

STATE OF CONNECTICUT



*AUDITORS' REPORT
OFFICE OF THE LIEUTENANT GOVERNOR
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 and 2012*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

Table Of Contents

| | |
|--|---|
| INTRODUCTION | 1 |
| COMMENTS | 1 |
| FOREWORD: | 1 |
| Legislative Changes:..... | 2 |
| RÉSUMÉ OF OPERATIONS: | 2 |
| OTHER MATTERS: | 3 |
| Subsequent Event: | 3 |
| CONDITION OF RECORDS | 4 |
| RECOMMENDATIONS | 5 |
| INDEPENDENT AUDITORS' CERTIFICATION | 6 |
| CONCLUSION | 8 |

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

July 15, 2013

**AUDITORS' REPORT
OFFICE OF THE LIEUTENANT GOVERNOR
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 and 2012**

We have examined the financial records of the Office of the Lieutenant Governor for the fiscal years ended June 30, 2011 and 2012. This report on that examination consists of the Comments, Recommendations and Certification that follow.

Financial statement presentation and auditing of the books and accounts of the state are presented on a Statewide Single Audit basis to include all state agencies, including the Office of the Lieutenant Governor. This audit has been limited to assessing compliance with certain provisions of financial related laws, regulations, and contracts, and evaluating certain internal control policies and procedures established to ensure such compliance.

The Department of Administrative Services (DAS) provided accounting, purchasing, payroll and personnel services for the Office of the Lieutenant Governor during the audited period. It has performed these functions for the Office of the Lieutenant Governor since January of 1995. The scope of our audit did not extend to the evaluation of the relevant controls at DAS.

COMMENTS

FOREWORD:

The Office of the Lieutenant Governor operates under the provisions of Article Fourth of the Constitution of the State of Connecticut. Michael Fedele served as the Lieutenant Governor during the first six months of the period under review. He was succeeded by Nancy Wyman, who was sworn in on January 5, 2011. Under Section 3-2 of the General Statutes, the annual salary of the Lieutenant Governor is \$110,000.

Legislative Changes:

Notable legislative changes, which took effect during the audited period, are presented below:

Public Act 11-58 Sec. 13 (b) - Effective July 1, 2011, P.A. 11-58 established, within the Office of the Lieutenant Governor, the Office of Health Reform and Innovation. The Special Advisor to the Governor on Healthcare Reform, the Lieutenant Governor, shall direct the activities of Office of Health Reform and Innovation.

Public Act 11-58 Sec. 14 (a) - Effective July 1, 2011, P.A. 11-58 established, within the Office of the Lieutenant Governor, the SustiNet Health Care Cabinet for the purpose of advising the Governor and the Office of Health Reform and Innovation.

Public Act 11-61 Sec. 67 - Effective July 1, 2011, P.A. 11-61, increases the appropriation to the Office of the Lieutenant Governor to include the four additional positions and funding for the creation of the Office of Health Reform and Innovation within the Office of the Lieutenant Governor.

RÉSUMÉ OF OPERATIONS:

There were no General Fund cash receipts during the fiscal years ended June 30, 2011 and 2012. Non-federal grant receipts, relating to the CT Health Foundation Grant, totaled \$0 and \$52,500 for the fiscal years ended June 30, 2011 and 2012, respectively. Federal grant receipts, relating to the State Planning and Establishment Grant for the Affordable Care Act, totaled \$0 and \$20,000 for the fiscal years ended June 30, 2011 and 2012, respectively.

General Fund expenditures totaled \$505,489 and \$764,673 for the fiscal years ended June 30, 2011 and 2012, respectively. A comparison of General Fund expenditures during the audited period is presented below:

| | <u>Fiscal Year Ended June 30,</u> | |
|---|--|-------------------------|
| | <u>2011</u> | <u>2012</u> |
| Personal Services and Employee Benefits | \$475,419 | \$739,459 |
| Purchased and Contracted Services | 30,070 | 25,214 |
| Total General Fund Expenditures | <u>\$505,489</u> | <u>\$764,673</u> |

In fiscal year 2012, within the Office of the Lieutenant Governor, the Office of Health Reform and Innovation was established. Consequently, from fiscal year 2011 to fiscal year 2012, full-time employees increased from five to nine, and total General Fund expenditures increased by \$259,184, an increase of approximately fifty-one percent. Purchased and Contracted Services included such items as motor vehicle rentals and fuel, cellular communication services, printing and binding, and general office supplies.

Federal and Other Restricted Fund expenditures totaled \$0 and \$20,701 for the fiscal years ended June 30, 2011 and 2012, respectively. Of the fiscal year 2012 Federal and Other Restricted Fund expenditures, \$15,250 were federal expenditures and \$5,451 were non-federal, restricted expenditures, expended by the Office of the Lieutenant Governor for the Office of Health Reform and Innovation.

Capital Equipment Purchase Fund expenditures totaled \$1,241 and \$3,489 for the fiscal years ended June 30, 2011 and 2012, respectively.

OTHER MATTERS:

Subsequent Event:

In fiscal year 2013, employees within the Office of Health Reform and Innovation left state service, and the positions were not refilled. During the General Assembly's January 2013 Session, the Governor's Bill No. 6354 proposed the repeal of the Office of Health Reform and Innovation. Public Act 13-247 includes language repealing the Office of Health Reform and Innovation.

CONDITION OF RECORDS

Our review of the Office of the Lieutenant Governor for the fiscal years ended June 30, 2011 and 2012 did not reveal any areas that require corrective action.

RECOMMENDATIONS

Our prior report on the Office of the Lieutenant Governor covered the fiscal years ended June 30, 2008, 2009 and 2010. There were no recommendations as a result of the prior audit.

Current Audit Recommendations:

Our current audit did not reveal any areas that require comment.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes, we have audited the books and accounts of the Office of the Lieutenant Governor for the fiscal years ended June 30, 2011 and 2012. This audit was primarily limited to performing tests of the office's compliance with certain provisions of laws, regulations, contracts and grant agreements and to understanding and evaluating the effectiveness of the office's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grant agreements applicable to the office are complied with, (2) the financial transactions of the office are properly initiated, authorized, recorded, processed, and reported on consistent with management's direction, and (3) the assets of the office are safeguarded against loss or unauthorized use. The financial statement audits of the Office of the Lieutenant Governor for the fiscal years ended June 30, 2011 and 2012 are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Office of the Lieutenant Governor complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grant agreements and to obtain a sufficient understanding of the internal controls to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Internal Control over Financial Operations, Safeguarding of Assets and Compliance:

Management of the Office of the Lieutenant Governor is responsible for establishing and maintaining effective internal control over financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts and grants. In planning and performing our audit, we considered the Office of the Lieutenant Governor's internal control over its financial operations, safeguarding of assets, and compliance with requirements as a basis for designing our auditing procedures for the purpose of evaluating the office's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grant agreements, but not for the purpose of providing an opinion on the effectiveness of the office's internal control over those control objectives. Accordingly, we do not express an opinion on the effectiveness of the Office of the Lieutenant Governor's internal control over those control objectives.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct on a timely basis, unauthorized, illegal or irregular transactions, or breakdowns in the safekeeping of any asset or resource. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions and/or material noncompliance with certain provisions of laws, regulations,

contracts, and grant agreements that would be material in relation to the Office of the Lieutenant Governor's financial operations will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance with requirements was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the Office of the Lieutenant Governor's financial operations, safeguarding of assets, or compliance with requirements that we consider to be material weaknesses, as defined above.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Office of the Lieutenant Governor complied with laws, regulations, contracts and grant agreements, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the office's financial operations, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of office management, the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited.

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Office of the Lieutenant Governor and the Department of Administrative Services during the course of our examination.



John Harrison
Auditor I

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts