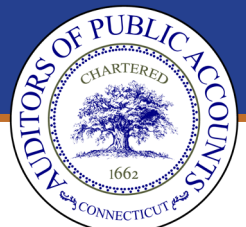




2023

ANNUAL REPORT

to the Connecticut General Assembly



ctauditors.gov

STATE OF CONNECTICUT
Auditors of Public Accounts

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CLARK J. CHAPIN

January 31, 2024

Members of the General Assembly:

We hereby submit our annual report on the operations of the office of the Auditors of Public Accounts (APA) in accordance with Section 2-92 of the Connecticut General Statutes.

In 2023, our office continued to achieve a high level of productivity in the wake of several years of challenges and necessary changes, including the COVID-19 pandemic, unprecedented retirements, management and staff restructuring, and the addition of many needed resources, all while implementing many enhancements in information technology and communications. Despite these challenges and changes, we issued 45 reports in 2023.

During the past year, our management team continued to find new ways to make our office more efficient and enhance the professional reputation the APA continues to enjoy. Our achievements are described in Section I of this report. General information on the operations of our office also appears in that section.

Pursuant to the provisions of Section 2-92 of the General Statutes, this report usually includes recommendations in Section II for your consideration during the upcoming legislative session. Thank you for passing legislation that implemented 39 of our past recommendations since 2017. While we did not present any formal recommendations this year, we included one technical correction for your consideration.

Occasionally, we are asked, "Who audits the auditors?" Generally Accepted Government Auditing Standards (GAGAS) mandate that governmental audit organizations have an external quality control review assessment, known as a peer review, every three years. To comply with this requirement, our office participates in the peer review program administered by the National Association of State Auditors, Comptrollers and Treasurers (NASACT). Under this program, NASACT provides a team of qualified government auditors from other states as well as the federal government to conduct a review of our quality control procedures. NASACT selects the teams from a pool of volunteer auditors that each participating state audit organization is obligated to provide.

The peer review team completed our most recent peer review during August of 2022, which covered the one-year period of July 1, 2021 through June 30, 2022. This team examined our quality control procedures to determine whether such procedures were sufficient to ensure our office conducted audits during the review period in accordance with professional auditing standards. The resulting report gave our office a peer review rating of pass, which is the highest rating possible. The report

concluded that the Auditors of Public Accounts suitably designed and complied with the system of quality control during the review period to provide our organization with reasonable assurance of performing and reporting in conformance with GAGAS in all material respects. An external peer review team will perform our next review in 2025.

Our office is also required to monitor its operations between peer reviews to ensure continuing effectiveness of the quality control system. Two of our auditors recently completed an internal inspection of our office's system of quality control for the fiscal period ended June 30, 2023.

Our website (ctauditors.gov) includes additional information on the operations of our office. A key feature of our website is the availability of reports (both present and past) that members of the public may access.

According to law, we maintain work papers for all audits we conduct of state agencies, state quasi-public bodies, and state-supported institutions. All of these documents, except those classified by statute as confidential, are available for review by members of the General Assembly and the public. While we distribute copies of our reports to all members of the General Assembly and various state officials when issued, if additional information is desired for any of our published audit findings, please reach out directly to john.geragosian@ctauditors.gov (860-240-8651) for any supporting information we have on file.

In transmitting this annual report, we wish to say that it is our pleasure to serve you, the members of the Connecticut General Assembly. We hope that you and your families are healthy and wish you the best during the legislative session.

Respectfully submitted,



John C. Geragosian
State Auditor

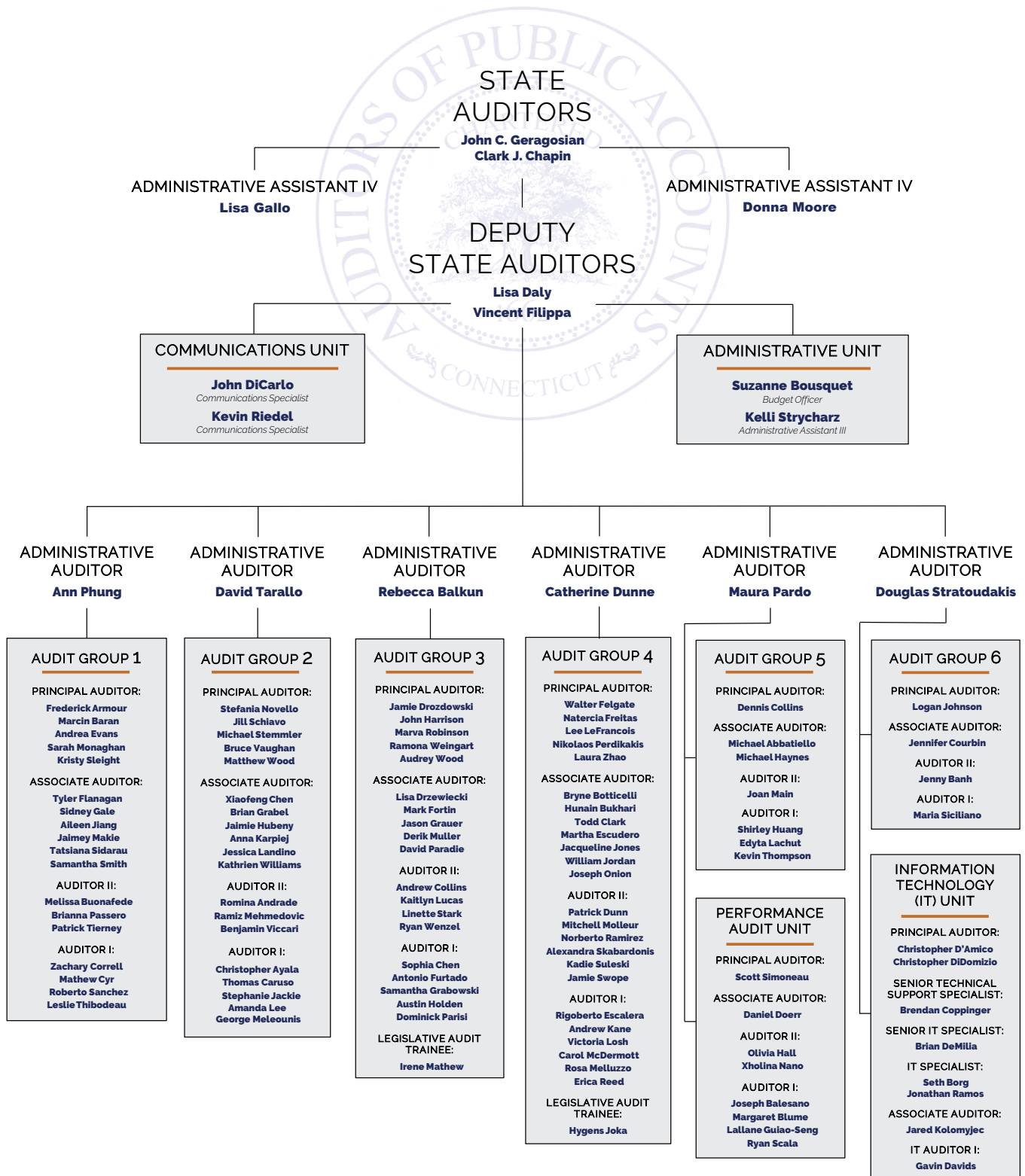


Clark J. Chapin
State Auditor

CONTENTS

Organizational Structure	5
Section I - Report on the Operations of Our Office	6
Organization and Staff	7
Auditing State and Quasi-Public Agencies & Other Reviews	8
Whistleblower Matters	18
Generally Accepted Government Auditing Standards (GAGAS)	24
Continuing Education and Professional Organizations	25
Quality Control Reviews	26
Recent Legislative Changes	27
Developments in 2023	28
Section II - Recommendations	30
Recommendations	31
Technical Corrections and Other Matters	32
Recently Adopted Recommendations	33

ORGANIZATIONAL STRUCTURE





SECTION ONE

Report on the
Operations
of our Office

ORGANIZATION AND STAFF

The Auditors of Public Accounts (APA) traces its origin to a charter granted in 1662 to the Colony of Connecticut by King Charles the Second of England.

The Colonial Charter of 1750 refers to the auditing of "the Colony's account with the Treasurer of the Colony." When the office of the Comptroller was created in 1786, the Auditors of Public Accounts was placed under its supervision and remained so until 1937, when legislation established the independent status of the office. Its organization with two state auditors, not of the same political party, makes Connecticut unique among state auditing agencies. Connecticut's audit function has been performed by more than a single auditor since its colonial origin.

The office of the Auditors of Public Accounts presently consists of 125 employees, including the state auditors. We are assisted in the management of the office by two deputy state auditors, with one focused on audit quality control and the other focused on our overall operations. The audit operations staff is currently composed of 108 employees organized into six audit groups, with each group under the general direction of an administrative auditor. Included within these groups are an eight-member Performance Audit Unit and a seven-member Information Technology Audit Unit. The Information Technology Audit Unit is responsible for information technology systems administration and support, data analytics and audit support, web development, and technology-based security and internal control reviews. Other units provide various support services including a two-person Administration Unit that handles the office's operational functions (human resources, procurement, etc.), a two-person Communications Unit that assists with internal and external communications, and a one-person Desktop Support Unit that provides user support for our information technology systems and equipment.

APA management established five employee committees that are an invaluable resource to assist management in achieving our mission and ensuring that our policies and procedures remain current and meet audit and information technology industry standards. The committees research, outreach, plan, and develop policies and procedures related to their charges. They assist in attracting and retaining a highly qualified, trained, and dedicated workforce. They also encourage a culture of health and wellness for our staff. These committees include the Audit Manual; Health and Wellness/Workplace Safety; Recruiting, Retention, and Mentoring; Technology and Cybersecurity; and Training.

Our office hires professional auditing and other staff through a competitive selection process and promotes employees using a comprehensive method that includes annual performance evaluations and interviews by the state auditors. Our employees are encouraged to continue studies for advanced degrees and professional certifications, such as certified public accountant (CPA), certified internal auditor (CIA), certified fraud examiner (CFE), or certified information systems auditor (CISA). Fifty members of our audit staff met relevant professional certification requirements and 63 members possess advanced degrees.

AUDITING STATE AND QUASI-PUBLIC AGENCIES AND OTHER REVIEWS

During 2023, our auditors completed 45 audits of state and quasi-public agencies and made 265 audit recommendations. During the past calendar year, these agencies have implemented approximately 51% of our prior recommendations.

Our Approach

Our audit approach may entail, among other procedures:

An examination and verification of financial statements, accounting records, and supporting documents

A determination of the agency's compliance with statutory and budgetary requirements

An evaluation of the agency's internal control structure

A verification of the collection and proper handling of state revenue

An examination of expenditures charged to state appropriations

Our audit reports consist of findings and recommendations and, where appropriate, certified financial statements setting forth the condition and operations of the state funds involved.

Our Reporting Requirements

In accordance with Section 2-90(e) of the General Statutes, we report any unauthorized, illegal, irregular, or unsafe handling or expenditure of state funds to the Governor, the State Comptroller, the clerk of each house, and the Attorney General. We report these matters in our audit reports or by formal letter and collectively report less serious matters such as minor losses and acts of vandalism.

*State loss reports filed in 2023 with this office and the State Comptroller, in accordance with Section 4-33a of the General Statutes, disclosed approximately **931 losses**, primarily through theft, vandalism, and inventory shortages involving an **aggregate loss of \$3,480,208**.*

During the past year, we reviewed the reporting agencies' systems and evaluated whether they resolved the issues related to their reported losses.

Annual Audits

Section 2-90(b) of the General Statutes requires our office to complete an annual audit of the books and accounts of the State Comptroller and the State Treasurer. We audited the financial statements of the Office of the State Treasurer for the fiscal year ended June 30, 2023 and issued our audit opinion on December 29, 2023, as included with the financial statements within the [Annual Report of the Treasurer](#). We expect to issue our audit opinion on the state's financial statements for the fiscal year ended June 30, 2023 in March, as presented by the Office of the State Comptroller in the state's [Annual Comprehensive Financial Report \(ACFR\)](#). In addition, during March 2023, our office issued its annual [Statewide Single Audit](#) for the State of Connecticut covering the fiscal year ended June 30, 2022. This report included the audited financial statements presented in the state's 2022 Annual Comprehensive Financial Report and the schedule of expenditures of federal awards received by the state. We conduct this audit under requirements of the federal Single Audit Act, and it is a condition for the state to receive some \$15,571,607,817 of federal financial assistance.

State Bonds and Notes

Current disclosure requirements for the offering and sale of state bonds or notes mandate the State Treasurer to prepare an official statement for each offering. The statements include state financial statements along with an audit opinion issued by our office. During 2023, our audit opinions were included with the official statements in four offerings. In addition, we participate in due diligence meetings with the state's bond disclosure counsel and underwriters when requested.

Coronavirus Relief, American Rescue Plan, and Infrastructure Investment and Jobs Act Funds Oversight

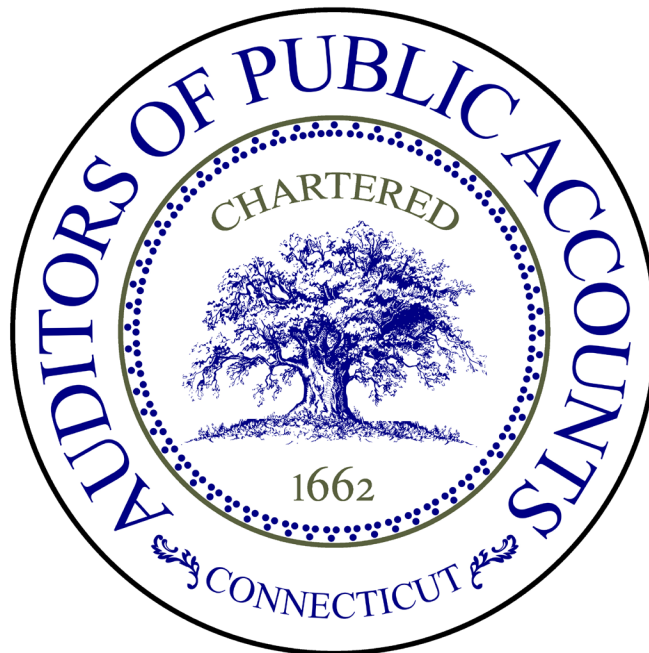
We continue to participate in regular meetings with federal, state, and local officials and certified public accounting firms from across the country. These meetings have focused on the unique challenges on public and private auditors in their oversight of the Coronavirus Relief, American Rescue Plan, and Infrastructure Investment and Jobs Act funds. They also provided an unprecedented opportunity to share the oversight work of federal, state, and local entities to keep us informed about issues of waste, fraud, and abuse. Through these interactions, we now have a single point of contact with federal officials regarding any federal program. One of the most informative resources we garnered from these interactions is the Pandemic Response Accountability Committee (PRAC). This office was established by 21 federal inspectors general to improve oversight of federal Coronavirus funds. The [PRAC website](#) is a valuable source of state and local reports and data.

State Agency Audits

In addition to statewide single audits and financial audits, we also continue to **audit each state agency on a cyclical basis**, focusing on each agency's internal control structure and compliance with various laws and regulations. This auditing approach complements the Statewide Single Audit and avoids duplicative audit efforts.

Production and Distribution of Our Audit Reports

We disclose audit findings to agency officials during the audit and share draft copies of audit reports with agency officials for their comments. We include agency responses to each audit finding in the report. When this is completed, the supervising auditor submits the report and its workpapers for review. An administrative auditor conducts that review, verifies that the audit met generally accepted government auditing standards, and certifies that the evidence collected during the audit supports the conclusions in the report. A deputy state auditor and both state auditors then review the report to ensure compliance with policies and procedures of this office. Our office provides draft copies of the approved audit report to agency officials and, upon the agency's request, will hold an exit conference with agency officials before final release and distribution of the report. Distribution of final reports is then made to agency heads, all members of the General Assembly, Governor, Lieutenant Governor, Comptroller, Treasurer, Attorney General, Secretary of the Office of Policy and Management, Connecticut State Library, designated federal agencies, news media and, when appropriate, members of boards and commissions and others. We also post copies of all reports and summaries on our [website](#).



2023 AUDIT REPORTS

Below is a listing of audit reports released by our office in 2023. Also included are the number of recommendations included in each report.

Departmental Audits

RECOMMENDATIONS

	Issue Date	Current Report	Prior Report	Implemented
General Government				
State Comptroller - State Financial Operations	02/24/23	3	1	0
Elections Enforcement Commission	02/28/23	7	9	2
Office of State Ethics	04/25/23	2	3	2
State Comptroller - State Retirement Benefits and Funds	05/16/23	6	3	2
Freedom of Information Commission	07/12/23	1	2	2
Office of the Attorney General	08/23/23	6	1	0
Office of the Governor	09/20/23	1	2	2
State Treasurer - State Financial Operations	12/29/23	0	1	1

Regulation and Protection

Military Department	06/13/23	1	6	6
Department of Insurance and Office of the Healthcare Advocate	07/27/23	5	5	1
Commission on Human Rights and Opportunities	12/20/23	8	6	4

RECOMMENDATIONS

	Issue Date	Current Report	Prior Report	Implemented
Conservation and Development				
Department of Agriculture	08/10/23	2	1	1
Health and Hospitals				
Department of Public Health	09/14/23	13	22	10
Office of the Chief Medical Examiner	10/05/23	1	2	2
Transportation				
Department of Transportation	03/08/23	5	9	5
Human Services				
Department of Social Services	09/12/23	27	34	15
Education, Museums, Libraries				
University of Connecticut	08/15/23	22	28	10
Connecticut State Library	09/06/23	5	5	3
Office of Higher Education	09/26/23	4	5	3
University of Connecticut Health Center	11/09/23	12	10	4
Eastern Connecticut State University	11/29/23	7	6	2
Teachers' Retirement Board	12/07/23	0	1	1

Departmental Audits (continued)

RECOMMENDATIONS

	Issue Date	Current Report	Prior Report	Implemented
Judicial				
Office of the Probate Court Administrator	04/12/23	2	2	2
Judicial Branch	11/16/23	6	12	7
Quasi-Public Agencies				
Connecticut Retirement Security Authority	01/04/23	1	0	0
Connecticut Housing Finance Authority	07/25/23	1	0	0
Connecticut Port Authority	08/03/23	3	11	10
Connecticut Paid Leave Authority	08/29/23	4	0	0
Connecticut Health and Educational Facilities Authority	10/18/23	0	1	1
Capitol Region Development Authority	12/06/23	1	3	3
Connecticut Green Bank	12/21/23	2	3	3
Total Recommendations – Departmental Audits		158	194	104

Other Audits

RECOMMENDATIONS

	Issue Date	Current Report	Prior Report	Implemented
Statewide Audits				
State of Connecticut – Federal Single Audit	03/29/23	60	76	37
Performance Audits and Special Reviews				
Private Providers of Special Education	04/05/23	3	NA	NA
Governor's Council for Agricultural Development	06/06/23	3	NA	NA
State Data Center General Controls - Office of the Treasurer	07/20/23	4	NA	NA
Department of Economic and Community Development Annual Report Evaluation	08/09/23	3	5	2
State Data Center General Controls - Department of Public Health	08/31/23	3	NA	NA
Farm-to-School Program	10/04/23	23	NA	NA
State Data Center General Controls - Connecticut Lottery Corporation	10/12/23	0	NA	NA
Other Financial Statement Audits				
Central Connecticut State University-NCAA	02/22/23	0	NA	NA
Connecticut Mental Health Center Foundation	06/22/23	4	3	1
Connecticut Heritage Foundation, Inc.	11/01/23	1	2	0
Governor's Residence Conservancy, Inc.	12/12/23	3	2	0
Total Recommendations – Other Audits		107	88	40
Total Recommendations – All Audits		265	282	144

51% Resolved Within Current Audit Cycle

RECOMMENDATION SUMMARY

The departmental audit reports issued by our office generally contain recommendations calling for various improvements in an agency's internal control structure as well as recommendations to better ensure compliance with certain laws, regulations, contracts, and grant agreements when we find instances of noncompliance. A summary analysis of the 158 recommendations appearing in our departmental audit reports identified the following conditions that were presented in a significant number of audits:

Classification of 2023 Audit Recommendations

Internal Control Recommendations

Equipment/supplies inventories	16
Payroll and time and attendance	13
Personnel administration	9
Purchasing of goods and/or services	8
Financial reporting and recordkeeping	8
All other internal control recommendations	41
TOTAL INTERNAL CONTROL RECOMMENDATIONS	95

Compliance Recommendations

Payroll and personnel laws, regulations and/or policies	15
Reporting laws and regulations	10
Miscellaneous regulations and/or policies	9
Miscellaneous laws	7
All other compliance recommendations	10
TOTAL COMPLIANCE RECOMMENDATIONS	51

Miscellaneous Recommendations

Inefficient administrative practices	5
Information technology	4
All other miscellaneous recommendations	3
TOTAL MISCELLANEOUS RECOMMENDATIONS	12

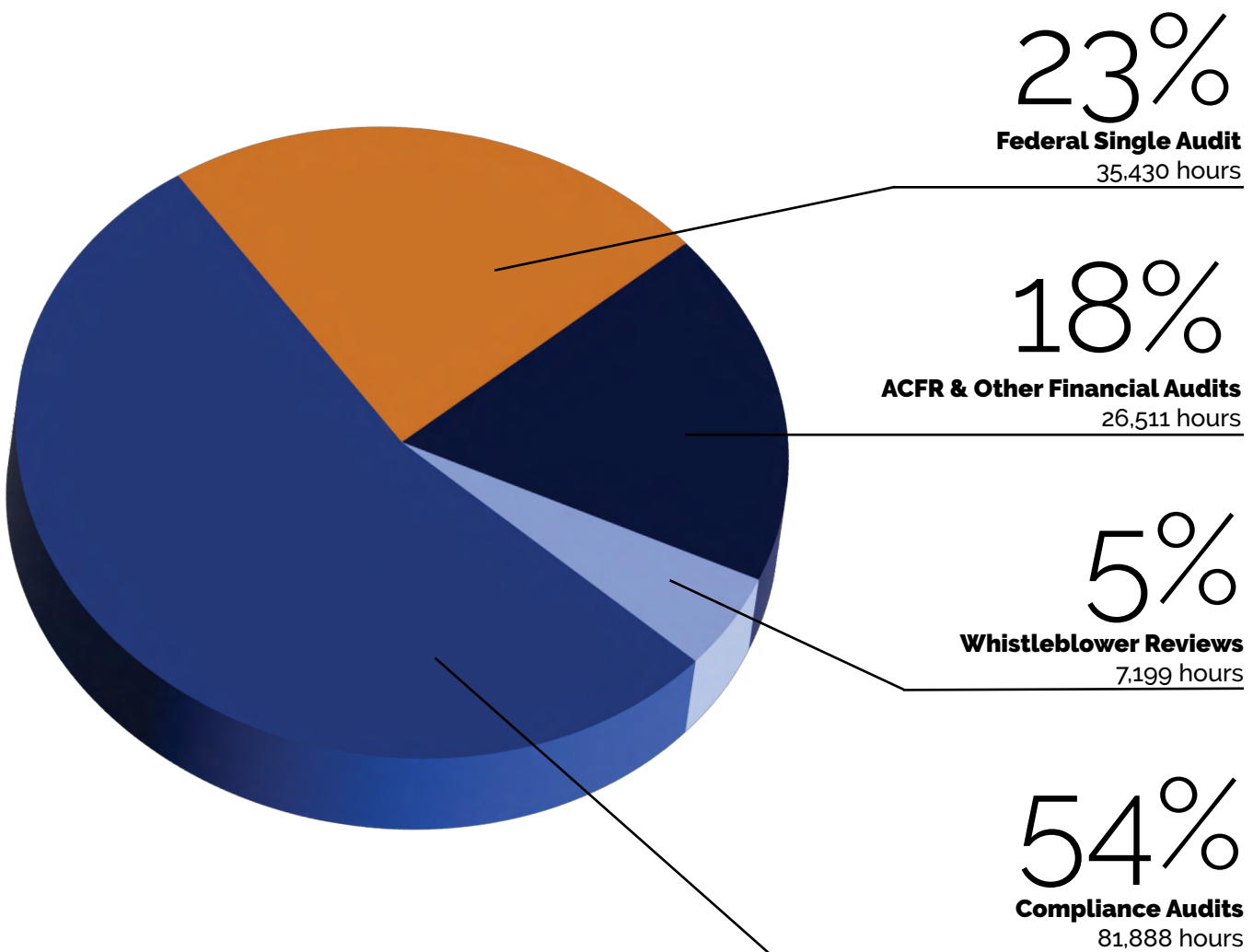
TOTAL DEPARTMENTAL AUDIT RECOMMENDATIONS	158
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In addition to the departmental audit recommendations, our office issued a Statewide Single Audit Report, which contained 60 audit recommendations calling for various improvements in controls over state-administered federal programs and compliance with related laws and regulations. We also performed financial statement audits at the University of Connecticut and the University of Connecticut Health Center. Additionally, our office issued four other financial statement audit reports and seven performance, special, or other reviews during 2023.

AUDIT HOURS

During the fiscal year ended June 30, 2023, our office expended 151,028 audit hours. The following chart provides a breakdown of these audit hours:

Actual Audit Hours For FYE 2023



Our federal Single Audit work generated approximately \$2.2 million in costs eligible for federal reimbursement to the state's General Fund during the 2023 fiscal year. The state realizes these recoverable costs through a state-prepared statewide cost allocation plan approved by the federal government each year. In accordance with this plan, the state charges our office's Single Audit costs to the federal programs in which the state participates. In turn, the federal government reimburses the state for a portion of these costs using the indirect cost recovery rates included in the statewide cost allocation plan.

Special Audits and Reviews

This past year, our office released multiple special audits and reviews. On June 6, 2023 we released our performance audit report on the [Governor's Council for Agricultural Development](#), which included three recommendations to help strengthen the council's operations. On October 4, 2023, we released our performance audit report on [Connecticut's Farm-to-School Program](#), which included 23 recommendations to strengthen the program's activities.

Our office is required to conduct audits of certain private education providers in Connecticut. Section 10-91g of the General Statutes requires that such examination include a compliance audit to ensure that state and local funds are being expended in accordance with applicable state and federal laws, and the individualized education program of each child receiving special education services. On April 5, 2023, we released our seventh audit report under this authority for [School Year 2021-2022](#), which focused on the operations of six private special education providers and resulted in three recommendations for improvements applicable to the State Department of Education and/or a private provider.

Section 2-90c of the General Statutes requires the Auditors of Public Accounts to evaluate the Department of Economic and Community Development's (DECD) management practices and operations regarding the ease or difficulty for taxpayers to comply with the requirements of the incentive programs. It also mandated that our office suggest recommendations for improving the administrative efficiency or effectiveness of the incentive programs. On August 9, 2023, we released our [Evaluation of DECD Annual Reports](#) for the fiscal years ended June 30, 2020, 2021, and 2022, which focused on determining whether data presented for the periods appeared accurate and whether the annual reports satisfied the reporting requirements under Section 32-1m of the General Statutes. We also evaluated the accuracy of portfolio data, including economic impact analyses. For the areas evaluated, we identified apparent noncompliance resulting in three recommendations.

Beginning this year, our Information Technology Unit conducted reviews of individual state and quasi-public agency data centers to evaluate security risks and to provide an overall overview of their information technology environment. Our process focused on four key control areas including maintenance, personnel, planning, and security. On July 20, 2023, we released our report on the [Office of the State Treasurer's](#) data center, which included four findings involving its security, personnel and planning controls. On August 31, 2023, we released our report on the [Department of Public Health's](#) data center, which included three findings related to its planning controls. On October 12, 2023, we released our report on the [Connecticut Lottery Corporation's](#) data center, which did not result in any findings.

WHISTLEBLOWER MATTERS

During FYE June 30, 2023, we evaluated 173 complaints filed with our office under the state's whistleblower act.

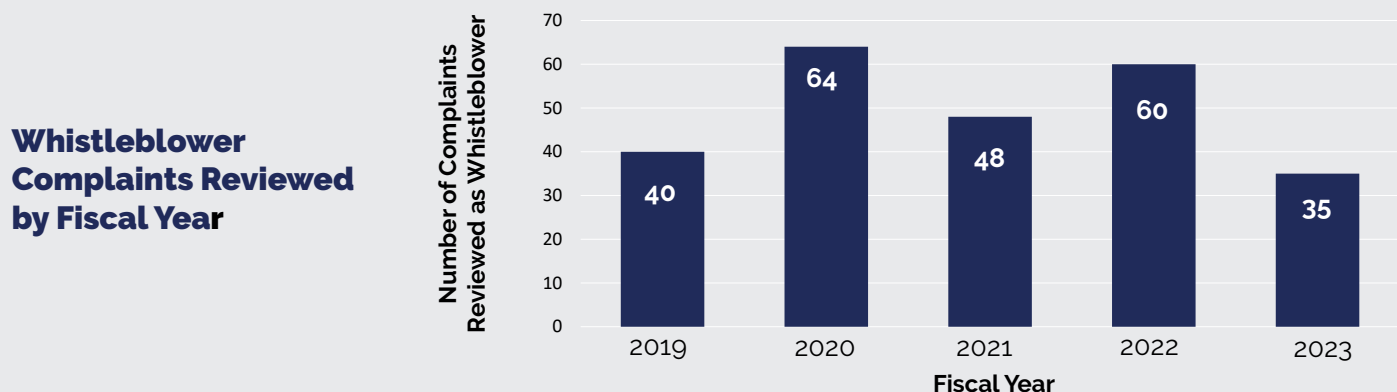
The Whistleblower Act

The provisions of Section 4-61dd of the General Statutes, known as the Whistleblower Act, allow our office to receive complaints from anyone having knowledge of any matter involving corruption, unethical practices, violations of state laws or regulations, mismanagement, gross waste of funds, abuse of authority, or danger to public safety occurring in any state department or agency or quasi-public agency. Section 4-61dd also applies to state contracts in excess of \$5 million. We review all such whistleblower matters and report our findings and recommendations to the Attorney General. At the request of the Attorney General, or on our own initiative, we can assist in any continuing investigation.

During the fiscal year ended June 30, 2023, we received and evaluated 173 complaints. We handled 35 of them as whistleblower complaints, covering matters such as alleged misuse of state funds, employee misconduct, personnel issues, and violations of federal or state law. The remaining 138 complaints were rejected in accordance with Section 4-61dd(b) and were often referred to our field auditors for consideration in their regular agency audits.

Our Reporting Requirements

Section 4-61dd of the General Statutes requires an annual report on all whistleblower complaints, which our office prepared and filed on August 23, 2023 with the clerks of the House and Senate. By law, our office cannot disclose the identity of the complainant unless the complainant authorizes it or it is otherwise unavoidable, but the general nature of each complaint is available from our office. In addition to the confidentiality of the complainant, the records of any investigation of whistleblower matters are considered exempt records and are exempt from disclosure under the Freedom of Information statutes. A summary of the whistleblower complaints we reviewed during the 2023 fiscal year, as compared to preceding fiscal years, follows:



2023 WHISTLEBLOWER SUMMARY

The following is a summary of complaints received during the 2022-2023 fiscal year and the action taken thereon:

Year-Over-Year Comparison

	2021 - 2022	2022 - 2023
Total Complaints Received	152	173

Whistleblower Complaints		
Complaints Closed as of June 30	10	4
Complaints Under Review as of June 30	50	31
Total Whistleblower Complaints Recorded	60	35
Closed Whistleblower Complaints		
Fiscal Year 2023	-	4
Fiscal Year 2022	10	33
Fiscal Year 2021	21	13
Fiscal Year 2020	12	2
Total Whistleblower Complaints Closed	43	52

Rejected Whistleblower Complaints		
Reason for Rejection		
Handled as part of scheduled audit	34	42
Not related to a state or quasi-public agency	25	36
Other available remedies	10	39
Other complaints have greater priority	6	8
Better investigated by another agency	16	13
Not timely	1	-
Total Rejected Whistleblower Complaints Recorded	92	138

Summary of Recorded Whistleblower Matters

Month
Received

Date Reported to
Attorney General

Aging and Disability Services

Wasted funds	06/23	*
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Capital Region Development Authority

Large contractor not following bidding regulations	03/23	10/05/23
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Central Connecticut State University

Tax contribution concerns	11/22	*
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Rehired retiree	11/22	10/16/23
-----------------	-------	----------

Employee hired as a contractor	4/23	*
--------------------------------	------	---

Connecticut State University System

Wasted funds, circumvented rules	2/23	*
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Overpayments and waste	6/23	*
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Community College - Asnuntuck

Nepotism	11/22	*
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Mismanagement	12/22	*
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Employee not working	6/23	*
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Recorded Whistleblower Matters (continued)

Month
Received

Date Reported to
Attorney General

Community College - Naugatuck Valley and Manchester

Improper use of funds and mismanagement	2/23	*
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Consumer Protection

Investigation concerns	8/22	*
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Developmental Services

Concerns over dental services	9/22	*
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Emergency Services and Public Protection

Improper investigation	1/23	*
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Energy and Environmental Protection

Excessive overtime and failure to return property	1/23	09/13/23
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Human Rights and Opportunities

Improper investigation	7/22	*
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Judicial Branch

Improper investigation into hostilities in the workplace	12/22	05/25/23
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Labor

Improper investigation ABC test	5/23	*
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Recorded Whistleblower Matters (continued)

Month
Received

Date Reported to
Attorney General

Marshal Commission

Lack of timely bonds	5/23	*
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Materials Innovation and Recycling Authority

Executive payouts	10/22	12/15/22
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Mental Health and Addiction Services

Improper promotion and hiring practices	2/23	08/21/23
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Motor Vehicles

Mailing concerns	7/22	06/28/23
------------------	------	----------

Policy and Management

Failure to monitor subgrantee	7/22	*
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Port Authority

Hidden costs	8/22	*
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Public Health

Improper investigation into doctor	9/22	10/26/23
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Failure to monitor vendor	9/22	*
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Revenue Services

Waste, mismanagement, failure to investigate properly	12/22	*
--	-------	---

Recorded Whistleblower Matters (continued)

Month
Received

Date Reported to
Attorney General

Social Services

Waste, failure to investigate properly, lack of ombudsman	1/23	*
Inefficient authorization of providers	2/23	*
Improper denial of benefits	5/23	*

State Treasurer

Mismanagement of CHET ownership record during custodian change	12/22	10/03/23
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Technical Schools

Personal use of state assets	6/23	10/05/23
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Transportation

Improper notification for livery requirements	7/22	10/25/22
Failure to monitor vendor	3/23	09/19/23

UConn Health Center

Improper telecommuting arrangement	1/23	07/15/23
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* Matters currently under review

GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS (GAGAS)

An audit consists of a review and examination of records, documents, and financial statements; the collection of information needed to certify the fairness of presentations in financial reports; compliance with statutory requirements and regulations; and evaluation of management's efficiency and effectiveness in carrying out responsibilities. National organizations set standards for the conduct of audits and the preparation and issuance of audit reports. **Generally Accepted Government Auditing Standards (GAGAS) are standards established by the United States General Accountability Office (GAO)** that are codified into a publication entitled [Government Auditing Standards](#), which is more commonly referred to as the Yellow Book.

Although the standards prepared by the GAO are only required in connection with entities supported by or receiving federal assistance, they are so comprehensive that their application to all governmental audits is generally encouraged. Because the Auditors of Public Accounts in the State of Connecticut functions in many respects as the GAO does in the federal government, we have chosen to accept and follow government auditing standards in the performance of virtually all of our audit work.

Following GAGAS and compliance with recent Statements on Auditing Standards (SAS) issued by the American Institute of Certified Public Accountants (AICPA) has significantly impacted our operations. As a result, we monitor and stay informed on new continuing education requirements for our professional staff, periodic internal and external quality control review assessments, and updates of policies and procedures.

CONTINUING EDUCATION AND PROFESSIONAL ORGANIZATIONS

Continuing Education

Auditors responsible for planning, directing, conducting, or reporting on governmental audits must complete at least **80 hours of appropriate continuing education and training** every two years, with at least 24 of those hours in subjects directly related to the governmental environment and governmental auditing. Accordingly, we follow a training policy statement that provides for reasonable assistance in the form of expanded training and seminars, together with tuition reimbursement programs for our employees taking appropriate courses. To provide training that is more effective for our auditors, this year's training program included contracted seminars, webinars, and self-study courses.

In 2023, our office again utilized significant in-house continuing education for our auditors, providing certain educational materials and programs directly rather than contracting with outside providers. This afforded our staff quality training that is more relevant and affordable, thereby saving taxpayer dollars.

Professional Organizations

Our office participates in various professional organizations 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 \(NSAA\)](#). Our state auditors and other members of our office serve on various NASACT and NSAA committees. One of our state auditors is the NSAA Immediate Past President; a member of the NASACT and NSAA executive committees; vice chair of the NASACT Governance, Budget, and Time and Place committees; and serves on several other NSAA and NASACT committees. In June of 2023, Connecticut hosted the NSAA Annual Conference in Hartford, which noted a record-breaking turnout with nearly 215 attendees, including representation from 36 states, the District of Columbia, and Puerto Rico. Also, two of our auditors recently participated in NSAA peer reviews, serving as team members on the South Dakota and Missouri reviews, and several of our auditors volunteered to participate in the 2024 NSAA peer review. Regionally, we continue to be actively involved with the [New England Intergovernmental Audit Forum \(NEIAF\)](#) and serve on its executive committee. Our office supports and encourages our employees to serve in professional audit organizations in various capacities including locally on the committees of the [Connecticut Society of Certified Public Accountants \(CTCPA\)](#) and the [Connecticut Chapter of the Association of Certified Fraud Examiners \(ACFE\)](#). These affiliations enable our office to receive information affecting our profession, present educational opportunities for our employees, and provide valuable information sharing.

QUALITY CONTROL REVIEWS

Peer Review

Generally Accepted Government Auditing Standards (GAGAS) mandate that governmental audit organizations have an external quality control review assessment, known as a peer review, every three years. To comply with this requirement, our office participates in the National State Auditors Association (NSAA) peer review program administered by the National Association of State Auditors, Comptrollers and Treasurers (NASACT). Under this program, NASACT provides a team of qualified government auditors from other states and the federal government to conduct a review of our quality control procedures. NASACT selects the teams from a pool of volunteer auditors that each participating state audit organization is obligated to provide.

A peer review team completed our most recent peer review during August of 2022, which covered the one-year period of July 1, 2021 to June 30, 2022. The team examined our quality control procedures to determine whether such procedures were sufficient to ensure our office conducted audits during the review period in accordance with professional auditing standards. The resulting [Peer Review Report](#) gave our office a peer review rating of pass, which is the highest rating. The report concluded that the Auditors of Public Accounts suitably designed and complied with the system of quality control during the review period to provide our organization with reasonable assurance of performing and reporting in conformance with GAGAS in all material respects.

In addition, representatives of various federal inspector general offices periodically conduct an external quality control review of our office's federal audit work. Our 2022 peer review team included a representative from the Department of Health and Human Services' Office of the Inspector General, who conducted a review of select work papers supporting our 2020 Single Audit of the State of Connecticut. While this federal review did not cite any audit deficiencies, the reviewer informally conveyed three matters for further consideration to our management team, highlighting areas in which our office could make improvements in our single audit documentation. Because of this federal review, our office implemented these improvements.

Our next external peer review, covering the one-year period ending June 30, 2025, will be conducted in the summer of 2025.

Internal Review

Our office is also required to monitor its operations between peer reviews to ensure continuing effectiveness of the quality control system. Two of our auditors recently completed an internal inspection of our office's system of quality control for the fiscal period ended June 30, 2023.

RECENT LEGISLATIVE CHANGES

During the 2023 legislative session, the General Assembly passed [Public Act 23-197](#). An Act Implementing the Recommendations of the Auditors of Public Accounts. The act changed various statutes related to our office, auditing, and other related topics. The act:

- Clarified that whistleblower complaints filed with the state auditors or under the False Claims Act are exempt from disclosure under the Freedom of Information Act (Section 1)
- Required local legislative bodies or regional boards of education to hold a public meeting on a noncompliant or irregular audit before submitting a corrective action plan (Section 2)
- Replaced statutory references to "comprehensive annual financial report" with "annual comprehensive financial report" (Sections 3 through 7)

[Public Act 21-145](#) changed various statutes related to our office, auditing, and other related topics. Among other things, the act:

- Explicitly prohibited state agencies from denying the Auditors access to their records or accounts (Section 1)
- Required certain new or amended state contracts to contain a provision allowing the agency to access any relevant data upon demand, at no additional cost, in the agency's prescribed format and allows the Auditors access to this data when auditing the agency (Sections 2 and 3)
- Required state agencies to notify the Auditors at least 15 days before contracting for auditing services and prohibits agencies from entering these contracts until the Auditors advise whether it can perform the work instead (Section 4)
- Extended ethics code provisions on prohibited activities that apply to state-hired consultants and independent contractors to their employees (Section 12)

DEVELOPMENTS IN 2023

Information Technology

Information technology (IT) has become more prevalent in all aspects of our lives and the APA recognizes the ongoing need to evaluate, monitor, and audit the state's use of IT systems to operate and monitor its programs, and continue to increase our IT capabilities. We continue to evaluate the effectiveness of the state's IT structure to determine whether state systems adequately maintain data integrity, protect against privacy breaches, and ensure they maintain proper fraud prevention safeguards. Since recently expanding our IT auditing resources, we significantly increased our use of data analytics and support to our field audit teams to sort and aggregate data and trends to gain efficiencies in the audit process. In addition, we centralized and automated much of our data analysis of state agency financial information in order to achieve additional efficiency and reliability. We also implemented new types of IT security reviews with the issuance of three audits of individual state and quasi-public agency data centers, evaluating their IT environment and security risks. We will continue to expand the use of our data and security specialists in our audit work and improve our oversight of the state's IT environment.

Late in calendar year 2022, we hired an IT Specialist to perform web development and to create, program, and implement custom applications for our office. Our intranet site, which provides APA management and staff access to a wide variety of information, resources, and reports, was significantly enhanced to improve the look, functionality, and overall usefulness of the site.

In 2023, management decided it was necessary to migrate to a separate Microsoft 365 environment with a new domain (ctauditors.gov) to allow us to better administer our file storage and security, communications platforms, and other custom applications. This change was necessitated by our specific need to receive and transmit large files and records to audited agencies.

Most importantly, this change will enable us to configure and customize SharePoint to serve as our audit document management solution. In June 2023, we hired an IT Specialist to configure, manage, and monitor our Microsoft 365 environment. When completed, our new SharePoint platform will replace our current auditing software and integrate with existing information systems including our intranet site. This change will eliminate over \$50,000 in annual software licensing fees.

Communications

In August 2022, we created an internal Communications Unit to improve our internal and external communications. Since then, the unit made significant strides to improve how we communicate with state government, the public, and our employees. They worked to enhance our reports, publications, and presentations to make them modern, useful, and impactful; manage the content and design of our internet and intranet sites and social media platforms to ensure that information is available, current, and valuable for our external users and internal organization; assist with the development

DEVELOPMENTS IN 2023 (continued)

of continuing education programs and materials for additional in-house training opportunities; and assist with recruiting efforts through creative outreach and the design of attractive recruiting materials.

In July 2023, we released a new report format designed to make our findings and recommendations easier to access and comprehend and focused on improving readability, structure, and organization.

The Communications Unit made similar changes to the look and feel of our [Agency Guide](#), Annual Report, and intranet site. The unit recently created a video page on our intranet, which includes tutorials and other helpful video content for our employees. In the future, the unit hopes to create videos and other materials to better inform our users about various aspects of our work.

The Communications Unit regularly updates content through [LinkedIn](#) to network with other professionals and attract new employees. They also work to improve our communications with our users on [X](#).

We hope that these changes can better inform you about our work and provide valuable information as you address the state's challenges.

The past year was one of significant challenges and advancements for the office of the Auditors of Public Accounts. We are proud that our professional team worked to overcome those challenges. We will continue to find new ways to work more efficiently and enhance the professional reputation our office has always enjoyed.

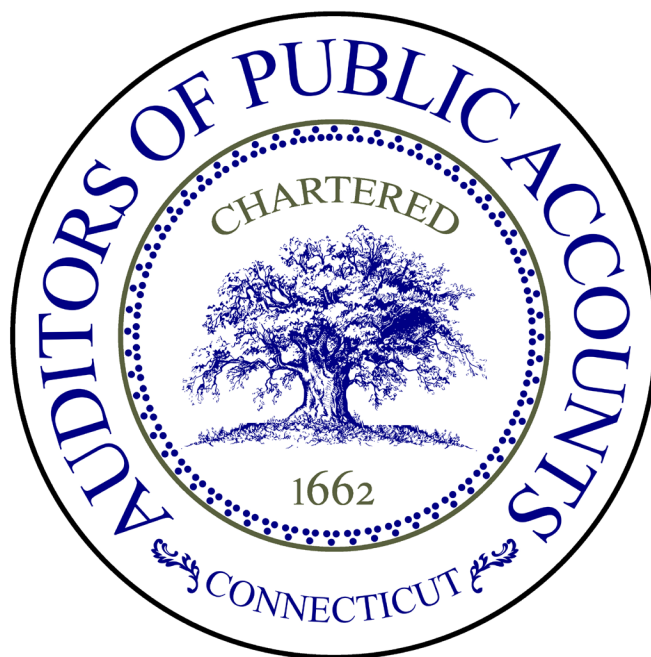


SECTION TWO

Recommendations

RECOMMENDATIONS

There are no current recommendations for your consideration during the upcoming legislative session.



TECHNICAL CORRECTIONS AND OTHER MATTERS

- a. The General Assembly should consider amending all sections of the General Statutes that contain any reference to “a separate, non-lapsing account within the General Fund,” and should consider drafting any future legislation accordingly.** This would ensure consistency between statutory requirements and the state's current accounting practices in which the Federal and Other Restricted Accounts Special Revenue Fund is used to account for such funds.

Prior to the 2003 implementation of the state's Core-CT accounting system, the General Fund was used for the accounting of budgeted and private restricted funds. However, since the implementation of Core-CT, these funds were segregated in the system through the creation of the General Fund (11000), which is used for the state's general operations, for which the funds commonly lapse at fiscal year-end. The system also has a Federal and Other Restricted Accounts Special Revenue Fund (12060) that is used to account for the funds reflected in the language of current law. This change would ensure consistency between statutory language and current accounting practices and avoid noncompliance.

RECENTLY ADOPTED RECOMMENDATIONS

1. The General Assembly should consider amending Section 1-210(b)(13) of the General Statutes to clarify that complaints filed under Section 4-61dd are exempt from disclosure under the Freedom of Information Act. (2023 PA 23-197 Section 1)
2. The General Assembly should consider amending Section 7-395(c) of the General Statutes to require the local legislative body or local or regional board of education to hold a public meeting, prior to submitting a corrective action plan regarding an audit showing unsound or irregular financial practices, management letter comments, or lack of internal controls in relation to commonly accepted standards in municipal finance. The meeting should include a discussion of the nature of any of these audit deficiencies and should address the causes for these conditions and potential corrective action. (2023 PA 23-197 Section 2)
3. The General Assembly should replace all statutory references to a Comprehensive Annual Financial Report with Annual Comprehensive Financial Report (ACFR). (2023 PA 23-197 Sections 3, 4, 5, 6 and 7)
4. The General Assembly should consider strengthening Section 2-90(g) of the General Statutes to explicitly require agencies to provide records or accounts to our office upon demand. (2021 PA 21-145 Section 1)
5. The General Assembly should consider requiring state statutes and contract language to include provisions to grant our office and contracting state agencies access to agency data held by third-party contractors. The contractors should promptly provide that information to the state at no cost. (2021 PA 21-145 Section 2)
6. The General Assembly should consider updating the language in Section 2-90(c) of the General Statutes to reflect current conditions and coincide with the overall audit responsibilities delineated in the statutes. (2021 PA 21-145 Section 3)
7. The General Assembly should consider modifying the state's procurement laws to include a general provision that the Auditors of Public Accounts be given the right of first refusal on all procurement of audit services. (2021 PA 21-145 Section 4)
8. The General Assembly should consider amending Section 10-91g of the General Statutes to clarify what is a private provider and what constitutes special education services. (2021 PA 21-145 Section 5)

RECENTLY ADOPTED RECOMMENDATIONS (continued)

9. The General Assembly should consider amending Section 4b-21 of the General Statutes to establish deadlines for the Department of Administrative Services in the real property surplus process. (2021 PA 21-145 Section 8)
10. The General Assembly should consider amending statutory provisions addressing Bradley International Airport law enforcement services to reflect the current organizational structure, terminology, and federal restrictions. The General Assembly should consider reevaluating the need for a separate audit of reimbursements from the Bradley Enterprise Fund to the Department of Emergency Services and Public Protection for those services. (2021 PA 21-145 Section 18)
11. The General Assembly should consider amending Section 31-426 of the General Statutes to remove certain references to management functions placed on the Auditors of Public Accounts related to the Connecticut Retirement Security Authority. (2021 PA 21-145 Section 7)
12. The General Assembly should consider amending Section 1-86e of the General Statutes to include employees of consultants or independent contractors. The General Assembly also should consider requiring consultants, independent contractors, and their employees to disclose any financial benefit or potential conflict with any person or entity they recommend to the state (or state agency) for the purchase of goods or services. (2021 PA 21-145 Section 12)
13. The General Assembly should consider amending Section 10-292(a) of the General Statutes to ensure that school safety documents are reviewed and approved prior to the approval of design and construction documents for school building projects funded with school construction grants. (2021 PA 21-145 Section 13)
14. Section 2-90(b) of the General Statutes requires our office to, "conduct an audit of reimbursements made from the Bradley Enterprise Fund to the Department of Emergency Services and Public Protection to cover the cost of Troop W operations..."

The Department of Emergency Services and Public Protection merged Troop W into Troop H, effective March 9, 2012. As such, the reference to Troop W within section 2-90(b) should be changed to Troop H. (2021 PA 21-145 Section 18)

15. Section 32-42 of the General Statutes states that, for audit requirements of the quasi-public Connecticut Innovations, Incorporated, "The accounts of the corporation shall be subject to annual audits by the State Auditors of Public Accounts." (2021 PA 21-145 Section 11)

Section 8-260 of the General Statutes states that, for audit requirements of the quasi-public

RECENTLY ADOPTED RECOMMENDATIONS (continued)

Connecticut Housing Finance Authority, "The accounts of the authority shall be subject to annual audits by the State Auditors of Public Accounts." (2021 PA 21-145 Section 9)

Section 15-120kk of the General Statutes states that, for audit requirements of the quasi-public Connecticut Airport Authority, "The accounts of the authority shall be subject to annual audits by the State Auditors of Public Accounts." (2021 PA 21-145 Section 10)

Since July 1, 2010, annual audits of quasi-public agencies were no longer required. Public Act 10-172 changed quasi-public audits from annual to biennial, effective July 1, 2010. The audit language in sections 32-42, 8-260, and 15-120kk should be amended or removed to reflect that change.

16. Section 1-122 of the General Statutes specifies the requirements for the Auditors of Public Accounts to conduct audits of all quasi-public agencies. However, in several sections of the General Statutes, there is potentially conflicting language for audits of certain quasi-public agencies.

For the Materials Innovation and Recycling Authority, Section 22a-263 states that "The authority shall be subject to audit by the state Auditors of Public Accounts in accordance with normal audit practices prescribed for departments, boards, commissions and other agencies of the state." For consistency, we would recommend eliminating that language.

For the Connecticut Retirement Security Authority, Section 31-426 states that "(b) The Auditors of Public Accounts may conduct a full audit of the books and accounts of the authority pertaining to such activities, receipts and expenditures, personnel, services or facilities, in accordance with the provisions of section 2-90. For the purposes of such audit, the Auditors of Public Accounts shall have access to the properties and records of the authority, and may prescribe methods of accounting and the rendering of periodical reports in relation to projects undertaken by the authority." For consistency, we would recommend eliminating that language.

For the State Education Resource Center, Section 10-357b(14)(c)(2) includes the language "... and (2) audit by the Auditors of Public Accounts under section 2-90." For consistency, we would recommend eliminating that language. (2021 PA 21-145 Section 6)

RECENTLY ADOPTED RECOMMENDATIONS (continued)

17. Section 15-120kk of the General Statutes states that, for audit requirements of the quasi-public Connecticut Airport Authority, "The accounts of the authority shall be subject to annual audits by the State Auditors of Public Accounts."

Since July 1, 2010, annual audits of quasi-public agencies were no longer required. Public Act 10-172 changed quasi-public audits from annual to biennial, effective July 1, 2010. The audit language in section 15-120kk should be amended or removed to reflect that change. (2021 PA 21-145 Section 10)

18. Section 17a-10c(d) of the General Statutes states that, when a child is placed out of home, the caseworker shall, among other requirements, "explain to the child that the child may contact the caseworker, the child's attorney, the Department of Children and Families regional office, the Department of Children and Families Office of the Ombudsman or the Office of the Child Advocate if the child feels that his or her rights under the Sibling Bill of Rights has been violated, and provide the child with contact information for such caseworker, such regional office, the Department of Children and Families Office of the Ombudsman..."

Section 17a-10e(d) of the General Statutes states that when a child is placed out of home, the caseworker shall, among other requirements, "explain to the child that the child may contact the caseworker, the child's attorney, the Department of Children and Families regional office, the Department of Children and Families Office of the Ombudsman or the Office of the Child Advocate if the child feels that his or her rights have been violated or expectations have not been met under the Children in Care Bill of Rights and Expectations, and provide the child with contact information for such caseworker, such regional office, the Department of Children and Families Office of the Ombudsman..."

The Department of Children and Families renamed the Office of the Ombudsman to the Office of Community Relations in 2019. As such, the references to the Office of the Ombudsman in sections 17a-10c(d) and 17a-10e(d) should be updated to reflect the name change. (2021 PA 21-145 Section 17)

19. The General Assembly should consider limiting the conditions that may be used to justify a waiver from competitive bidding when services are procured under a personal services agreement. Limiting such conditions to those that are specifically presented within Section 4-215 of the General Statutes would accomplish that objective. (2019 PA 19-117 Section 104)

Note: While Public Act 19-117 did not fully address our recommendation, it implemented important reporting and transparency measures to the competitive bidding process. The act

RECENTLY ADOPTED RECOMMENDATIONS (continued)

requires the OPM secretary to post any approved personal services agreement (PSA) waiver requests on the state contracting portal. It also requires the OPM secretary to submit a report, by January 15, 2020, and annually thereafter, to the Appropriations and Government Administration and Elections committees and the State Contracting Standards Board. The report must (1) list any PSA waiver requests received during the prior year and (2) include the justification for granting or denying the requests.

The act also requires each executive branch agency to submit an agency procurement plan, by January 1, 2020, and every three years thereafter, to the OPM secretary for approval. The plan must include a list of all services and programs the agency intends to contract for over the next three years and a planned schedule of procurements indicating whether the (1) procurement will be based on competitive negotiation or competitive quotation, or (2) agency has determined that a sole source procurement is required and intends to apply to the secretary for a waiver.

20. The General Assembly should consider enacting legislation to amend Section 2-90 and Section 4-33a of the General Statutes to encourage timely reporting by agencies of matters that may be currently under investigation. (2018 PA 18-137 Section 1)
21. The General Assembly should consider enacting legislation to amend Section 4-33a of the General Statutes to allow the Auditors of Public Accounts flexibility in determining the manner in which agencies report matters with large numbers of reportable events in their normal course of business. (2018 PA 18-137 Section 2)
22. The General Assembly should consider including agency human resources directors as mandated reporters of ethics violations, as required for others by Section 1-101pp of the General Statutes. (2018 PA 18-137 Section 3)
23. The General Assembly should consider an amendment to Section 4-37g(b) of the General Statutes to allow the Auditors of Public Accounts to conduct a full audit of the books and accounts of any foundation established under that section, in accordance with the provisions of Section 2-90, if the foundation failed to have a full audit of its books and accounts as required under Section 4-37f(8) of the General Statutes. Also, the General Assembly should consider an amendment to Section 4-37f(8) of the General Statutes to require that the foundation's audit be completed and the audit report issued within six months of the end of the foundation's fiscal year. (2018 PA 18-137 Sections 4 and 5)

RECENTLY ADOPTED RECOMMENDATIONS (continued)

24. The General Assembly should consider an amendment to Section 5-164a(c) of the General Statutes to reflect the policy changes implemented by the State Employees Bargaining Agent Coalition (SEBAC) agreements, Office of Labor Relations General Notices, Governor Rell's Executive Order No. 27-A, and Governor Malloy's Executive Order No. 3 related to rehired state retirees. (2018 PA 18-137 Section 23)
25. The General Assembly should consider revising Section 2-90(b) of the General Statutes to allow our office to conduct audits of security services reimbursements from the Bradley Enterprise Fund to the Department of Emergency Services and Public Protection on a biennial basis rather than an annual basis. (2018 PA 18-137 Section 6)
26. The General Assembly should consider modifying the existing procurement laws to include a requirement that the Auditors of Public Accounts review all requests from executive branch agencies anticipating a need for audit services to determine whether such services are necessary and whether the Auditors of Public Accounts could provide this work. (2018 PA 18-137 Section 9)
27. The General Assembly should consider amending Section 19a-80(c) of the General Statutes to change the background check requirement to a precertification process. (2018 PA 18-137 Section 25)
28. The General Assembly should consider amending Section 38a-660 of the General Statutes to eliminate conflicting provisions pertaining to the lapsing of funds in the surety bail bond agent examination account. (2018 PA 18-137 Section 10)
29. The General Assembly should revisit the Brokered Transactions Guaranty Fund established by Sections 38a-880 through 38a-889 of the General Statutes and determine whether it is reasonable to maintain \$500,000 in the fund when it has paid no claims in 20 years. (2018 PA 18-137 Section 24)
30. The General Assembly should consider restricting any payments related to non-disparagement agreements or those made by state agencies to departing state employees for the purpose of avoiding litigation unless such payment is made pursuant to (1) a settlement agreement entered into by the Attorney General on behalf of the state agency, or (2) an authorization by the Governor pursuant to section 3-7 of the General Statutes. The General Assembly also should consider restricting any language in a non-disparagement or settlement agreement that explicitly prohibits separating employees from the ability to exercise their rights under the state's Whistleblower Act or similar federal law. (2018 PA 18-137 Sections 8 and 26)

RECENTLY ADOPTED RECOMMENDATIONS (continued)

31. The General Assembly should consider amending Section 4-33a of the General Statutes to require state agencies to notify the Auditors of Public Accounts when breaches involving personally identifiable information or private health information occur by the agencies or their contractors. (2018 PA 18-137 Section 2)
32. The General Assembly should consider repealing Section 32-605(b) of the General Statutes to eliminate a redundant compliance audit of the Capital Region Development Authority. (2018 PA 18-137 Section 11)
33. The General Assembly should consider amending Part III of the State Code of Ethics to allow the Office of State Ethics to receive complaints and investigate alleged violations of state or quasi-public agencies retaining lobbyists, as prohibited by 1-101bb of the Connecticut General Statutes. (2018 PA 18-137 Sections 17 through 22)
34. The General Assembly should consider amending Section 4-37f(8) of the General Statutes to increase the threshold for requiring an annual audit of foundations established for the principal purpose of supporting or improving a state agency from \$100,000 to \$250,000. (2018 PA 18-137 Section 4)
35. The General Assembly should consider amending Section 1-123(4) of the General Statutes to refer to a complete set of financial statements. (2018 PA 18-137 Section 7)
36. The General Assembly should consider repealing certain obsolete legislation pertaining to the Office of the County Sheriffs under Title 6 of the General Statutes. (2018 PA 18-137 Section 27)
37. The General Assembly should consider enacting legislation to include provisions within Title 8, Chapter 127c of the General Statutes to prohibit the disclosure of the names or any information concerning applicants for or recipients of assistance from the Department of Housing, unless directly related to the administration of the assistance program. (2017 PA 17-177 Section 1)
38. The General Assembly should consider clarifying whether the State Fund Commission that administers the Soldiers', Sailors' and Marines' Fund is a public agency subject to freedom of information laws. (2017 PA 17-189 Section 1)
39. The General Assembly should amend the Statutory Provisions of the State Whistleblower Act to include Probate Courts. (2017 PA 17-136 Section 1)