transfer of the Institute's assets to the Central Connecticut State University's Institute for Municipal and Regional Policy. For additional comments regarding the Connecticut Institute for Municipal Studies see the "Condition of Records" and "Recommendations" sections of this report.

Program Evaluation

Section 2-90 of the General Statutes authorizes the Auditors of Public Accounts to perform program evaluations. As Article Second of the Constitution of the State of Connecticut provides for a separation of the powers of government into legislative, executive, and judicial, the commissions administered by the JCLM should only perform legislative branch functions. Legislative functions relate to the enactment of laws, while executive functions relate to the execution and administration of the laws. Our program evaluation reviewed two legislative commission's programs, Nontraditional Employment for Women and the Parent Leadership Training Institute, to determine whether they represented legislative or executive branch functions.

The Nontraditional Employment for Women (NEW) program is administered by the Permanent Commission on the Status of Women (PCSW) in collaboration with the Department of Labor and includes a pilot program to promote the employment of women in nontraditional careers. We were told that goals for the program include:

- Developing a model for educating women in nontraditional careers;
- Determining the types of discrimination faced by women in nontraditional careers;
- Evaluating the program's results at all levels: employee, education, union, and employer; and
- Satisfying PCSW's legal mandates.

Initially funding for direct services was provided solely through a grant from the Department of Labor to the PCSW. Recently, the Capital Region Workforce Development Board and Regional Workforce Development Board of Greater New Haven also provided funding. The Permanent Commission on the Status of Women's costs relate mainly to its administrative efforts. Section 46a-4 of the General Statutes generally requires the PCSW to conduct an ongoing study of all matters concerning women but does not include providing services. The administration of NEW does contribute to PCSW's ability to satisfy its general mandate although it also requires them to perform executive branch functions. For example, at no cost to participants, the PCSW, contracts for training, assists with job placement, and participates in employer mediation for approximately 20 women per year.

While the Permanent Commission on the Status of Women has direct control over the NEW program, the Parent Leadership Training Institute (PLTI) program, which is administered by the Commission on Children (COC), is currently operated by ten independent sites within Connecticut. The PLTI was designed in collaboration with the American Leadership Forum, Leadership Greater Hartford and the COC. The goals for the program include:

- Helping parents become the leaders they would like to be for children and families;
- Expanding the capacity of parents as change agents for children and families;
- Developing communities of parents within regions of the state that will support one another in skills development and successful parent action for children;

- Facilitating systems change for parental involvement with increased utilization of parents in policy and process decisions; and
- Increasing parent-child interactions and improving child outcomes through parent involvement.

Funding for direct program costs is each independent site's responsibility. The Commission on Children's costs relate mainly to its administrative efforts. Legislative mandates that are relevant to the PLTI are contained in Section 46a-129 of the General Statutes and include, in part: developing an understanding of the provision of services to children; informing various individuals and organizations of the nature and scope of problems faced by children; enlisting support in improving mandated services; serving as a liaison between government and private groups; and reviewing coordination and assessing programs and practices in all State agencies. This enabling legislation does not provide for services that would generally be considered an executive branch function. Although the input of parents involved in the program provides the COC with information useful in achieving its mandates, in its role, it does perform certain executive branch functions. For example, the Commission on Children provides, among other things, technical assistance for program development, assistance with fund raising, curriculum development, teacher training and certification, and annual graduation ceremonies.

During 1997, the Commission on Children partnered with the Connecticut Institute for Municipal Studies (CIMS) to provide, in part, a nonprofit custodian for PLTI funds. A fee was charged for these services. (CIMS was discussed previously in the Résumé of Operations section of this report.) Upon CIMS dissolution in 2002, unspent grant funds, not earmarked for independent sites, were deposited to a General Fund account, restricted for the PLTI. Based on documentation provided by the Commission on Children, we were unable to determine whether these funds should have originally been deposited to the State account. Currently, independent sites are responsible for their own financial accounts.

Although the NEW and PLTI programs both include functions that could be considered appropriate to the executive branch, the two Commissions' administration of these programs appears to be appropriate. Those functions that appear to be related to the executive branch are mainly funded with non-legislative funds. In addition, the majority of the two Commissions' costs relating to the NEW and PTLI programs directly result in increased beneficial knowledge relative to their legislative mandates.

CONDITION OF RECORDS

Our review of the financial records and related operations of the Joint Committee on Legislative Management (JCLM), the Permanent Commission on the Status of Women, the Commission on Children, the Latino and Puerto Rican Affairs Commission, the State Capitol Preservation and Restoration Commission, and the African-American Affairs Commission disclosed some areas requiring improvement, which are discussed below.

Property Control:

Criteria: Section 4-36 of the General Statutes requires agencies to maintain inventory records as prescribed by the State Comptroller and to report annually to the State Comptroller the agency's inventory balances as of June 30.

JCLM has indicated that, since the State Comptroller's Property Control Manual represents good business practice, it intends to comply with its relevant policies and procedures. The Manual requires each State agency to provide for complete accountability and safeguarding of assets by establishing and maintaining an adequate and accurate property control record system. This includes tagging items, performing annual physical inventories that are reconciled to property control records, and requiring individuals permitted to remove equipment from the premises to acknowledge their responsibility through a written loan agreement for theft or other cause/damage to the equipment.

Section 4-33a of the General Statutes requires agencies to notify the State Comptroller and Auditors of Public Accounts immediately of all losses/damage to State property upon discovery.

Condition: JCLM's annual inventory report to the State Comptroller, as of June 30, 2001, reported adjustments that were the result of the very first comprehensive physical inspection completed by JCLM. Written documentation of this inspection does not adequately support that it was complete and reconciled with inventory records. We were told that items noted as missing by this physical inventory were not reported to the State Comptroller or Auditors of Public Accounts. Due to the lack of documentation, we were unable to readily determine the value of these missing items. Our review also noted that although control over equipment leased through operating leases is maintained by JCLM, their cost of approximately $2,000,000 was excluded from both the June 30, 2000 and 2001, reports to the State Comptroller. Our physical inspection of 39 items noted that fifteen were not tagged and items such as electronic organizers and laptop computers were distributed to employees without obtaining signed loan agreements.

Effect: The above weaknesses in internal control may result in misstated inventory values and/or undetected losses.

Cause: Although JCLM has made significant improvements to property controls during the audited period, additional improvements are necessary. Specific causes for the individual conditions were not determined.

Recommendation: JCLM should continue to improve controls over State property as outlined by the State Comptroller's Property Control Manual in accordance with Sections 4-33a and 4-36 of the General Statutes (See Recommendation 1.)

Agency Comments: "The Office of Legislative Management (OLM) has made significant improvements in its property control system since the last audit. Most of these improvements began with the physical inventory taken during fiscal year 01-02 and are not reflected in the current audit report. During the latest inventory an electronic scanner was utilized to inventory the equipment and a central database was created. This physical inventory was reconciled to the property records. Since this was the first comprehensive physical inventory that was tied to a central database, items missing were not reported lost since there was still some concern on the real status of equipment from previous fiscal years. The Office of Legislative Management will complete a second comprehensive physical inventory during the period April to June 2003 and will report any lost items in one comprehensive report. This will then establish an inventory base with all previous concerns resolved. The CO-59 report for fiscal year 02-03 will reflect the leased value of ITS equipment."

Noncompliance with Commission Reporting and Meeting Requirements:

Criteria: Annual reporting and meeting requirements for the Commissions are established in the General Statutes and Commission bylaws as follows:

a) Latino and Puerto Rican Affairs Commission: Section 2-120, subsection (c)(7) of the General Statutes requires the Commission to annually report to the Governor its activities and recommendations.

b) African-American Affairs Commission: Section 2-121, subsection (b)(7) of the General Statutes requires the Commission to annually report to the Governor its activities and recommendations. Section 2-121 also states that any Commissioner absent from three consecutive meetings shall be deemed to have resigned from the Commission, effective immediately.

c) Minority Business Enterprise Review Committee: Section 4a-62 of the General Statutes requires the Committee to report annually, by February first, to JCLM on the results of its ongoing study.

d) Permanent Commission on the Status of Women: Section 46a-4 of the General Statutes requires the Commission to report annually, by February fifteenth, to the Governor and General Assembly, the results of its findings and recommendations.

e) Commission on Children: Bylaws of the Commission require a quorum of nine members for binding Commission action. Also, in the event a Commissioner misses three consecutive meetings, the bylaws require that the Commissioner be asked to resign.

f) State Commission on Capitol Preservation and Restoration: Section 4b-60, subsection (a), of the General Statutes requires the Commission to meet at least quarterly.

Section 1-225 of the General Statutes requires that legislative offices, among others, file with the Office of the Secretary of State its schedule of regular meetings for the ensuing year, by January thirty-first of each year.

Condition: We noted that some of the Commissions failed to comply with their reporting and meeting requirements during the fiscal years ended June 30, 2000 and 2001.

Reporting requirements: The Minority Business Enterprise Review Committee and the African-American Affairs Commission did not submit annual reports during the audited period. The Permanent Commission on the Status of Women's 2000 and 2001 annual reports were filed four months and thirteen months late, respectively. Also, the Latino and Puerto Rican Affairs Commission's 2001 annual report was not filed until November 2002.

Meeting requirements: The Minority Business Enterprise Review Committee did not meet during the audited period. The State Commission on Capitol Preservation and Restoration only met once during the audited period and has not filed a schedule of its meetings with the Secretary of State. Since July 2000, the Commission on Children has met 12 times but only reached a quorum once. Although they did not reach a quorum, they continued to approve the prior meetings' minutes and voted to elect board members. Two Commission members of the African-American Affairs Commission, deemed to have resigned as a result of failing to attend three consecutive meetings, continued to serve the Commission without being reappointed.

Effect: Commissions whose boards fail to comply with meeting and reporting requirements may not be able to effectively meet their legal mandates.

Cause: Turnover in the African-American Affairs Commission's Executive Director's position may have contributed to its lack of reporting. The Commission on Children's failure to reach a quorum is due, in part, to its bylaws that require a quorum greater than a majority. We were unable to determine the causes for the other reported conditions.

Recommendation: The Commissions under JCLM should comply with all meeting, appointment, and reporting requirements mandated by the General Statutes and Commission bylaws. (See Recommendation 2.)

Agency Comments: "The State Capitol Restoration and Preservation Committee meets only on an as needed basis since the restoration of the Capitol was completed. Therefore, there is no set meeting schedule to file with the Secretary of State. The executive directors of the various legislative commissions will be reminded of their responsibility to submit annual reports on a timely basis and to hold meetings in accordance with their mandates."

Auditor's Concluding Comments: The State Capitol Restoration and Preservation Committee should meet in accordance with Section 4b-60, subsection (a), of the General Statutes that requires it to meet at least quarterly. Accordingly, a meeting schedule should be filed with the Secretary of State.

Overpayments, Inappropriate Payments, and Payment Processing:

Criteria: Section 3-117, subsection (a) of the General Statutes provides, in part, that each claim against the State exceeding $25 be supported by vouchers or receipts that provide a detailed account specifying the day when and purpose for which expenses were incurred.

Since bid specifications and contract terms and conditions represent legal obligations, they should be enforced for the duration of the contract or until a proper contract amendment is approved.

Condition: Our test of expenditures totaled approximately $1,250,000 and included nearly $900,000 of redistricting expenditures occurring in the fiscal years ended June 30, 1999, 2000, 2001, and 2002. The remaining transactions tested occurred during the audit period in the fiscal years ended June 30, 2000 and 2001. We noted that overpayments have occurred as a result of the following failures to comply with laws and good business practices. We were told that JCLM has requested either additional supporting documentation or the return of approximately $21,000 from personal services contractors as a result of this audit.

1) Inadequate Supporting Documentation: Payments totaling approximately $89,900, lacked adequate supporting documentation.
   - One payment was for a $1,225 meal that included neither a list of the individuals in attendance nor the meeting's precise purpose.
   - JCLM made payments totaling approximately $83,000 for personal services under redistricting contacts. Although the contracts specified payment limits for individual cost centers, the supporting payment documentation did not provide JCLM with sufficient information to determine whether or not the limits were exceeded. Based on our review and subsequent documentation, it did not appear that the cost center limits were exceeded.
   - The remaining payments related mainly to travel reimbursements for personal services contractors.
2) Unallowable Payments: Payments to personal services contractors totaling approximately $14,800 were unallowable as they were either for services occurring outside the contract period; services billed at the incorrect rate; or charges not allowable under JCLM's contract.
3) Lack of Change Orders: We were told that changes to the scope of redistricting contractual services were not documented by written change orders and that such changes had no effect on the contract's original cost.
4) Failure to Verify Contract Compliance: Although redistricting contracts required prior written approval of travel itineraries and costs and also required that contractors return all data to the caucuses upon completion of the contract, JCLM did not enforce compliance with these requirements prior to making payments.

Effect: The above practices resulted in improper payments.

Cause: JCLM failed to thoroughly review invoices for adequate supporting documentation and contract compliance.

Recommendation: JCLM should obtain adequate supporting documentation to determine contract compliance prior to processing payments in accordance with Section 3-117, subsection (a), of the General Statutes. (See Recommendation 3.)

Agency Comments: "A letter of justification regarding the undocumented meal payments was received and provided to the auditor during the audit process. OLM determined as part of the redistricting process that requiring billing from the vendor directly related to the original tasks in the redistricting contract was not easily accomplished. It was not felt that a contract modification was required since no terms of the tasks to be performed were changed. Of the $14,800 cited as unallowable, the agency has taken action to collect $5,651. Additional steps will be taken to ensure complete contract compliance on future contracts."

Grant Management:

Criteria: Proper administrative control over grants requires an organization to have a planned system of operation, with established standards and priorities. The State Single Audit Act requires in part, that nonprofit agencies have an audit completed in accordance with Sections 4-230 to 4-236 of the General Statutes.

Condition: Annually, JCLM distributed appropriations of $125,000 earmarked for the Connecticut Institute for Municipal Studies, a quasi-governmental nonprofit corporation. Such funds were distributed without grant agreements, reporting requirements, or any grant monitoring. Also, although independent public accountants audited the grantee annually, only as a result of our questions did its final audit, upon dissolution, comply with State Single Audit requirements.

Effect: Upon the nonprofit's dissolution, we were unable to determine whether unexpended grant funds were included in the nearly $100,000 that was transferred to Central Connecticut State University in accordance with Section 1-139a of the General Statutes.

Cause: We were told that since the legislature appropriated the funds specifically for the nonprofit, JCLM did not consider the disbursements to be grants.

Conclusion: As the above condition appears to be isolated to the appropriations that ended during the 2002 fiscal year, we are not presenting a recommendation at this time.

Purchasing:

Criteria: Section 2-71p, subsection (a) of the General Statutes prohibits a competitive bid from including negotiation of prices while a competitive negotiation allows for changes to the proposal and prices. According to subsection (g)(3), JCLM should select the contractor whose proposal is the most advantageous to the department.

Condition: Our review of JCLM's procedures for selecting equipment vendors noted that in two cases, the JCLM may have treated competitive bids as competitive negotiations. It solicited prices for multiple items under a single competitive bid. In order to award the contract to the lowest bidder for each item, it split the purchase between multiple vendors. Although prices and terms were not negotiated, by splitting the purchases up, the transactions no longer occurred as the clear result of competitive bidding and could have been considered a competitive negotiation.

Effect: The competitive nature of the bid solicitations may have been compromised.

Cause: JCLM was using its standard bid form for all purchases, even those that it treated as competitive negotiations.

Recommendation: JCLM should implement policies and procedures that appropriately solicit either bids or proposals based on the type of purchase to be made. (See Recommendation 4.)

Agency Comments: "Legislative Management does not agree with the interpretation by the auditor. The mere fact that a bid was awarded to more than one bidder based on specific line items, is not treating the process as a competitive negotiation. Some of Legislative Management's competitive bids specifically state that award may be made on a line item basis. ..."

Auditor's Concluding Comments: Due to the complexity of these purchases, competitive negotiations should have been solicited. This would have provided the necessary flexibility without raising questions regarding the competitive nature of the purchase.

Hiring Practices:

Criteria: Section 2-71b of the General Statutes requires, in part, that JCLM establish personnel policies, guidelines and regulations. Section 1.1 (2) of the Connecticut General Assembly's Employee Handbook indicates that this duty has been delegated to the Personnel Policies subcommittee. Also, section 4.1 (3) further delegates the authority to appoint caucus and sessional staff to the legislative leader of each major political party.

According to section 12 of the handbook, regular employees are eligible for medical benefits while sessional employees have the option to purchase such coverage at the State's group rate. The Connecticut State Employees Retirement System for Tier II members indicates that an employee may be eligible for medical benefits at retirement only if they were eligible for such benefits immediately prior to transitioning into retirement.

Condition: We found that the caucuses rehired three long-term sessional employees as regular employees shortly before their retirement. This resulted in their eligibility for retirement medical benefits that they would not have otherwise been eligible to receive. The lengths of regular service that resulted in this eligibility was between two and six months.

Effect: The above employees may have received benefits in excess of what was intended by Statute and the JCLM's Personnel Policies subcommittee.

Cause: These sessional employees appear to have been hired in regular positions to provide them with additional retirement benefits.

Recommendation: Legislative leaders should avoid hiring sessional staff in regular positions when the intent is solely to extend retirement benefits in addition to those available through the original position. (See Recommendation 5.)

Agency Comments: JCLM has elected not to respond to this recommendation.

Petty Cash Fund:

Criteria: JCLM has indicated that, since the Comptroller's State Accounting Manual represents good business practice, it intends to comply with its relevant policies and procedures. The Manual indicates that petty cash funds are intended to facilitate purchases of small, but necessary operating items, generally not to exceed $50. Procedures outlined by the Manual require that:

- Within five working days after their return from travel, employees receiving advances must submit a completed employee voucher form, along with proper supporting documentation,
- Documentation of transactions should include proper approval and supporting documentation,
- A cash count should be performed as part of monthly fund examinations, and
- A Petty Cash Fund report, detailing the status of the fund as of April 30, should be filed annually by May 31.

Condition: Our sample of 25 petty cash disbursements included 12 travel advances. We found that employee voucher forms for eight of the twelve were submitted between two days and twenty-five weeks late; two travel advances were not dated; and two travel advances did not have documentation of proper approvals on file. We also found a $1,225 reimbursement that should have been processed through normal reimbursement procedures. This payment's lack of adequate supporting documentation is also discussed in our finding, *Overpayments, Inappropriate Payments, and Payment Processing.*

Our review of petty cash fund management also noted that reconciliations were not performed for thirteen out of the 24 months in the 1999-2000 and 2000-2001 fiscal years and the annual Petty Cash Fund report due by May 31, 2000, was filed on July 11, 2000, forty-one days late.

Effect: JCLM has not fully complied with the State Comptroller's Petty Cash Fund procedures.

Cause: We were unable to determine the causes for these failures to comply.

Recommendation: JCLM should administer its Petty Cash fund in compliance with the Comptroller's State Accounting Manual. (See Recommendation 6.)

Agency Comments: "JCLM has taken steps to improve the management of the Petty Cash Account. This account is now balanced on a monthly basis; purchases require appropriate documentation and the annual report for fiscal year 2001 and 2002 were filed on a timely basis. The Financial Administrator, on a case-by-case basis, approves any use of the petty cash account above the $50 threshold."

Late Deposits:

Criteria: Section 4-32 of the General Statutes requires receipts of $500 or more to be deposited within 24 hours and receipts less than $500 within seven calendar days.

Condition: In our sample of 30 deposits, we noted eight checks that were deposited up to three days late. Also, JCLM discovered excess funds from a travel advance, totaling $67, in a desk drawer and deposited it 20 months late. On December 31, 2002, we reported the above to the Governor and other State Officials.

Effect: The above incidents are violations of Section 4-32 of the General Statutes.

Cause: The $67 late deposit would have been detected sooner if JCLM had promptly investigated the related outstanding travel advance. We were unable to determine the cause of the remaining late deposits.

Recommendation: JCLM should comply with Section 4-32 of the General Statutes when depositing monies. (See Recommendation 7.)

Agency Comments: "The agency makes every attempt to deposit funds within the proper timeframe. Often the problems result from collection by the Legislative Commissions for various programs they sponsor. They have been reminded of the importance of the timely handling of the receipts. As to the incident involving the $67, this was reported by the agency when it was discovered as is required by statutes."

Reconciliation of Cash Receipts:

Criteria: Accepted internal controls dictate that agency records be reconciled periodically. Specifically, reconciliations between the JCLM's receipts records and those of the State Comptroller should be performed monthly, throughout the fiscal year.

Condition: We noted that only approximately 58 and 72 percent of fiscal year 2000 and 2001 reconciliations, between the State Comptroller and JCLM receipts records were completed monthly.

Effect: JCLM failed to obtain timely assurance of the proper accounting of receipts.

Cause: We were unable to determine why some reconciliations were not performed.

Recommendation: JCLM should reconcile its receipts records to the State Comptroller's records monthly. (See Recommendation 8.)

Agency Comments: "Legislative Management has taken action to reconcile cash receipts with the Comptroller on a monthly basis."

Accounts Receivable:

Criteria: JCLM has indicated that, since the Comptroller's State Accounting Manual represents good business practice, it intends to comply with its relevant policies and procedures. This Manual prescribes policies and procedures for accounts receivable records management, including that those records should be accurate and complete. Good business practices over accounts receivable include maintaining accounting records that include separate records of the original transaction and any subsequent debits and credits. Also, collection efforts should be documented. Reconciliations between accounting records should be performed as applicable.

Condition: During the fiscal years ended June 30, 2000 and 2001, JCLM's policies and procedures over accounts receivable were weak. There were no internal controls to prevent or report changes to original invoices after they were issued. Accounts receivable that were written-off were accounted for by deleting the original invoice, thereby eliminating the accounting record of both the original transaction and the write-off. Although accounting for such written-off accounts was not proper, JCLM did maintain copies of the original invoice and the write-off. We were unable to determine the sufficiency of JCLM's collection efforts, as complete records were not maintained. Also, JCLM maintained duplicate accounts receivable records that it did not reconcile with each other. We were unable to reconcile these records.

Effect: A weakness in controls over accounts receivable could lead to a loss of revenue.

Cause: The JCLM did not implement adequate controls over accounts receivable.

Recommendation: JCLM should comply with the Comptroller's State Accounting Manual's policies and procedures for maintaining accounts receivable records. (See Recommendation 9.)

Agency Comments: "The agency has updated the accounts receivable procedures, documented collection actions and established new reporting requirements. Duplicate records have been eliminated. All write-offs are now accomplished following established procedures."

RECOMMENDATIONS

Our prior auditors' report on the Joint Committee on Legislative Management (JCLM) contained five recommendations. Of the five recommendations, one has been implemented or otherwise resolved and four have been restated and/or repeated herein as current audit recommendations.

Status of Prior Audit Recommendations:

- JCLM should strengthen its controls over fixed assets and subsequent recordkeeping to ensure accurate reporting and control of assets, and conduct an annual physical inventory as required by the State of Connecticut's Property Control Manual. As JCLM began conducting annual physical inventories during the 2001 fiscal year, only the remainder of this recommendation will be repeated as Recommendation 1.

- The Minority Business Enterprise Review Committee, the Commission on Capitol Preservation and Restoration, and the African-American Affairs Commission should submit annual reports as required by the General Statutes; and the Commission on Capitol Preservation and Restoration should meet at least quarterly as required. Our audit found continuing failures by Commissions to comply fully with the recommendation, therefore it is being restated as Recommendation 2.

- JCLM should develop procedures to assure compliance with accounting records retention requirements of the State Library, Office of Public Records Administration. As JCLM has implemented a temporary policy to retain all records and since our current audit did not note any missing records, this recommendation will not be repeated.

- Accounts receivable controls should be strengthened to provide for accountability and to ensure compliance with laws and regulations. This recommendation is repeated as Recommendation 9.

- JCLM should take action to ensure compliance with the State Comptroller's Petty Cash Fund procedures and JCLM administrative regulations. This recommendation is repeated as Recommendation 6.

Current Audit Recommendations:

1. **JCLM should improve its controls over State property as required by the State Comptroller's Property Control Manual in accordance with Sections 4-33a and 4-36 of the General Statutes.**

   Comment:

   JCLM failed to fully document and reconcile its physical inventory, it did not report inventory losses to the Auditors of Public Accounts and State Comptroller, it omitted leased equipment from its report to the State Comptroller, did not tag all items, and did not require employees to acknowledge in writing, their responsibility for portable equipment in their possession.

2. **The Commissions and Committees under JCLM should comply with all meeting, appointment, and reporting requirements mandated by the General Statutes and Commission bylaws.**

   Comment:

   We found that some Commissions did not file reports in compliance with the General Statutes. Some Commissions also did not meet in accordance with their mandates, one did not file its meeting schedule with the Secretary of the State and another regularly voted without a quorum. Not all members who failed to meet minimum attendance requirements of yet another Commission were asked to resign in accordance with that Commission's bylaws.

3. **JCLM should obtain adequate supporting documentation to determine contract compliance prior to processing payments in accordance with Section 3-117, subsection (a), of the General Statutes.**

   Comment:

   Our sample found weaknesses in JCLM's review of payments for adequate supporting documentation and contract compliance that resulted in overpayments to personal services contractors.

4. **JCLM should implement policies and procedures that appropriately solicit either bids or proposals based on the type of purchase to be made.**

   Comment:

   Although items were apparently purchased from the lowest qualified bidder, JCLM may have compromised the competitive nature of its purchases by using its bid form for all purchases, regardless of the competitive nature of the transaction.

5. **Legislative leaders should avoid hiring sessional staff in regular positions when the intent is solely to extend retirement benefits in addition to those available through the original position.**

   Comment:

   JCLM may have hired sessional employees in regular positions intending to provide them with additional retirement benefits.

6. **JCLM should administer its Petty Cash Fund in compliance with the Comptroller's State Accounting Manual.**

   Comment:

   JCLM did not comply with policies and procedures over travel advances; it did not perform monthly cash counts; and filed its Annual Petty Cash Fund report due May 31, 2000, forty-one days late. It also used petty cash funds to process a reimbursement that should have been processed through normal reimbursement procedures.

7. **JCLM should comply with Section 4-32 of the General Statutes when depositing monies.**

   Comment:

   In a sample of thirty checks, seven were deposited late. An eighth late deposit was noted as part of our Petty Cash testing.

8. **JCLM should reconcile its receipts records to the State Comptroller's records monthly.**

   Comment:

   JCLM did not consistently complete monthly reconciliations with the State Comptroller's receipts records.

9. **JCLM should comply with the Comptroller's State Accounting Manual's policies and procedures for maintaining accounts receivable records.**

   Comment:

   JCLM's accounting records do not provide a complete record of accounts receivable credits, debits, and write-offs. Also, JCLM did not document its collection efforts and accounts receivable records were not reconciled.

CERTIFICATION

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Joint Committee on Legislative Management for the fiscal years ended June 30, 2000 and 2001. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations and contracts and grants, and to understanding, and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the Joint Committee on Legislative Management for the fiscal years ended June 30, 2000 and 2001, are included as part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

Because we are not organizationally independent with respect to the Joint Committee on Legislative Management, our audit was not performed in accordance with the general standards for conducting financial related audits under generally accepted government auditing standards. However, we did apply the field work standards for financial audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Joint Committee on Legislative Management complied in all material or significant respects with the provisions of the certain laws, regulations, contracts and grants and obtain a sufficient understanding of the internal control structure to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

CONCLUSION

We wish to express our appreciation for the cooperation and courtesies extended to our representatives by the personnel of the Joint Committee on Legislative Management during this examination.

Ramona M. Weingart
Associate Auditor

Approved:

Kevin P. Johnston	Robert G. Jaekle
Auditor of Public Accounts	Auditor of Public Accounts