

STATE OF CONNECTICUT



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

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

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June 9, 2014

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

We have audited certain operations of the Office of the Governor in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2011 and 2012. The Department of Administrative Services (DAS) provided accounting, payroll and personnel services for the Office of the Governor during the audited period. The scope of our audit did not extend to the evaluation of the relevant controls at that agency. The objectives of our audit were to:

1. Evaluate the office's internal controls over significant management and financial functions.
2. Evaluate the office's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United

States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

For the areas audited, we identified (1) no deficiencies in internal controls, (2) no apparent noncompliance with legal provisions, and (3) need for improvement in management practices and procedures that we deemed to be reportable. The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Office of the Governor.

COMMENTS

FOREWORD

The Office of the Governor was established under Article Fourth of the Constitution of the State of Connecticut and operated under the provisions of Title 3, Chapter 31, of the General Statutes. The Governor is charged with the responsibility of executive direction and supervision of the general administration of the state. M. Jodi Rell served as the Governor during the first six months of the period under review. She was succeeded by Dannel P. Malloy, who was sworn in on January 5, 2011. Under Section 3-2 of the General Statutes, the annual salary of the Governor is \$150,000.

Legislative Changes

Notable legislative changes are presented below:

Public Act 12-205, Section 20 – Effective July 1, 2012, this act repealed Section 5-236 of the General Statutes. Section 5-236 of the General Statutes, as it related to the Office of the Governor, required the Governor to appoint six members to a Senior Executive Service Board.

RÉSUMÉ OF OPERATIONS

General Fund receipts totaled \$0 and \$1,292 during the fiscal years ended June 30, 2011 and 2012, respectively. The source of these receipts was refunds of current and prior year expenditures.

General Fund expenditures totaled \$2,526,575 and \$2,616,844 during the fiscal years ended June 30, 2011 and 2012, respectively. A summary of expenditures during the audited period is presented below:

	<u>Fiscal Year Ended June 30,</u>	
	<u>2011</u>	<u>2012</u>
Personal Services and Employee Benefits	\$2,148,359	\$2,343,733
Other Expenditures	<u>378,216</u>	<u>273,111</u>
Total General Fund Expenditures	<u>\$2,526,575</u>	<u>\$2,616,844</u>

Other Expenditures were made up as follows:

	<u>Fiscal Year Ended June 30,</u>	
	<u>2011</u>	<u>2012</u>
Membership Dues	\$174,328	\$106,000
Rental Expenditures	58,542	\$59,903
Regular Postage	12,131	5,375
Telecommunications	19,690	19,329
Miscellaneous	<u>113,525</u>	<u>82,504</u>
Total Other Expenditures	<u>\$378,216</u>	<u>\$273,111</u>

The other expenditures total above is primarily made up of expenditures associated with membership in the National Governors' Association and rental expenditures associated with the Governor's office in Washington D.C. The decrease in membership dues in fiscal year 2012 resulted from the Office of the Governor making a fiscal year 2012 payment to one membership organization, the Coalition of Northeastern Governors, whereas in fiscal year 2011, payments were made to two membership organizations, the National Governor's Association and the New England Governor's Conference.

In addition to the General Fund expenditures detailed above, the Governor's Office also expended \$1,241 and \$15,131 from the Capital Equipment Purchases Fund in fiscal year 2011 and 2012, respectively. The expenditures related to general agency equipment purchases, office equipment purchases, and telephone installation fees.

During the audited period, there was one foundation associated with the Office of the Governor. The foundation is the Governor's Residence Conservancy, Inc. Foundations are private, not-for-profit organizations that may be formed in accordance with Section 4-37f of the General Statutes to support or improve a state agency.

The Governor's Residence Conservancy raised private funds to assist in the restoration and preservation of the Governor's official residence. During the audited period, administration of the Governor's Residence Conservancy's funds was initially provided by the Department of Public Works and subsequently provided by the Department of Administrative Services, as the Department of Public Works was consolidated within the Department of Administrative Services. The Auditors of Public Accounts performed the required financial and compliance

audit work associated with the Governor's Residence Conservancy for the fiscal years ended June 30, 2010 and 2011.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the Office of the Governor for the fiscal years ended June 30, 2011 and 2012 noted the following condition.

Tracking and Monitoring Executive Orders

Background: According to the General Assembly's Office of Legislative Research (OLR), Connecticut governors have been issuing executive orders since 1836.

Criteria: On February 1, 1986 Attorney General Joseph Lieberman issued an opinion (1986 Conn. Op. Atty. Gen. 13) stating that executive orders remain in effect after the issuing governor has left office; adhere to the office and not the incumbent officer; and continue indefinitely until additional formal action is taken by the legislative or executive branches of government. Furthermore, the opinion cites a court case, *Baxter v. State (1975)* that declared, "The Executive Order issued pursuant to the statutory provision, until rescinded or superseded, is effective beyond the expiration of the term of the Governor who issued it. The executive power is one of continuing effect, never ending, and unbroken by succession, a principal inherent and necessary to preservation of the stability and the integrity of our constitutional government."

To ensure the operation of government is as effective and efficient as possible, directives in the form of executive orders should be easily accessible to interested parties and maintained in an understandable manner.

Condition: The Office of the Governor's website lists only executive orders issued by the current governor. While the Connecticut State Library's website contains archived executive orders from previous administrations, there is no central authority assigned to the task of tracking and monitoring those orders for compliance with their stated requirements.

Effect: It is difficult for an interested party to determine which executive orders are active and applicable or whether they have been revised, expanded or eliminated by subsequent executive orders.

Cause: There is no centralized tracking mechanism for executive orders.

Recommendation: The Office of the Governor should establish a centralized mechanism that tracks the status of the executive orders and monitors those orders for compliance with state requirements. (See Recommendation 1.)

Agency Response: “The Governor’s Office agrees that executive orders issued by previous Governors should be made available to the public. To that end, the Governor’s Office of General Counsel has engaged in a project that has located all executive orders dating back to Governor Meskill. Our office has reviewed these orders and performed research regarding whether they should remain in place or should be formally rescinded, if they have not already expired on their face. Based on this research, we intend to issue an executive order outlining those orders that will remain valid and those that are formally revoked. At the same time, we will post all of the orders dating back to Governor Meskill on the Governor’s website along a with a table outlining: the Governor that issued the order, the order number, a summary of the substance of the order, and our rationale for either keeping it in place or rescinding it, among other information. This work should be completed by the end of Summer, 2014.”

RECOMMENDATIONS

Our prior audit report on the Office of the Governor contained two recommendations, one of which will not be repeated.

Status of Prior Audit Recommendations:

- **The Office of the Governor and the Department of Administrative Services should work together to ensure that a Senior Executive Board is created and made operational in accordance with state law or seek legislative relief from those requirements.** Effective July 1, 2012, Section 20 of Public Act 12-205 repealed Section 5-236(d) of the General Statutes. This recommendation has been resolved.
- **The Office of the Governor should establish a centralized tracking mechanism that tracks the status of the executive orders and monitors those orders for compliance with the state requirements.** This recommendation will be repeated in a modified form. (See Recommendation 1.)

Current Audit Recommendation:

1. **The Office of the Governor should establish a centralized mechanism that tracks the status of the executive orders and monitors those orders for compliance with state requirements.**

Comment:

Our review found that, during the audited period, there was no central authority assigned to the task of tracking and monitoring executive orders for compliance with stated requirements. This makes it difficult for interested parties to determine which executive orders are active and applicable to them or whether they have been revised, expanded or eliminated by subsequent executive orders.

CONCLUSION

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



John Harrison
Auditor II

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts