

STATE OF CONNECTICUT



*AUDITORS' REPORT
OFFICE OF THE CHIEF MEDICAL EXAMINER
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2010*

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

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August 2, 2011

AUDITORS' REPORT OFFICE OF THE CHIEF MEDICAL EXAMINER FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2010

We have made an examination of the financial records of the Office of the Chief Medical Examiner (Office) for the fiscal years ended June 30, 2009 and 2010. This report on the examination consists of the Comments, Recommendations and Certification that follow.

Financial statement presentation and auditing is performed annually on a Statewide Single Audit basis to include all state agencies. This audit examination has been limited to assessing the Office's compliance with certain provisions of financial related laws, regulations, contracts and grants, and evaluating the internal control structure policies and procedures established to ensure such compliance.

COMMENTS

FOREWORD:

The Office of the Chief Medical Examiner operates under the control and supervision of the Commission on Medicolegal Investigations (Commission), in accordance with the provisions of Title 19a, Chapter 368q, of the Connecticut General Statutes. The Office of the Chief Medical Examiner investigates all human deaths of a violent nature, deaths under suspicious circumstances, and certain other types of deaths. The Office is directed by a Chief Medical Examiner who is appointed by the Commission.

Dr. H. Wayne Carver II served as the Chief Medical Examiner during the audited period.

Commission on Medicolegal Investigations:

The Commission on Medicolegal Investigations, an independent administrative commission, consists of nine members: two full professors of pathology, two full professors of law, a member of the Connecticut Medical Society, a member of the Connecticut Bar Association, two members of the public selected by the Governor, and the Commissioner of Public Health. The members are

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appointed to six-year terms. The terms of four members expire every three years.

As of June 30, 2010, the members were:

Todd D. Fernow, J.D., Chairman
Susan Keane Baker, M.H.A.
Robert E. Cone, Ph.D.
Steven B. Duke, J.D.
Richard A. Lavelly, M.D., J.D.
Celia F. Pinzi
Frank J. Scarpa, M.D.
John Sinard, M.D.
J. Robert Galvin, M.D., Commissioner of Public Health, ex-officio

Section 19a-402 of the Connecticut General Statutes provides that the Commission on Medicolegal Investigations shall operate within the Department of Public Health for administrative purposes only.

Recent Notable Legislation:

The following notable legislative change took effect during the audited period:

Public Act No. 10-81, Section 1, effective May 26, 2010; the Commission on Medicolegal Investigations shall submit recommendations concerning the Chief Medical Examiner and Deputy Chief Medical Examiner's salary and annual increments to such salary to the Commissioner of Administrative Services for review and approval. This review and approval was previously the function of the Commission on Medicolegal Investigations.

RÉSUMÉ OF OPERATIONS:

General Fund:

General Fund receipts totaled \$1,163,136, \$1,231,960 and \$1,268,672 for the fiscal years ended June 30, 2008, 2009 and 2010, respectively. The majority of the receipts consisted of fees for cremation certificates.

General Fund receipts for the fiscal years ended June 30, 2008, 2009 and 2010, is presented below for comparative purposes:

	<u>Fiscal Years</u>		
	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
Cremation certificates	\$1,135,800	\$1,209,487	\$1,248,359
Medical and autopsy reports	19,593	16,459	15,889
Refunds of Current Year Expenditures	1,791	-	-
Other	<u>5,952</u>	<u>6,015</u>	<u>4,425</u>
Total General Fund Receipts	<u>\$1,163,136</u>	<u>\$1,231,961</u>	<u>\$1,268,673</u>

A comparative summary of General Fund expenditures for the fiscal years ended June 30, 2008, 2009 and 2010, is presented below:

	<u>Fiscal Years</u>		
	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
Personal Services	\$4,600,685	\$4,817,821	\$4,453,187
Contractual Services	787,968	373,631	371,175
Commodities	440,068	474,656	421,719
Equipment	4,937	-	-
Total General Fund Expenditures	<u>\$5,833,658</u>	<u>\$5,666,108</u>	<u>\$5,246,081</u>

Personal services expenditures accounted for 85 percent of total General Fund expenditures for the fiscal years ended June 30, 2009 and 2010. As of June 30, 2010, the Office had 56 full-time and 10 part-time filled positions.

The increase in the personal services category of \$217,136 in the 2008-2009 fiscal year was primarily the result of collective bargaining increases and additional investigators being added. The decrease in the personal services category of \$364,364 in the 2009-2010 fiscal year was primarily the result of cost savings from mandatory furlough days and the reduction in overtime payments. The decrease in the contractual services category of \$414,337 in the 2008-2009 fiscal year was primarily due to a decrease in the number of Assistant Medical Examiners on contract during the audited period.

Special Revenue Fund – Capital Equipment Purchase Fund:

Equipment and corresponding software upgrade purchases from the Capital Equipment Purchase Fund totaled \$41,349, \$69,987 and \$0 during the 2007-2008, 2008-2009 and 2009-2010 fiscal years, respectively.

Irwin H. Lepow Trust Fund:

The Irwin H. Lepow Trust Fund was established as a non-expendable trust fund in 1988 to honor the memory of Dr. Irwin H. Lepow, the first Chairperson of the Commission on Medicolegal Investigations. It was originally intended that the investment income was to be used for educational purposes "...such as, but not limited to library acquisitions, periodicals, teaching aids or special seminar programs." In 1998, the fund was modified to an expendable trust fund, meaning that the contributed capital as well as the earned interest may be used for the originally stated purposes.

Donations to the fund totaled \$150 in both the 2008-2009 and 2009-2010 fiscal years. Interest earned by the trust fund totaled \$569 and \$112 during the respective fiscal years. Expenditures from the trust fund were \$7,048 in 2008-2009 fiscal year and \$166 in 2009-2010 fiscal year. The fund balance as of June 30, 2010, was \$25,998.

CONDITION OF RECORDS

Our examination of the records of the Office of the Chief Medical Examiner disclosed certain areas requiring attention, which are presented in this section of the report.

Appointment of Commission Members:

Criteria: Section 19a-401, subsection (a), of the General Statutes provides that members appointed to the Commission on Medicolegal Investigations are allowed to serve for a period of six years and until their successors are appointed. Said section specifies that appointments be made, in part, from lists of candidates recommended by committees comprised of various professionals in the fields of medicine and law. Members are to be reappointed under the same conditions as the initial appointments. This subsection further states that the Commission shall meet at least once each year with those persons and groups affected by commission policies and procedures.

It should be noted that statutory provisions make allowances for members to continue serving beyond the expiration of their terms in order to permit the Commission to operate.

Conditions: At the conclusion of our field work in April, 2011, we noted that three out of nine members of the Commission had not been officially reappointed upon expiration of their terms, yet continued to serve on the Commission. In addition, the Commission did not conduct a required annual meeting with those persons and groups affected by commission policies and procedures during the calendar year ended December 31, 2009.

A review of the attendance of the nine members of the Commission during the 12 meetings held between September 2008 and January 2011, noted four members that were absent from 33 to 67 percent of the meetings.

Effect: The lack of timely reappointment of members places into question the anticipated tenure of those members who continue to serve beyond their terms. The length of time since the expiration of the members' terms suggests that the members have essentially been "reappointed" without regard to the conditions of the initial appointments.

In the instance noted above, the Commission did not comply with the annual meetings requirement of Section 19a-401 of the General Statutes.

In circumstances where all commission members are not present, there is less assurance that the commission's agenda is being carried out with the input from the full compliment of its members.

Cause: It appears that the Governor's office has not been addressing the reappointment of Commission members in a timely manner or in accordance with the statutory provisions.

The required annual Commission meeting that was scheduled for March 20, 2009, was cancelled. It is uncertain why the meeting was not rescheduled.

It appears that scheduled meetings are not being attended regularly by members due to conflicting schedules.

Recommendation: The Commission should continue to consult with the Governor's office regarding the expiration of Commission members' terms, helping to ensure that the appointment process is carried out expeditiously and in accordance with statutory requirements. The Commission should ensure that all the required meetings are held and stress the importance of regular attendance by its members. (See Recommendation 1.)

Agency Response: "The Agency acknowledges that timely reappointment or replacement of board members is essential and should be carried out expeditiously in accordance with statutory requirements, however, it is the Governor's Office who is responsible for this."

Expenditures:

Criteria: Section 4-98(a) of the General Statutes states that, except for emergency purchases, no budgeted agency shall incur any obligation, by order, contract or otherwise, except by the issuance of a purchase order or any other documentation approved by the Comptroller.

Section 4-213 of the General Statutes states that no state agency may hire a personal service contractor without executing a personal service agreement with such contractor.

The State Accounting Manual, issued by the Office of the State Comptroller, includes policies and procedures for completing the personal service agreement contract. One of those requirements is the approval of the contract as to form by the Attorney General's office.

Proper internal controls related to purchasing require that commitment documents be properly authorized prior to the requisition and receipt of goods or services.

Conditions: Our review of 25 expenditure transactions for the audited period disclosed the following:

- Two instances where services were performed and goods were received prior to having an approved purchase order on file.
- One instance in which a personal service agreement was approved by the Attorney General’s office four months after the contract period began. A review of eight additional contracts noted similar conditions. In these instances, the personal service agreements were signed from two to four months after the contract period began.

Effect: Incurring an obligation without a valid commitment circumvents budgetary controls and increases the risk that funding will not be available at the time of payment.

Internal controls over personal service agreements were weakened. Specifically, in the instances where personal service agreements were approved after the contract period had begun, there was less assurance that the terms of the personal service agreements met the approval of the Attorney General’s office prior to the performance of such contracts.

Cause: With respect to the cases cited, established control procedures in the area of procurement were not adequately carried out.

Recommendation: The Office of the Chief Medical Examiner should strengthen internal controls to ensure that funds are committed prior to purchasing goods and services. In addition, the Office should ensure that personal service agreements are signed by all relevant parties prior to the commencement of corresponding services. (See Recommendation 2.)

Agency Response: “The agency acknowledges that two invoices were received and the agency did not have the funds encumbered. One was for a recurring expense and the other for an emergency purchase. As a result of statewide agency allotment reductions, the agency was obligated to reduce the committed funds on all purchase orders. Upon notification to the Office of Policy and Management of our critical need for funds, funds were released and they were posted to the open purchase orders in order to process the bills. The agency also acknowledges that there were some issues with the personal services agreements as it was the first time that we had to process payments for the Assistant Medical Examiners in this manner. The Business Manager was informed of these recommendations and will ensure that all future commitments are processed in accordance with State guidelines.”

Purchasing Card:

Criteria: The State Comptroller, in conjunction with the Department of Administrative Services, has issued the State of Connecticut’s Agency Purchasing Card Coordinator Manual, which sets forth the state guidelines and procedures on the use of the purchasing cards by state agencies. These guidelines require

that the agency perform a monthly reconciliation of its monthly transactions to the billing statement.

Condition: Our current audit examination of the Office's purchasing card system included the review of transactions processed during the audited period. From a sample of five purchasing cards, we noted the following:

- One instance where the monthly activity was not accurately reconciled to the bank statement.
- One instance where the transaction was coded to the incorrect expenditure account category.

Effect: The Office did not comply with its established policies and procedures, which weakens internal control, and increases the likelihood that inappropriate expenditures may be made and not be detected by management in a timely manner.

Cause: It appears that these instances were the result of administrative oversight.

Recommendation: The Office of the Chief Medical Examiner should comply with established purchasing card policies and procedures by ensuring that all transactions are properly coded and reconciled. (See Recommendation 3.)

Agency Response: “The agency acknowledges the instances noted above and will make a conscious effort to ensure that all records are double checked for accuracy.”

Software Inventory:

Criteria: The State of Connecticut’s Property Control Manual states that “a software inventory must be established by all agencies to track and control all of their software media, licenses or end user license agreements, certificates of authenticity, documentation and related items.” The manual further states that “each agency will produce a software inventory report on an annual basis....A physical inventory of the software library, or libraries, will be undertaken by all agencies at the end of each fiscal year and compared to the annual software inventory report. This report will be retained by the agency for audit purposes.”

Condition: During the audited period, the Office did not maintain documentation to support that an annual software inventory report was prepared. The cumulative software inventory report on file did not contain all the required data elements. The Office was unable to document that the annual physical inventory of the software library was performed during the audited period.

Effect: The Office is not in compliance with software inventory requirements contained in the State of Connecticut’s Property Control Manual.

Cause: The Office did not maintain supporting documentation that an annual inventory report was completed and compared to the software library. In addition, the Office's cumulative inventory report was missing several of the minimum required data elements.

Recommendation: The Office of the Chief Medical Examiner should comply with the software inventory requirements contained in the State of Connecticut's Property Control Manual. (See Recommendation 4.)

Agency Response: "The agency acknowledges that the software inventory records were missing several required data elements and that documentation was not maintained when the inventory was taken as of June 30th. These have since been rectified. The IT specialist did maintain an active record of changes made as they occurred. We have taken steps to consolidate all the data into one Access database for reporting purposes, and a software inventory will be taken at fiscal year end and approved by the appropriate Supervisor. "

RECOMMENDATIONS

Our prior audit report contained eight recommendations. There has been satisfactory resolution of seven of these recommendations. One recommendation has been restated to reflect current conditions. Three additional recommendations are being presented as a result of our current examination.

Status of Prior Audit Recommendations:

- The Commission should continue to consult with the Governor's office regarding the expiration of Commission members' terms, helping to ensure that the appointment process is carried out expeditiously and in accordance with statutory requirements. The recommendation is being repeated with modification. (See Recommendation 1.)
- The Office of the Chief Medical Examiner should comply with the State of Connecticut's Property Control Manual and improve control over equipment inventory and reporting. Improvement was noted in this area; the recommendation is not being repeated.
- The Office of the Chief Medical Examiner should improve purchasing procedures to ensure that all contract terms, including available discount provisions, are current in Core-CT. Improvement was noted in this area; the recommendation is not being repeated.
- The Office of the Chief Medical Examiner should take the necessary steps to ensure that accurate data is reported to the Department of Administrative Services. Improvement was noted in this area; the recommendation is not being repeated.
- The Office of the Chief Medical Examiner should comply with established purchasing card policies and procedures by ensuring that purchase orders are established prior to the receipt of the bill from the bank. Improvement was noted in this area; the recommendation is not being repeated.
- The Office of the Chief Medical Examiner should perform a reconciliation of its receipts to the revenue records of the State Comptroller. Improvement was noted in this area; the recommendation is not being repeated.
- The Office of the Chief Medical Examiner should strengthen controls over cremation certificate receipts by the periodic preparation of accountability reports. Improvement was noted in this area; the recommendation is not being repeated.
- The Office of the Chief Medical Examiner should follow its established policies for the collection of accounts receivable. In addition, the Office should perform a review of all its delinquent accounts to ensure that the individual balances are in the appropriate stages of collection. Improvement was noted in this area; the recommendation is not being repeated.

Current Audit Recommendations:

- 1. The Commission should continue to consult with the Governor's office regarding the expiration of Commission members' terms, helping to ensure that the appointment process is carried out expeditiously and in accordance with statutory requirements. The Commission should ensure that all the required meetings are held and stress the importance of regular attendance by its members.**

Comment:

Three members of the Commission had not been officially reappointed upon the expiration of their terms. The Commission did not conduct one of the required annual meetings with those persons and groups affected by the commission's policies and procedures during the audited period. In addition, four of the members did not regularly attend the Commission meetings.

- 2. The Office of the Chief Medical Examiner should strengthen internal controls to ensure that funds are committed prior to purchasing goods and services. In addition, the Office should ensure that personal service agreements are signed by all relevant parties prior to the commencement of corresponding services.**

Comment:

Our review of expenditures disclosed several instances where the related purchase order was issued after the monthly invoice was received. In addition, we noted a number of personal service agreements that were approved by the Attorney General's office after the contract period began.

- 3. The Office of the Chief Medical Examiner should comply with established purchasing card policies and procedures by ensuring that all transactions are properly coded and reconciled.**

Comment:

We noted an instance where the monthly reconciliation between the purchasing card log and the bank account statement was not performed accurately. There was also an instance where a transaction was coded to the incorrect expenditure account category.

- 4. The Office of the Chief Medical Examiner should comply with the software inventory requirements contained in the State of Connecticut's Property Control Manual.**

Comment:

The Office's cumulative software inventory did not contain all the required data elements. The Office did not maintain documentation to support that an annual software inventory report was prepared. Further, the Office did not document a physical inventory of its software during the audited period.

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 Chief Medical Examiner for the fiscal years ended June 30, 2009 and 2010. 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 grants 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 Chief Medical Examiner for the fiscal years ended June 30, 2009 and 2010, 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 Chief Medical Examiner 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 control 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:

In planning and performing our audit, we considered the Office of the Chief Medical Examiner'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 assurance on the effectiveness of the Office's internal control over those control objectives.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance with requirements was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies and material weaknesses have been identified. However, as described in the accompanying Condition of Records and Recommendations sections of this report, we identified a deficiency in internal control over financial operations, safeguarding of assets, and compliance with requirements that we consider to be a material weaknesses.

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 unauthorized, illegal or irregular transactions on a timely basis. 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's financial operations will not be prevented or detected and corrected on a timely basis. We consider the following deficiency described in detail in the accompanying Condition of Records and Recommendations sections of this report to be a material weakness: Recommendation 2 – weaknesses in internal controls over the authorization of purchase orders and personal service agreements.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Office of the Chief Medical Examiner 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*. However, we noted certain matters which we reported to Office management in the accompanying Condition of Records and Recommendations sections of this report.

The Office of the Chief Medical Examiner's response to the findings identified in our audit are described in the accompanying Condition of Records section of this report. We did not audit the Office of the Chief Medical Examiner's response and, accordingly, we express no opinion on it.

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 extended to our representatives by the personnel of the Office of the Chief Medical Examiner during the course of our audit.



Frederick K. Armour
Auditor II

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts