

STATE OF CONNECTICUT

**AUDITORS' REPORT
JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1999**

**AUDITORS OF PUBLIC ACCOUNTS
KEVIN P. JOHNSTON ♦ ROBERT G. JAEKLE**

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May 4, 2001

**AUDITORS' REPORT
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We have examined the financial records of the Joint Committee on Legislative Management and those of the following commissions whose financial affairs were administered by that Committee:

Permanent Commission on the Status of Women
Commission on Children
Latino and Puerto Rican Affairs Commission
State Capitol Preservation and Restoration Commission
African-American Affairs Commission

Our examination covered the fiscal years ended June 30, 1998 and 1999. Financial statement presentation and auditing is done on a Statewide Single Audit basis to include all State agencies. This examination has been limited to assessing the Joint Committee on Legislative Management's, the Permanent Commission on the Status of Women's, the Commission on Children's, the Latino and Puerto Rican Affairs Commission's, the State Capitol Preservation and Restoration Commission's and the African-American Affairs Commission's compliance with certain provisions of financial related laws, regulations, contracts and grants, and evaluating the Committee's and related Commissions' internal control structure and procedures established to ensure such compliance. This report on our examination consists of the Comments, Condition of Records, Recommendations and Certification that follow.

COMMENTS

FOREWORD:

The Joint Committee on Legislative Management (JCLM) operates, generally, under the provisions of Title 2, Chapter 18a, Sections 2-71a through 2-71v of the General Statutes. It is

responsible for the financial affairs of the General Assembly, including the coordination and management of legislative matters and the supervision and approval of legislative expenditures from all appropriations to the General Assembly, legislative commissions and legislative interim committees. It must review and approve budgetary requests of all legislative commissions, committees, and agencies, and coordinate the work of the General Assembly's standing committees. The Committee is required to assess ways and means to improve the legislative operation and to make improvements in the legislative organization, procedures, facilities and working conditions. It is also responsible for the maintenance, supervision and control of the State Capitol and the Legislative Office Building and grounds as well as for the undertaking of authorized capital projects involving the preservation and restoration of the State Capitol building.

Members of the Joint Committee on Legislative Management:

Under the provisions of Section 2-71a of the Connecticut General Statutes the membership of JCLM shall be as provided in the joint rules of the House of Representatives and the Senate. For the 1998 and 1999 sessions of the General Assembly such rules provide for 19 members to be appointed from the House of Representatives and 13 from the Senate. As of June 30, 1999, the Committee's membership was as follows:

- House Members:

- Co-Chairperson, Speaker, Moira K. Lyons
- Deputy Speaker, Melody A. Currey
- Deputy Speaker, Wade A. Hyslop, Jr.
- Speaker Pro Tempore, Joan V. Hartley
- Majority Leader, David B. Pudlin
- Minority Leader, Robert M. Ward
- Representative Reginald G. Beamon
- Representative Richard O. Belden
- Representative Lawrence F. Cafero, Jr.
- Representative Raymond V. Collins
- Representative William R. Dyson
- Representative Ruth C. Fahrback
- Representative Brian J. Flaherty
- Representative Mary G. Fritz
- Representative Robert D. Godfrey
- Representative Robert T. Keeley
- Representative John S. Martinez
- Representative Ernest E. Newton
- Representative F. Philip Prelli

- Senate Members:

- Co-Chairperson, President Pro Tempore, Kevin B. Sullivan
- Chief Deputy President Pro Tempore, Alvin W. Penn

Majority Leader, George C. Jepsen
Minority Leader, M. Adela Eads
Senator William A. Aniskovich
Senator Joseph J. Crisco, Jr.
Senator Eileen M. Daily
Senator Louis C. DeLuca
Senator Judith G. Freedman
Senator Thomas P. Gaffey
Senator George L. Gunther
Senator Martin M. Looney
Senator Melodie Peters

- Other members who served during the audited period were:

House Members:

Representative Thomas D. Ritter
Representative Andrea L. Stillman
Representative Richard D. Tulisano

Senate Members:

Senator James T. Fleming

George H. Meier served as the Committee's Executive Director until September 4, 1998. Michael L. Nauer served as Acting Executive Director from September 8, 1998 until December 31, 1999. D'Ann Mazzocca was appointed as the Executive Director, effective January 3, 2000 and continues to serve in that capacity.

Legislative Changes:

Legislative action taken during the audited period that has impacted JCLM is summarized below:

Public Act 97-28 of the January 1997 Regular Session of the General Assembly, effective October 1, 1997, amended Section 2-17h, subsection (a), of the General Statutes and provides for a fine of not more than \$90 for any person who parks a motor vehicle on State Capitol grounds, in parking facilities or related structures in violation of JCLM parking regulations.

Section 7 of Public Act 98-227 of the February 1998 Regular Session of the General Assembly, effective January 6, 1999, amended Section 2-8, subsection (a) through (c), of the General Statutes. Subsection (a) increased each [General Assembly] member's annual compensation from \$16,760 to \$21,788; subsection (b) increased annual expense payments for members of the House from \$3,500 to \$4,500 and for Senate members from \$4,500 to \$5,500; and subsection (c) increased the annual compensation of the speaker and president pro tempore from \$23,160 to \$30,108, the majority and

minority leaders from \$22,050 to \$28,665, the deputy speaker and deputy majority and minority leaders from \$20,620 to \$26,806, assistant leaders and joint standing committee chairmen from \$19,300 to \$25,090, joint standing committee ranking members from \$18,200 to \$23,260, and added a provision that whips receive annual compensation of \$25,090.

Section 6 of Public Act 99-161 of the January 1999 Regular Session of the General Assembly, effective July 1, 1999, amended Section 2-71p subsection (b) and (c), of the General Statutes which increased the amount required of JCLM for public notice of estimated expenditure or sale from \$10,000 to \$50,000; and increased the amount that JCLM may waive in competitive bidding or competitive negotiation for purchases of minor nonrecurring and emergency purchases from \$1,000 to \$10,000, respectively. Section 9 of the Act requires that JCLM establish a pilot program in which JCLM may award contracts on or before June 30, 2001 for supplies, materials, equipment and contractual services on the basis of multiple criteria bids or proposals. (Multiple criteria bid or proposal means a bid or proposal for a contract that is to be awarded to the bidder or proposer who achieves the highest score in providing the State with a unique combination of attributes, including, but not limited to price, skill, ability, and integrity necessary for the faithful performance of the work, based on multiple criteria considering quality of product, warranty, life-cycle, cost, past performance, financial responsibility and other objective criteria.)

Legislative Branch Commissions:

Through its administrative staff the Committee supports the operations of all legislative committees and commissions and the various agencies of the legislative branch, except the Auditors of Public Accounts office. Within the budget for the Committee, provisions are made to fund the operations of all the committees and offices of the Legislature. Separate General Fund budgets were approved for the Auditors of Public Accounts, the Permanent Commission on the Status of Women, the Commission on Children, the Latino and Puerto Rican Affairs Commission and the African-American Affairs Commission. Also, allocations were made from State Capital Projects Funds to the State Capitol Preservation and Restoration Commission. The statutory authorizations, general duties and membership of each of the Commissions are discussed under separate captions in the "Resume of Operations" section of this report.

RÉSUMÉ OF OPERATIONS:

General Fund:

General Fund receipts of the JCLM, primarily in the categories of restricted contributions and refunds of expenditures, totaled \$123,288 and \$93,859 in the fiscal years ended June 30, 1998, and 1999, respectively.

General Fund expenditures for JCLM operations totaled \$34,851,465 and \$42,803,180 during the 1997-1998 and 1998-1999 fiscal years, as summarized below. For comparative purposes, expenditures for the 1996 -1997 fiscal year are also presented.

	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998 - 1999</u>
Personal services	\$22,133,692	\$22,921,945	\$26,480,427
Contractual services	9,988,475	10,337,237	13,327,366
Commodities	595,310	914,805	894,164
Sundry charges	30,613	9,094	23,331
Equipment	<u>1,030,500</u>	<u>668,384</u>	<u>2,122,892</u>
Total	<u>\$33,778,590</u>	<u>\$34,851,465</u>	<u>\$42,803,180</u>

General Fund expenditures increased 26.7 percent over the audited period. Personal services expenditures increased by 3.6 percent and 15.5 percent in 1997-1998 and 1998-1999, respectively. The increase for fiscal year 1998 was primarily attributable to an increase in the hours worked by Legislative employees. Increases in hours worked were part of a program to increase the standard work week from thirty-five hours to forty hours over a four year period. The final increase in hours to a forty hour work week occurred on July 1, 1998. Additionally, for fiscal year 1998-1999 General Assembly members received an increase in their annual compensation and expense payments. Contractual services increased 3.5 percent and 28.9 percent during the respective audited years. The significant increase for 1998-1999 was attributable primarily to the leasing of new computers and related peripheral equipment for the Legislative Offices; consultant services associated with the conversion to a new computer system (which became operational July 1999), including staff training and course development; and year 2000 upgrades for certain computer networks. The bulk of the equipment expenditures for fiscal year 1998-1999 were attributable to purchases of audiovisual equipment items required for the installation of network connections for "gavel-to-gavel" broadcast coverage of the General Assembly via Connecticut Television Network (CT·N).

Permanent Commission on the Status of Women:

The Permanent Commission on the Status of Women operates generally under the provisions of Title 46a, Chapter 812, of the General Statutes. The duties of the Commission are to conduct an ongoing study of all matters concerning women. In furtherance of that responsibility the Commission shall: inform leaders of business, education, State and local governments and the communications media of the nature and scope of the problem of sex discrimination, to enlist their support in working toward improvement; serve as liaison between government and private interest groups concerned with services for women; promote consideration of qualified women for all levels of government positions; and oversee coordination and assess programs and practices in all State agencies as they affect women. The membership of the Commission as of June 30, 1999, was as follows:

Barbara DeBaptiste, Chairperson
Senator Thomas Upson
Senator Donald E. Williams, Jr.
Representative Robert Farr

Representative Michael P. Lawlor
Marcia A. Cavanaugh
Ann R. Clark
Anne R. Fornabi
Karen L. Giblin
Jann-Marie Halvorsen
Patricia Hendel
Sarah E. McGir
Tanya Meck
Rosaida M. Rosario
Carmen I. Sierra
Cindy R. Slane
Vacancy [professor of law]

Others members who served during the audited period were:

Patricia Russo
Ruth L. Pulda
George Schatzki

Leslie J. Brett served as Executive Director through the audited period. General Fund expenditures of the Permanent Commission on the Status of Women totaled \$549,233 and \$632,338 in 1997-1998 and 1998-1999 fiscal years, respectively. The increase in expenditures was primarily attributable to increases in personal services costs. Receipts amounted to \$185,453 and \$158,192 in the two fiscal years. The decrease in receipts was primarily attributable to decreases in Federal and State grant activity.

Commission on Children:

The Commission on Children operates generally under the provisions of Title 46a, Chapter 814d, of the General Statutes. The duties of the Commission are to review all matters concerning children. In furtherance of that responsibility the Commission shall: meet periodically with various State agencies and officials on any matter related to children and the delivery of services to children; meet with and be available to representatives of private providers of services to children, foster parents, and support groups to children, to understand their concerns regarding the provision for service to children; receive from individuals and departments identified above, requests for review and recommendations by the Commission on any matters related to children and the delivery of services to children; inform leaders of the business community, education community, State and local governments and the communications media of the nature and scope of problems faced by children; serve as a liaison between government and private groups concerned with children; and review coordination and assess programs and practices in all State agencies as they affect children. The membership of the Commission as of June 30, 1999, was as follows:

Appointed members:

Laura Lee Simon, Chairperson
Elizabeth A. Bozzuto, Esq.
Judith A. Busch, Esq.
Maryann Campbell
Joseph C. Clary
Tamar H. MacFayden
Walter Pawelkiewicz
John Raye, M.D.
Lawrence B. Rifkin
Ruth Rose
David Salce
Shirley West
Senator Toni N. Harp
Senator Donald E. Williams, Jr.
Representative Mary Ann Handley
Representative Cameron C. Staples

Ex-officio members:

Kristine Ragaglia, Commissioner of Children and Families
Pat Wilson-Coker, Commissioner of Social Services
Peter H. O'Meara, Commissioner of Mental Retardation
Dr Joxel Garcia, Commissioner of Public Health
Theodore Sergi, Commissioner of Education
John J. Armstrong, Commissioner of Correction
Marc S. Ryan, Secretary of the Office of Policy and Management
Richard Blumenthal, Attorney General
Judge Robert Leuba, Chief Court Administrator

Other members who served during the audited period were:

Edward Epstein
Joan Hubbard
Representative Robert T. Keeley, Jr.

Elaine Zimmerman served as Executive Director of the Commission throughout the audited period. Expenditures for the Commission on Children amounted to \$383,340 and \$640,432 for the fiscal years ended June 30, 1998, and 1999, respectively. The increase in expenditures was primarily attributable to an increase in personal services and contractual costs associated with new programs. Receipts amounted to \$231,657 and \$69,068 in the two fiscal years. The decrease in receipts was primarily attributable to decreases in private and Federal grants.

Latino and Puerto Rican Affairs Commission:

The Latino and Puerto Rican Affairs Commission operates under Section 2-120 of the General Statutes. The duties of the Commission are to review and comment on any proposed State legislation and regulations that would affect the Latino and Puerto Rican populations in the State; advise and provide information to the Governor on the State's policies concerning the Latino and Puerto Rican communities; advise the Governor concerning the coordination and administration of State programs serving the Latino and Puerto Rican populations; maintain a liaison between the Latino and Puerto Rican communities and governmental entities; encourage Latino and Puerto Rican representation at all levels of State government, including State boards and commissions; secure appropriate recognition of the accomplishments and contributions of the Latino and Puerto Rican populations of the State; and prepare and submit to the Governor an annual report concerning its activities with any appropriate recommendations concerning the Latino and Puerto Rican populations in the State. The membership of the Commission as of June 30, 1999, was as follows:

Raul A. Rodriguez, Chairperson
Elena Demurias
Manual Garcia
Rolando T. Martinez
Alma L. Maya
Efrain Rosado
Americo L. Santiago
Ramon A. Serbia
Ivette Servera
Lillian A. Tamayo
Maritza Tiru
Carlos M. Vazquez
Vacancy

Others members who served during the audited period were:

Manual Diaz
Wallie D. Feliciano
Felipe Reinoso

Fernando Betancourt served as Executive Director of the Commission throughout the audited period. Expenditures for the Commission amounted to \$190,466 and \$263,203 for the fiscal years ended June 30, 1998, and 1999, respectively. The increase in expenditures was primarily attributable to an increase in personal services. Receipts amounted to \$2,415 and \$13,745 in the two fiscal years. The increase in receipts was primarily attributable to an increase in State and private grants.

State Capitol Preservation and Restoration Commission:

The State Capitol Preservation and Restoration Commission operates under the provisions of Section 4b-60 of the General Statutes. It is responsible for undertaking a continuing review and study of the State Capitol building and grounds, to develop a master plan for the preservation and restoration of the Capitol. The membership of the Commission as of June 30, 1999, was as follows:

Reverend Joseph A. Devine, Chairperson
Paul D. Abercrombie
Jack Dollard
Senate Minority Leader, M. Adela Eads
Sharon S. Farrelly
Lorraine Guilmartin
Milton L. Howard
Deputy Speaker, Wade A. Hyslop
John G. Matthews
John Ruffalo III
Theodore R. Anson, Commissioner of Public Works, ex-officio
Vacancy

For additional comments regarding the State Capitol Preservation and Restoration Commission see the “Condition of Records” and “Recommendations” sections of this report.

African-American Affairs Commission:

The African-American Affairs Commission was created in 1997 and operates under Section 2-121 of the General Statutes. The Commission is charged with reviewing and commenting on proposed State legislation and regulations affecting the State's African-American population; encouraging their representation in State government, advising and providing the Governor with information on State policies concerning them; advising the Governor on the coordination and administration of State programs serving them; maintaining a liaison between their communities and governmental entities; and preparing and submitting an annual report to the Governor regarding the Commission's activities and any appropriate recommendation regarding them. The membership of the Commission as of June 30, 1999 was as follows:

Andrea Scott, Chairperson
Mustafa Abdul-Salaam
Calvin Dixon, Jr.
Constance B. Green
Chris Cloud
Sharon Ibrahim
George S. Logan
Trude Mero
Jonathan Bruce
Lillie Crosby
Larry Reynolds
Ed Schmidt
Vacancy

Other members who served during the audited period were:

Benjamin Dixon
Michelle Beloney
Gerry Toney
Paul Samuels

Gerry Toney served as Executive Director of the Commission from July 6, 1998 through January 6, 2000. James A. Slaughter was appointed Executive Director, effective May 22, 2000, and continues to serve in that capacity. General Fund expenditures of the African-American Affairs Commission totaled \$16,562 and \$156,295 for the fiscal years ended June 30, 1998 and 1999, respectively. The bulk of the expenditures, during the 1998-1999 fiscal year, were for personal services. [Section 24 of Public Act 97-11 of the June 18, Special Session, took effect on July 1, 1997, however the Commission did not become fully operational until fiscal year 1999.] For additional comments regarding the African-American Affairs Commission see the “Condition of Records” and “Recommendations” sections of this report.

CONDITION OF RECORDS

Our review of the financial records and related operations of the Joint Committee on Legislative Management (JCLM), the Permanent Commission on the Status of Women, the Commission on Children, the Latino and Puerto Rican Affairs Commission, the State Capitol Preservation and Restoration Commission, and the African-American Affairs Commission disclosed some areas requiring improvement, which are discussed below.

Property Control:

Background: In our prior auditors' report we recommended that JCLM should conduct a physical inventory of equipment as required by the State of Connecticut's Property Control Manual. The following is a result of our current review.

Criteria: Section 4-36 of the General Statutes requires agencies to maintain inventory accounts prescribed by the State Comptroller and report annually by August 1 of each year to the State Comptroller the agency's inventory balances as of June 30.

The State of Connecticut's Property Control Manual requires that each State agency establish and maintain an adequate and accurate property control record system to provide for complete accountability and safeguarding of assets. This includes annual physical inventories that are reconciled to property control records, and annual reporting requirements.

Condition: The totals recorded on the Annual Fixed Assets/Property Inventory Report/GAAP Reporting Form (CO-59), as of June 30, 1999 were not reconciled to the Agency's property control records in all instances. (JCLM does not maintain a master inventory listing of fixed assets; the CO-59 is compiled from nine separate inventory systems.) We noted that the Furnishings and Equipment category was overstated by \$30,188. This amount was the net effect of additions to the software inventory of \$35,605 for items purchased subsequent to June 30, 1999 and \$5,417 of purchased items not recorded as of June 30, 1999. Also, JCLM is responsible for the Legislative Library, however no inventory listing has been compiled for accounting and reporting purposes. We were informed that the library's inventory can be determined via the computerized card catalog system, however no valuation has been determined. The required annual CO-59 report for June 30, 1998, due August 1, 1998 was not filed until September 15, 1998. The annual report as of June 30, 1999 was filed on September 27, 1999.

JCLM performs a physical inventory of equipment every two years to provide an accountability cycle that coincides with the elections of members of the General Assembly. A physical inventory in non-election years was not performed.

A check of equipment items revealed that 12 of 25 items sampled from the inventory listings could not be located and three of 25 items inspected were not recorded in the listings. We additionally found that one of six new purchases was not recorded on an inventory listing and two equipment items were not tagged, nor recorded in inventory records.

Effect: The above conditions resulted in non-compliance with Section 4-36 of the General Statutes, established JCLM requirements, and represent a weakness in controls over property records that may lead to misstatement of inventory values or loss.

Cause: JCLM has not addressed a procedural deficiency in respect to inventory reporting and valuation processes. The cause was not determined for late reporting.

JCLM procedures did not provide for performing a physical inventory of equipment annually.

Recent relocations of Agency personnel and a lack of sufficient staff to monitor inventory control may have contributed to non-compliance with provisions of the Property Control Manual.

Recommendation: JCLM should strengthen its controls over fixed assets and subsequent recordkeeping to ensure accurate reporting and control of assets, and conduct an annual physical inventory as required by the State of Connecticut's Property Control Manual. (See Recommendation 1.)

Agency Comments: "A physical inventory of the items under control of the ITS department has recently been performed. We anticipate having these inventory records up to date by April 1, 2001. A full physical inventory of the other fixed asset inventories (furniture and fixtures, A/V, weapons, collections {art}, telephones, and fax machines) will be performed and completed by June 30, 2001. It is our intention to conduct an annual physical inventory thereafter. Procedures will be developed and implemented to resolve deficiency in tagging of fixed assets and tracking moves of fixed assets."

Noncompliance with Reporting Requirements:

Criteria: Section 4a-62, subsection (b), of the General Statutes requires the Minority Business Enterprise Review Committee to report annually by February first to the Joint Standing Committee on Legislative Management on the results of its ongoing study.

Section 2-121, subsection (b) (7), of the General Statutes requires the African-American Affairs Commission to prepare and submit to the Governor an annual report concerning its activities with any appropriate recommendations concerning the African-American population of the State.

Section 4b-60, subsection (a), of the General Statutes requires the Commission on Capitol Preservation and Restoration to meet at least quarterly and Section 4b-60, subsection (b) (3), requires the Commission to report on its activities to JCLM annually or as often as the Committee directs.

Condition: The Minority Business Enterprise Review Committee did not submit any reports during the audited period.

The African-American Affairs Commission did not prepare and submit a 1999 annual report to the Governor.

The Commission on Capitol Preservation and Restoration did not meet at least quarterly during 1999; no meetings were noted for the period October 16, 1998 through September 25, 2000 and the Commission did not submit any reports to JCLM for 1998 and 1999.

Effect: The Minority Business Enterprise Review Committee, the Commission on Capitol Preservation and Restoration, and the African-American Affairs Commission are not in compliance with the General Statutes.

Cause: The Minority Business Review Committee did not meet during the audited period.

The Commission on Capitol Preservation and Restoration, and the African-American Affairs Commission's non-compliance with statutory reporting requirements could not be determined.

Recommendation: The Minority Business Enterprise Review Committee, the Commission on Capitol Preservation and Restoration, and the African-American Affairs Commission should submit annual reports as required by the General Statutes; and the Commission on Capitol Preservation and

Restoration should meet at least quarterly as required. (See Recommendation 2.)

Agency Comments: "The Office of Legislative Management will communicate with the members of the Minority Business Enterprise Review Committee to explain this statutory responsibility. In addition, since this Committee has no staff, we will offer assistance where needed."

"There was a vacancy in the position of Executive Director of the African-American Affairs Commission when this report was to be completed and distributed. However, they are in the process of completing a final draft of the 1999 Annual Report to be presented to their Executive Board. The Commission expects to distribute the final report by January 30, 2001."

"The Chairman of the Capitol Preservation and Restoration Commission has been made aware of the statutory requirement to meet quarterly. The Office of Legislative Management will track and work with the Chairman of the Commission to schedule meetings at least quarterly."

Records Retention:

Background: During the course of our audit we noted the following instances where State accounting records were not retained:

Criteria: An effective internal control system provides for the establishment of policies and procedures for accounting systems, including provisions for the retention of records, documents and other data processed through the system. Source documentation is required to support transaction analysis and subsequent verifiability of recorded data by management and interested parties.

Condition: Our review of JCLM operations disclosed the following deficiencies in respect to records retention:

- Receipts – official receipt books, used to document the date and amount of cash received for miscellaneous items, could not be located by Agency personnel for the period July 1, 1997 through November 10, 1998. Additionally, our test of deposits disclosed that for 13 of the 25 items tested, the Agency could not provide the original bank transaction receipt.
- Commitment and Payment Documents – purchase orders and State invoices could not be located by Agency personnel for three of six

equipment purchases tested.

Effect: The failure to adequately safeguard documentation reduces the integrity of the established internal control systems relative to receipts and expenditure transactions.

Cause: JCLM has not established formal records retention policies and procedures. We were informed that with the recent reassignment of personnel and relocating of Agency files, records might have been misplaced.

Recommendation: JCLM should develop policies and procedures to assure that State accounting records are adequately safeguarded and consider adopting the records retention schedules promulgated by the State Library, Office of Public Records Administration. (See Recommendation 3.)

Agency Comments: "While not required, we have and will continue to strive to follow the State's records retention requirements. Also, we have reinforced to staff the need for proper records safekeeping and retention. With regards to the bank transaction receipts, we are working out with Fleet Bank an improved system of acknowledgement and notification."

Billing Records:

Criteria: The State Accounting Manual prescribes policies and procedures for accounts receivable records management, including that records should be accurate, complete and maintained in a manner to indicate the length of time the debt has been outstanding.

Section 3-7, subsection (a) of the General Statutes, requires that any uncollectible claim for an amount of one thousand dollars or less may be cancelled with the authorization of the department or agency head.

Condition: Our review of billing records disclosed that the Agency cancelled six delinquent accounts, totaling \$579 without proper management authorization; the accounts receivable ledger was not reconciled or reviewed on a monthly basis; the Agency did not prepare an aging schedule; and the Agency had not posted 14 outstanding balances, totaling \$466 that were transferred to a new accounting system, until we notified them of the oversight.

Effect: JCLM was not in compliance with Section 3-7 of the General Statutes, nor established Agency policy. A weakness in controls over receivable records may lead to a loss of revenues.

- Cause:* The cause could not be determined.
- Recommendation:* Accounts receivable controls should be strengthened to provide for accountability and to ensure compliance with laws and regulations. (See Recommendation 4.)
- Agency Comments:* "The Agency's new Financial Administrator ... will be reviewing all issues relating to accounts receivable and will be establishing appropriate controls."

Imprest Petty Cash Fund:

- Criteria:* The State Accounting Manual sets forth policies and recordkeeping criteria concerning petty cash funds including:
- A completed Form CO-17XP, Employee Voucher with supporting documentation must be submitted within 5 working days after return of travel.
 - Petty Cash losses are to be reported to the agency head immediately.
 - Petty Cash replenishments should be done at least quarterly. The frequency depends on the dollar volume of expenditures in relationship to the size of the fund authorized.
 - The Petty Cash Fund annual report is to be submitted to the State Comptroller's Office by May 31 of each year and detail the status of the Fund as of April 30.
- JCLM's administrative regulations for legislators and staff travel include the following requirements:
- Legislators must submit a written request for reimbursement of official out-of-State travel. The request is submitted to the Executive Director of JCLM who in turn forwards the request to the Legislative Management Committee's personnel policies subcommittee. The request must then be approved by the members' own leadership and the other caucus leaders. (Four of six subcommittee members approval is required.) Legislative staff members must request approval from their office director and the Executive Director.
 - Legislator requests for reimbursement for approved out-of-State travel or in-State mileage must be submitted no later than 90 days after the completion of the two-year legislative term in which the expense occurred, or within 90 days of the legislator's final day in office.
- Condition:* We tested 25 petty cash transactions and noted the following instances of noncompliance with State Comptroller and JCLM policies and procedures:
- Of the 25 disbursements tested 12 were transactions involving travel

advances. CO-17XP, Employee Vouchers were submitted late for five of the 12 travel advances reviewed, from 26 days to over two years. Six of the twelve advances did not have conference brochures or similar documentation on file to support the type of function attended (e.g. allowable per legislative guidelines), dates of event, location, or rates. (All of the travel advances had prior approvals.)

- JCLM's petty cash advance from the State Comptroller was authorized during the audit period at between \$5,000 and \$15,000, with a June 30, 1999 balance of \$10,000. JCLM prepares "Requests to Replenish Petty Cash Fund", (CO-17RPC) reports for *each* disbursement from the Fund. We noted many "Requests" for amounts of less than \$10. This practice appears to be an inefficient use of support staff time and increases the volume of the State's banking transactions.

The Petty Cash Fund had an unexplained loss of \$12.33. This loss was not reported to the Executive Director or his designee for over six months.

The annual Petty Cash Fund Report is to be submitted to the State Comptroller no later than May 31 of the reporting year. JCLM submitted reports August 3, 1998 and June 16, 1999 some 64 and 16 days late, respectively.

Effect: JCLM is not in compliance with the State Comptroller's procedures for Imprest Petty Cash Funds and JCLM administrative regulations.

Cause: JCLM failed to adhere to established Petty Cash Fund controls.

Recommendation: JCLM should take action to ensure compliance with the State Comptroller's Imprest Petty Cash Fund procedures and JCLM administrative regulations. (See Recommendation 5.)

Agency Comments: "Prior to the approval of a petty cash request, the legislator/employee submits detailed information on their travel, for approval by the appropriate authority."

"We will review procedures and account balances to enable us to reduce the number of replenishments."

RECOMMENDATIONS

Our prior auditors' report on the Joint Committee on Legislative Management (JCLM) contained four recommendations. Of the four recommendations, two have been implemented or otherwise resolved and two have been restated and/or repeated herein as current audit recommendations.

Status of Prior Audit Recommendations:

- The Committee should promulgate uniform written rules and guidelines on the use of partisan staffs. Effective May 8, 2000, the Personnel Policies Subcommittee approved revised personnel policies for all JCLM employees, inclusive of partisan staffs. This recommendation has been sufficiently resolved.
- The Committee should process receipts promptly, in compliance with Section 4-32 of the General Statutes. We noted substantial improvement in the Agency's depositing of receipts; therefore this recommendation will not be repeated.
- The Minority Business Enterprise Review Committee should submit their report as required by the General Statutes. This recommendation has not been complied with and is restated as Recommendation 2.
- The Committee should conduct a physical inventory of equipment as required by the State of Connecticut's Property Control Manual. This recommendation has not been complied with and is restated as Recommendation 1.

The following five recommendations include two recommendations that have been repeated/restated from our prior auditors' report, and three have been developed as a result of this examination.

Current Audit Recommendations:

- 1. JCLM should strengthen its controls over fixed assets and subsequent recordkeeping to ensure accurate reporting and control of assets, and conduct an annual physical inventory as required by the State of Connecticut's Property Control Manual.**

Comment:

There were various problems with JCLM's inventory system. The annual fixed assets reports were not reconciled to the Agency's property control records nor reported to the State Comptroller in a timely manner; a complete master inventory listing was not compiled; and JCLM has not conducted an annual physical inventory of equipment as required by State procedures. Several items recorded on the inventory listings could not be located and some items physically inspected could not be traced to the inventory records.

- 2. The Minority Business Enterprise Review Committee, the Commission on Capitol Preservation and Restoration, and the African-American Affairs Commission should submit annual reports as required by the General Statutes; and the Commission on Capitol Preservation and Restoration should meet at least quarterly as required.**

Comment:

The Minority Business Enterprise Review Committee did not submit reports in 1998 or 1999; the African-American Affairs Commission did not submit a report in 1999 and the Commission on Capitol Preservation and Restoration did not meet in 1999 nor submit any reports for 1998 or 1999.

- 3. JCLM should develop policies and procedures to assure that State accounting records are adequately safeguarded and consider adopting the records retention schedules promulgated by the State Library, Office of Public Records Administration.**

Comment:

JCLM has not established formal records retention policies and procedures for accounting records. JCLM was unable to locate several receipt and expenditure documents.

- 4. Accounts receivable controls should be strengthened to provide for accountability and to ensure compliance with laws and regulations.**

Comment:

JCLM cancelled delinquent accounts without proper management authorization and failed to maintain adequate reconciliation and review procedures for accounts receivable records.

- 5. JCLM should take action to ensure compliance with the State Comptroller's Imprest Petty Cash Fund procedures and JCLM administrative regulations.**

Comment:

Our review of petty cash transactions disclosed that JCLM did not follow established control procedures; travel expense vouchers were not submitted in a timely manner and lacked adequate supporting documentation in some instances; petty cash replenishment practices appear to be inefficient; and the petty cash annual reports were submitted late.

CERTIFICATION

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Joint Committee on Legislative Management for the fiscal years ended June 30, 1998 and 1999. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations and contracts and grants, and to understanding, and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the Joint Committee on Legislative Management for the fiscal years ended June 30, 1998 and 1999, are included as part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

Because we are not organizationally independent with respect to the Joint Committee on Legislative Management, our audit was not performed in accordance with the general standards for conducting financial related audits under generally accepted government auditing standards. However, we did apply the field work standards for financial audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Joint Committee on Legislative Management complied in all material or significant respects with the provisions of the certain laws, regulations, contracts and grants and obtain a sufficient understanding of the internal control structure to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

CONCLUSION

We wish to express our appreciation for the cooperation and courtesies extended to our representatives by the personnel of the Joint Committee on Legislative Management during this examination.

Michele L. Cosgrove
Associate Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts