

STATE OF CONNECTICUT



*AUDITORS' REPORT
OFFICE OF THE CHIEF MEDICAL EXAMINER
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2012*

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

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August 1, 2013

**AUDITORS' REPORT
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FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2012**

We have made an examination of the financial records of the Office of the Chief Medical Examiner for the fiscal years ended June 30, 2011 and 2012. 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 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.

Auditors of Public Accounts

The office's personnel, payroll and affirmative action functions were transferred to the Department of Administrative Services (DAS) Small Agency Resource Team during the fiscal year ended June 30, 2011. The office's business office functions were transferred to the DAS Finance and Budget Unit during the same year.

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

As of June 30, 2012, the members were:

Todd D. Fernow, J.D., chairman
Susan Keane Baker, M.H.A.
Steven B. Duke, J.D.
Richard A. Lavelly, M.D., J.D., M.S., M.P.H.
Celia F. Pinzi
Frank J. Scarpa, M.D.
John Sinard, M.D., Ph.D.
Jewel Mullen, M.D., M.P.H., M.P.A., Commissioner of Public Health, ex-officio

During the audited period, the following also served on the commission:

Robert E. Cone, Ph.D.
J. Robert Galvin, M.D., Commissioner of Public Health, ex-officio

During the period of our audit, Section 19a-402 of the Connecticut General Statutes provided 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 changes became effective during the audited period:

Public Act No. 11-6 – Section 129 of the act increases the fee for a cremation certificate from \$100 to \$150. The effective date of this provision was July 1, 2011.

Public Act No. 12-1 of the June Special Session - Section 100 of the act amends section 19a-402 of the General Statutes by assigning the Commission on Medicolegal Investigations and the Office of the Chief Medical Examiner within the University of Connecticut Health Center for administrative purposes only. The effective date of this provision was July 1, 2012.

RÉSUMÉ OF OPERATIONS:

General Fund:

General Fund receipts totaled \$1,268,673, \$1,356,053 and \$1,917,917, for the fiscal years ended June 30, 2010, 2011 and 2012, respectively. The majority of the receipts consisted of fees for cremation certificates.

General Fund receipts for the fiscal years ended June 30, 2010, 2011 and 2012, are presented below for comparative purposes:

	<u>Fiscal Years</u>		
	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
Cremation Certificates	\$1,248,359	\$1,336,900	\$1,898,800
Medical and Autopsy Reports	15,889	13,997	15,029
Other	<u>4,425</u>	<u>5,156</u>	<u>4,088</u>
Total General Fund Receipts	<u>\$1,268,673</u>	<u>\$1,356,053</u>	<u>\$1,917,917</u>

A comparative summary of General Fund expenditures for the fiscal years ended June 30, 2010, 2011 and 2012, is presented below:

	<u>Fiscal Years</u>		
	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
Personal Services	\$4,453,187	\$4,608,378	\$4,290,212
Contractual Services	371,175	319,176	480,242
Commodities	421,719	415,390	451,722
Equipment	<u>-</u>	<u>4,200</u>	<u>14,726</u>
Total General Fund Expenditures	<u>\$5,246,081</u>	<u>\$5,347,143</u>	<u>\$5,236,902</u>

Personal services expenditures accounted for 86 percent and 82 percent of total General Fund expenditures for the fiscal years ended June 30, 2011 and 2012, respectively.

The increase in the personal services category of \$155,191 in the 2010-2011 fiscal year was primarily the result of collective bargaining increases. The decrease in the personal services category of \$318,166 in the 2011-2012 fiscal year was primarily the result of staff reductions. The increase in the contractual services category of \$161,066 in the 2011-2012 fiscal year was primarily due to increased costs associated with the use of outside laboratory services, which was directly related to the retirement of several key toxicological laboratory employees.

Special Revenue Fund – Capital Equipment Purchase Fund:

Equipment and corresponding software upgrade purchases from the Capital Equipment Purchase Fund totaled \$0, \$0 and \$28,462 during the 2009-2010, 2010-2011 and 2011-2012 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 \$900 in the 2010-2011 fiscal year and \$175 in the 2011-2012 fiscal year. Interest earned by the trust fund totaled \$61 and \$43 during the respective fiscal years. There were no expenditures from the trust fund during the audited period. The fund balance as of June 30, 2012, was \$27,185.

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.

Lack of Formal Memorandum of Understanding:

- Background:* During the fiscal year ended June 30, 2012, the office merged and consolidated personnel, payroll, affirmative action and certain business office functions with the Department of Administrative Services (DAS). In July 2012, these same functions were merged and consolidated with the University of Connecticut Health Center.
- Criteria:* General business practice suggests that the lines of responsibility in the performance of certain functions between agencies should be mutually agreed upon and memorialized in a signed written agreement.
- Condition:* Our review of the office disclosed that there was no formal mutual understanding on file supporting the recent consolidations and merger of certain business office functions with DAS and the University of Connecticut Health Center.
- Effect:* The absence of a formal mutual understanding as to the lines of responsibility in the performance of certain functions may lead to ineffectiveness or inefficiencies between the agencies.
- Cause:* It is uncertain why a formal mutual understanding was not executed.
- Recommendation:* The Office of the Chief Medical Examiner should pursue a formal agreement with the University of Connecticut Health Center to clearly identify the lines of responsibility in performing personnel, payroll, affirmative action and business office functions. (See Recommendation 1.)
- Agency Response:* “The agency recognizes the importance of a Memorandum of Understanding (MOU) in this circumstance. A draft memorandum is in the works. The efficient execution of a MOU has been hampered by the decentralization of authority in the part of the Health Center. In addition, the incumbent Chief has retired and is serving on a 120 day rehire agreement. We anticipate the naming of a Chief in the near future and deem it advisable that the details be worked out by the new administration.”

Procurement:

Criteria: Section 4-98, subsection (a), of the General Statutes states that no budgeted agency may incur any obligation except by the issuance of a purchase order transmitted to the State Comptroller to commit the agency's appropriations to ensure that funds are available for the payment of such obligations.

In addition, good internal controls for purchasing require that commitment documents be properly authorized prior to the order and receipt of goods or services.

The Core-CT accounting system provides for a comprehensive chart of accounts for coding expenditure transactions. Proper coding of expenditures is essential in providing fiscal and budgetary accountability over costs.

Condition: Our review of 22 expenditure transactions for the audited period disclosed the following:

- Nine instances in which purchase orders for goods and services were issued after the vendor invoices had been received.
- Two instances in which documentation supporting that services were rendered could not be located.
- Two instances in which purchasing card related transactions were coded to the incorrect expenditure account category.

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.

Improper coding of expenditure transactions weakens fiscal and budgetary accountability over costs.

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 verify that the coding of purchasing card related expenditures are accurate to ensure that goods and services are recorded in proper expenditure accounts. (See Recommendation 2.)

Agency Response: "The agency recognizes that public servants dealing with public funding are under especially stringent responsibilities for accountability and have every desire to meet those responsibilities. It is our intention to make every effort to

comply with the recommendations however, it should be noted that agency has no on site personnel with the skills and/or experience necessary to do this in a competent fashion.”

Accounts Receivable:

Background: During the audited period, the office’s billing and accounts receivable function was administered by several different agencies. Effective October 2011, the activities were administered by the Department of Administrative Services. Effective June 27, 2012, the office’s billing and receivable activities were transferred to the University of Connecticut Health Center.

Criteria: Past due receivable accounts should be reviewed periodically to determine whether they are collectible. Receivables deemed to be uncollectible should be written off in accordance with the provisions of Section 3-7 of the General Statutes.

Condition: Proper management of account balances due has not been performed on a consistent basis. From a sample of ten outstanding receivable accounts as of June 30, 2012, we noted six accounts that remained outstanding in April 2013.

Effect: Untimely collection efforts increase the risk that receivables will not be collected.

Cause: It appears that during the transition of the office’s billing and accounts receivable functions, certain past due receivables were not reviewed periodically and collected.

Recommendation: The Office of the Chief Medical Examiner should continue its efforts to resolve delinquent receivable accounts. (See Recommendation 3.)

Agency Response: “The Office of the Chief Medical Examiner recognizes the needs for proper management of proper collection of funds due the state and will make every effort to do this properly. Again, it should be noted that appropriate on site personnel are not present.”

Asset Management:

Criteria: Section 4-36 of the General Statutes requires that each state agency establish and maintain inventory records in the form prescribed by the State Comptroller. In addition, the State Property Control Manual establishes the standards for maintaining an inventory system and sets reporting requirements. These requirements include: filing an annual Asset

Management/Inventory Report/GAAP Reporting Form (CO-59 report); reporting accurate amounts on the CO-59 report that are supported by subsidiary records; and that a complete physical inventory of all property be taken by the end of each fiscal year to ensure that property control records accurately reflect the actual inventory on hand.

Condition: Our current audit examination of the office’s property control system disclosed the following:

- The CO-59 report for the fiscal year ended June 30, 2012, was not submitted to the State Comptroller.
- Certain amounts, relating to the stores and supplies category, on the CO-59 report that was filed for the fiscal year ended June 30, 2011, either contained errors or could not be readily traced to supporting documentation.
- A physical inventory of equipment had not been conducted for the fiscal year ended June 30, 2012.

Effect: The conditions described above weaken internal control over equipment and increases the likelihood that the loss of equipment may occur and not be detected by management in a timely manner.

Cause: Inadequate staffing contributed to the internal control deficiencies.

Recommendation: The Office of the Chief Medical Examiner should improve internal control over asset accountability and reporting, and ensure compliance with the requirements of the State Property Control Manual. (See Recommendation 4.)

Agency Response: “The Office of the Chief Medical Examiner recognizes the need for proper management and inventory of assets given the unique and expensive nature of some of our equipment. The transition to The Department of Administrative Services management and subsequent transition to The University of Connecticut Health Center management structure eliminated our access to the Core-CT system through which these reports were submitted. Reports have been submitted in paper form and will be until a substitute system or revision to the Core-CT system is instituted.”

Digest of Administrative Reports:

Criteria: Section 4-60 of the General Statutes states, “the executive head of each budgeted agency shall, on or before September first, annually, deliver to the Governor a report of the activities of such agency during the fiscal year ended the preceding June thirtieth.” The agency reports are published in the

Administrative Digest report published by the Department of Administrative Services.

Condition: The Office of the Chief Medical Examiner did not file a report in accordance with Section 4-60 of the General Statutes for the fiscal year ended June 30, 2012.

Effect: The required report was not published in the Administrative Digest report produced by the Department of Administrative Services.

Cause: We were informed that the staff member who was responsible for filing this report retired and was not replaced.

Recommendation: The Office of the Chief Medical Examiner should prepare and submit an administrative report to the Governor in accordance with Section 4-60 of the General Statutes. (See Recommendation 5.)

Agency Response: “I would again note that people responsible for producing this report on a yearly basis were taken away from the agency. That person's e-mail account was closed and no notification was received that the document was due. We will make every effort to comply in the next year.”

RECOMMENDATIONS

Our prior audit report contained four recommendations. There has been satisfactory resolution for two of these recommendations. Two recommendations have been repeated and have been merged to reflect current conditions. Four additional recommendations are being presented as a result of our current examination.

Status of Prior Audit Recommendations:

- The Commission on Medicolegal Investigations 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. Improvement was noted in this area; therefore, the recommendation is not being repeated.
- 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. The recommendation is being repeated with modification. (See Recommendation 2.)
- 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. The recommendation is being repeated with modification. (See Recommendation 2.)
- The Office of the Chief Medical Examiner should comply with the software inventory requirements contained in the State Property Control Manual. Improvement was noted in this area; therefore, the recommendation is not being repeated.

Current Audit Recommendations:

- 1. The Office of the Chief Medical Examiner should pursue a formal agreement with the University of Connecticut Health Center to clearly identify the lines of responsibility in performing personnel, payroll, affirmative action and business office functions.**

Comment:

Our review disclosed that there was no formal mutual understanding on file supporting the recent consolidations and merger of certain business office functions with the Department of Administrative Services and the University of Connecticut Health Center.

- 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 verify that the coding of purchasing card related expenditures are accurate to ensure that goods and services are recorded in proper expenditure accounts.**

Comment:

Our review of expenditures disclosed a number of instances in which the related purchase order was issued after the vendor invoices were received. Two instances in which documentation supporting that services were rendered could not be located. In addition, there were two instances in which transactions were coded to the incorrect expenditure account category.

- 3. The Office of the Chief Medical Examiner should continue its efforts to resolve delinquent receivable accounts.**

Comment:

Our review of accounts receivable disclosed that proper management of accounts due had not been performed on a consistent basis.

- 4. The Office of the Chief Medical Examiner should improve internal control over asset accountability and reporting and ensure compliance with the requirements of the State Property Control Manual.**

Comment:

The office did not file a CO-59 report for the 2011-2012 fiscal year. Certain amounts relating to the stores and supplies category on the CO-59 report filed for the 2010-2011 fiscal year contained errors. Further, the office did not conduct a physical inventory of its equipment during the 2011-2012 fiscal year.

- 5. The Office of the Chief Medical Examiner should prepare and submit an administrative report to the Governor in accordance with Section 4-60 of the General Statutes.**

Comment:

The office did not file an administrative report to the Governor for the 2011-2012 fiscal year.

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, 2011 and 2012. This audit was primarily limited to performing tests of the office's compliance with certain provisions of laws, regulations, contracts and grant agreements and to understanding and evaluating the effectiveness of the office's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and 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, 2011 and 2012 are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

In accordance with statute, certain executive branch agencies can be subject to some or all business office and other administrative functions being assumed by the Department of Administrative Services (DAS). When this occurs, memoranda of agreement are to be executed detailing whether DAS or the audited agency retains ultimate responsibility for compliance with laws, regulations, contracts and grant agreements. In the absence of such agreements, the audited agency would remain responsible for all compliance issues that may arise. When referring to the controls of the audited agency, we are also referring, where appropriate, to the relevant controls that DAS has in place to ensure compliance.

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:

Management of the Office of Chief Medical Examiner and the Department of Administrative Services is now responsible for establishing and maintaining effective internal control over the office's financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts, and grants. In planning and performing our audit, we considered the Office of the 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 expressing an opinion on the effectiveness of the office's internal control over those control objectives.

Accordingly, we do not express an opinion on the effectiveness of the Office of the Chief Medical Examiner's internal control over those control objectives.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct on a timely basis, unauthorized, illegal or irregular transactions, or breakdowns in the safekeeping of any asset or resource. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions and/or material noncompliance with certain provisions of laws, regulations, contracts, and grant agreements that would be material in relation to the Office of the Chief Medical Examiner's financial operations will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance with requirements was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the Office of the Chief Medical Examiner's financial operations, safeguarding of assets, or compliance with requirements that we consider to be material weaknesses, as defined above. However, we consider the following deficiencies, described in detail in the accompanying Condition of Records and Recommendations sections of this report, to be significant deficiencies: Recommendation 1: Lack of Formal Memorandum of Understanding, Recommendation 2: Procurement, Recommendation 3: Accounts Receivable, and Recommendation 4: Asset Management. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 and Department of Administrative Services'

responses 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 and Department of Administrative Services' responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the Office of the Chief Medical Examiner's management, the Department of Administrative Services, 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 cooperation and courtesies extended to our representatives by the personnel of the Office of the Chief Medical Examiner during the course of our examination.



David S. Paradie
Associate Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts