

STATE OF CONNECTICUT

**AUDITORS' REPORT
JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2003**

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

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September 14, 2005

**AUDITORS' REPORT
JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2003**

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, 2002 and 2003. 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 2-71w 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 2002 and 2003 sessions of the General Assembly such rules provide for 20 members to be appointed from the House of Representatives and 13 from the Senate. As of June 30, 2003, 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.
Deputy Speaker, Mary G. Fritz
Majority Leader, James A. Amann
Minority Leader, Robert M. Ward
Deputy Minority Leader, Richard O. Belden
Deputy Minority Leader, Claudia Powers
Representative Emil Altobello
Representative Reginald G. Beamon
Representative Raymond V. Collins
Representative William R. Dyson
Representative Ruth C. Fahrbach
Representative Brian J. Flaherty
Representative Robert D. Godfrey
Representative Robert T. Keeley
Representative Maria L. Kirkley-Bey
Representative Pamela Z. Sawyer

• Senate Members:

Co-Chairperson, President Pro Tempore,
Kevin B. Sullivan
Chief Deputy President Pro Tempore, Ernest E.
Newton, II
Majority Leader, Martin M. Looney
Minority Leader, Louis C. DeLuca
Assistant Minority Leader, William A.
Aniskovich
Senator Biaggio Ciotto
Senator Thomas A. Colapietro
Senator Joseph J. Crisco, Jr.
Senator Judith G. Freedman
Senator Thomas P. Gaffey
Senator George L. Gunther
Senator Joan V. Hartley
Senator Thomas J. Herlihy

In addition, there were two vacant positions that represented appointments that had not been made in the House of Representatives membership, as of June 30, 2003.

Other members who served during the audited period were:

- House Members:
 - Majority Leader, David B. Pudlin
 - Deputy Minority Leader, Lawrence F. Cafero, Jr.
 - Representative John S. Martinez
 - Representative Anne McDonald
 - Representative F. Philip Prelli
- Senate Members:
 - Deputy President Pro-Tempore, Alvin W. Penn
 - Majority Leader, George C. Jepsen
 - Senator David J. Cappiello
 - Senator Melodie Peters

D'Ann Mazzocca served as Executive Director during the audited period.

Legislative Changes:

The following legislative action has impacted JCLM during the audited period.

Public Act 02-140, Section 8, effective July 1, 2002, codified as Sections 1-135 to 1-139a of the General Statutes, repealed the legislation that established the Connecticut Institute for Municipal Studies and also provided for the transfer of the Institute's assets to the Central Connecticut State University's Institute for Municipal and Regional Policy.

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, the State Capitol Preservation and Restoration Commission maintains a balance of unspent funds previously transferred from State Capital Projects Funds. 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 totaled \$209,890 and \$166,295 for the fiscal years ended June 30, 2002 and 2003, respectively. Receipts consisted primarily of rental payments from food service contractors; reimbursements relating to postage, telephone expenses and workers

compensation; and non-federal grants. The decrease in receipts during the 2002-2003 fiscal year was primarily due to a reduction in non-federal grants and current refunds of expenditures.

General Fund expenditures for JCLM operations totaled \$48,679,827 and \$47,853,560 during the 2001-2002 and 2002-2003 fiscal years, as summarized below. For comparative purposes, expenditures for the 2000-2001 fiscal year are also presented.

	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>
Personal services	\$29,869,153	\$31,974,639	\$32,661,655
Contractual services	12,645,092	13,457,564	13,072,774
Commodities	1,213,954	945,635	596,796
Revenue Refunds			5,500
Sundry charges	25,475	16,623	24,655
Equipment	1,663,356	1,065,295	438,357
General Government Buildings	<u>610,883</u>	<u>1,220,071</u>	<u>1,053,823</u>
Total	<u>\$46,027,913</u>	<u>\$48,679,827</u>	<u>\$47,853,560</u>

General Fund expenditures increased approximately six percent and decreased one and one-half percent during the 2001-2002 and 2002-2003 fiscal years, respectively. Personal services increases were primarily due to increases resulting from merit raises and cost-of-living adjustments. Contractual services increased six percent in the 2001-2002 fiscal year. The increase was primarily due to one-time payments for software licenses, server upgrade maintenance and increased PeopleSoft maintenance fees. Commodities decreased 22 percent and 37 percent during the 2001-2002 and 2002-2003 fiscal years, respectively. These decreases primarily reflect decreases in office supply and data processing supply purchases. Equipment was decreased in both years due to reductions in office equipment purchases and installment purchases relating to EDP hardware. The 50 percent increase in General Government Buildings during the 2001-2002 fiscal year resulted from security upgrades made to the Capitol complex.

Permanent Commission on the Status of Women:

The Permanent Commission on the Status of Women operates under the provisions of Title 46a, Chapter 812, Sections 46a-1 to 46a-6 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, 2003, was as follows:

Tanya Meck, Chairperson
Senator Andrew McDonald
Senator John Kissell
Representative Robert Farr
Representative Michael Lawlor
Mildred Bauzá
Marcia A. Cavanaugh
Ann M. Clark
Anne Dailey

Barbara DeBaptiste
Patricia Hendel
Jean L. Rexford
Robin L. Sheppard
Cindy R. Slane
Susan O. Storey
Patricia E. Whitcombe, M.D.
One Vacancy

Other members who served during the audited period were:

Senator Eric D. Coleman
Jann-Marie Halvorsen

Sarah McGirr
Rosaida M. Rosario

Leslie J. Brett served as Executive Director throughout the audited period.

General Fund expenditures of the Permanent Commission on the Status of Women totaled \$644,380, \$662,397, and \$598,078 for the fiscal years ended June 30, 2001, 2002, and 2003, respectively. The increase and subsequent decrease in expenditures was primarily attributable to increases and decreases in personal services costs, sundry operating costs and outside professional services. Receipts amounted to \$149,180, \$112,588, and \$118,504 during the three fiscal years, respectively. The decrease in receipts was primarily attributable to changes in State grant activity. For additional comments regarding the Permanent Commission on the Status of Women see the “Condition of Records” and “Recommendations” sections of this report.

Commission on Children:

The Commission on Children operates under the provisions of Title 46a, Chapter 814d, Sections 46a-126 to 46a-149 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, 2003, was as follows:

Appointed Members:

Judith A. Busch, Esq., Chairperson	
Senator Eric D. Coleman	Mary K. Fox
Senator Mary Ann Handley	Alex Geertsma, MD
Senator Toni N. Harp	Michael Helfgott
Representative Walter Pawelkiewicz	Carl Hooper
Representative Cameron C. Staples	Josh Piteo
Maryann Campbell	Laura Lee Simon
Joseph P. Clary, Esq.	John P. Yrchik
James Cordier	

Ex-officio members:

Darlene Dunbar, Commissioner of Children and Families
Patricia A. Wilson-Coker, Commissioner of Social Services
Peter H. O'Meara, Commissioner of Mental Retardation
Dr. Joxel Garcia, Commissioner of Public Health
Theodore S. Sergi, Commissioner of Education
Theresa Lantz, Commissioner of Correction
Marc S. Ryan, Secretary of the Office of Policy and Management
Richard Blumenthal, Attorney General
Judge Joseph H. Pellegrino, Chief Court Administrator

Other members who served during the audited period were:

Jay Bruce Sutay, M.D.
Ex-officio, John Armstrong, Commissioner of Correction
Ex-officio, Kristine Ragaglia, Commissioner of Children and Families

Elaine Zimmerman served as Executive Director of the Commission throughout the audited period.

Expenditures for the Commission on Children amounted to \$597,398, \$724,341, and \$678,463 for the fiscal years ended June 30, 2001, 2002, and 2003, respectively. Expenditures increased primarily in personal services as a result of increased staffing relating to new grant projects. Receipts amounted to \$85,000, \$200,615, and \$142,461 for the 2000-2001, 2001-2002, and 2002-2003 fiscal years, respectively. These receipts are comprised primarily of private and Federal grants. Grants included money for the Childhood Immunization Project and Imbedding Crime Prevention in Public Policy. For additional comments regarding the Commission on Children see the "Condition of Records" and "Recommendations" sections of this report.

Latino and Puerto Rican Affairs Commission:

The Latino and Puerto Rican Affairs Commission operates under the provisions of Title 2, Chapter 23d, 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, 2003, was as follows:

Carlos M. Vazquez, Chairperson

Sonia Ayala

Ramon Arroyo

Manuel Garcia

Amparo Lopez

Luis Menendez

Alcides Ortiz

Angel Reyes

Norma Rodriguez-Reyes

Raul A. Rodriguez

Ivette Servera

Maritza Tiru

Patricia Zuluaga

Other members who served during the audited period were:

Elena de Murias

Julian Nieves

Hector Robles

Efrain Rosado

Americo Santiago

Ramon Serbia

Fernando Betancourt served as Executive Director of the Commission throughout the audited period.

Expenditures for the Commission amounted to \$322,779, \$417,158, and \$396,733 for the fiscal years ended June 30, 2001, 2002, and 2003, respectively. The increase in expenditures was primarily attributable to increases in personal services costs and contractual services. Receipts amounted to \$44,285, \$55,250, and \$66,176 during the three fiscal years, respectively. The increase in receipts was primarily attributable to increases in private grants. For additional comments regarding the Latino and Puerto Rican Affairs Commission see the "Condition of Records" and "Recommendations" sections of this report.

State Capitol Preservation and Restoration Commission:

The State Capitol Preservation and Restoration Commission operates under the provisions of Title 4b, Chapter 60, 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, 2003, was as follows:

Reverend Joseph A. Devine, Chairperson	
Representative Wade A. Hyslop	Milton L. Howard
Karen Dillon	John G. Matthews
M. Adela Eads	John Ruffalo, III
Sharon S. Farrelly	Theodore R. Anson, Commissioner of
Lorraine Guilmartin	Public Works, ex-officio
Robert Harris	One Vacancy

Other members who served during the audited period were:

John Dollard

The Commission had no receipts or expenditures during the audit period. 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 operates under Title 2, Chapter 23e, 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; encourage 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, 2003 was as follows:

Jacqueline Dickens, Chairperson	
Jonathan Bruce	George S. Logan
Christopher Cloud	Derrick T. McBride
Lillie Crosby	Art Perry
Delores Franks	Andrea Scott
Kurt Harrison	One Vacancy
Sharon Ibrahim	

Other members who served during the audited period were:

Mustafa Abdul-Salaam
Constance Green

James A Slaughter served as Executive Director of the Commission from May 22, 2000 to March 1, 2002. Vanessa D. Burns was appointed on May 31, 2002, and continues to serve as Executive Director.

Expenditures of the Commission were \$297,206, \$289,621, and \$283,371 for the fiscal years ended June 30, 2001, 2002, and 2003, respectively. The decreases in expenditures were primarily due to a reduction in personal service costs in the 2001-2002 fiscal year and reduction in fees for outside and non-professional services in the 2002-2003 fiscal year. Receipts amounted to \$19,239, \$6,570, and \$7,732 for the fiscal years ended June 30, 2001, 2002, and 2003, respectively and were comprised primarily of private grants. For additional comments regarding the African-American Affairs Commission see the “Condition of Records” and “Recommendations” sections of this report.

Connecticut Institute for Municipal Studies

The Connecticut Institute for Municipal Studies was a nonprofit corporation created by Public Act 92-16 that operated under Section 1-135 to 1-139 of the General Statutes. During the audited period, the organization was responsible for researching and analyzing certain issues relating to local governments and urban centers within the State. JCLM provided annual funding of \$125,000 to the Institute from its inception through June 30, 2002. Section 8 of Public Act 02-140, codified as Sections 1-135 to 1-139a of the General Statutes, repealed the legislation that established the Institute and also provided for the transfer of the Institute’s assets to the Central Connecticut State University’s Institute for Municipal and Regional Policy, effective July 1, 2002. The repeal and transfer of assets were addressed in our prior audit report.

CONDITION OF RECORDS

Our review of the financial records and related operations of the Joint Committee on Legislative Management, 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 that are discussed below.

Noncompliance with Commission Reporting and Meeting Requirements:

Criteria: Annual reporting and meeting requirements for the Commissions and Committees are established in the General Statutes and Commission bylaws as follows:

- a) Latino and Puerto Rican Affairs Commission: Section 2-120, subsection (c)(7), of the General Statutes requires the Commission to annually report to the Governor its activities and recommendations.
- b) African-American Affairs Commission: Section 2-121, subsection (b)(7), of the General Statutes requires the Commission to annually report to the Governor its activities and recommendations. Section 2-121 also states that any Commissioner absent from three consecutive meetings shall be deemed to have resigned from the Commission, effective immediately.
- c) Minority Business Enterprise Review Committee: Section 4a-62 of the General Statutes requires the Committee to report annually, by February first, to JCLM on the results of its ongoing study.
- d) Permanent Commission on the Status of Women: Section 46a-4 of the General Statutes requires the Commission to report annually, by February fifteenth, to the Governor and General Assembly, the results of its findings and recommendations of the preceding year.
- e) Commission on Children: Bylaws of the Commission require a quorum of nine members for binding Commission action. Also, in the event a Commissioner misses three consecutive meetings, the bylaws require that the Commissioner be asked to resign.
- f) State Commission on Capitol Preservation and Restoration: Section 4b-60, subsection (a), of the General Statutes requires the Commission to meet at least quarterly.
- g) Section 1-1 of the General Statutes defines “year” to mean calendar year, unless otherwise expressed.

Condition: We noted that some of the Commissions and Committees failed to comply with their reporting and meeting requirements during the fiscal years ended June 30, 2002 and 2003.

Reporting requirements: The Minority Business Enterprise Review Committee did not submit annual reports during the audited period.

The Permanent Commission on the Status of Women's (PCSW) 2002 annual report was filed four months late. In 2002, the PCSW decided to change its reporting period to a fiscal year from a calendar year, in order to meet the February 15th reporting requirement. There has been no change to the PCSW's statutes to define the term "year" to mean fiscal year. A short report was submitted for 2003, however, we could not determine the date that it was filed.

The Commission on Children's 2002 annual report was filed over two months late. We could not determine the actual date the 2003 annual report was filed.

The Latino and Puerto Rican Affairs Commission's 2002 annual report was filed in February 2004 and the 2003 annual report was posted on the Commission's website in July 2005 but has not been printed or distributed.

The African-American Affairs Commission's 2003 annual report was sent to the Governor after December 2004. We could not determine the actual date that the 2002 annual report was filed.

Although the various Commissions' representatives indicated that reports were filed late, in most cases, they could not tell us the specific dates the final reports were actually issued.

Meeting requirements: The Minority Business Enterprise Review Committee did not meet during the audited period. The State Commission on Capitol Preservation and Restoration met once during the audited period. During the audited period, the Commission on Children met 13 times but only reached a quorum once and six of its 16 voting members missed three or more consecutive meetings. Although the Commission on Children did not reach a quorum, they continued to approve the prior meeting's minutes and voted to elect board members. Two members of the African-American Affairs Commission, deemed to have resigned as a result of failing to attend three consecutive meetings, continued to serve the Commission without being reappointed.

Effect: Commissions and Committees whose boards fail to comply with meeting and reporting requirements may not be able to effectively meet their legal mandates.

Cause: The Commission on Children’s failure to reach a quorum is due, in part, to its large number of members and its bylaws that require a quorum greater than a majority. We were unable to determine the causes for the other reported conditions.

Recommendation: Commissions and Committees under JCLM should comply with all meeting, appointment, and reporting requirements mandated by the General Statutes and bylaws or request that the appropriate changes be made to such requirements. (See Recommendation 1.)

Agency Response: “The chairmen of the State Capitol Restoration and Preservation Committee and the Minority Business Enterprise Committee will be reminded of their responsibility to submit annual reports on a timely basis and to hold meetings in accordance with statutory requirements. The executive directors of the various legislative commissions will also be reminded of their responsibility to submit annual reports on a timely basis and to hold meetings in accordance with their mandates.”

Contract Overpayments:

Criteria: Contracts represent legal documentation that sets terms, time frames, conditions and payment amounts, and dollar limits. Good business practice requires that contract language and terms should be enforced for the duration of the contract or until appropriate contract amendments are approved.

Section 3-117, subsection (a), of the General Statutes provides, in part, that claims against the State are supported by vouchers or receipts that provide a detailed account specifying the day when and purpose for which expenses were incurred.

Condition: As a result of our prior audit review, JCLM requested that three personal services contractors provide additional supporting documentation for expenses claimed and/or return the payments that they received which accounted for approximately \$22,400 in redistricting contract work. The questioned payments included amounts that were unallowable, as they were for services occurring outside the contract period, charged at incorrect rates, or there was inadequate supporting documentation provided.

One contractor reimbursed the full amount that was in question. The second contractor disputed part of the overpayment and returned \$5,564 of the total \$9,164 in question. The contractor stated that though some of the hours charged were prior to the actual contract start date, the work was begun because there were specific deadlines and that the contract was an extension of prior redistricting work. In June 2003, Caucus leaders agreed that some of the work had been done prior to the official contract start date but, the work related to the contract requirements and as such, they felt that repayments were not necessary.

The third contractor's approved contract terms called for a contract price cap "up to a maximum of \$85,000 plus expenses" and established payments based on detailed documentation of actual reimbursable services and hours worked. Our prior audit finding indicated that \$4,900 was billed outside the approved contract period for preparing the contractor's response to the General Assembly's original request for proposal. An additional \$8,234 in services and expenses lacked proper supporting documentation. The contractor provided supporting documentation for \$7,582 of the \$8,234, but continued to dispute the request for repayment of the \$4,900.

In June 2003 a Caucus leader reviewed the information relating to the disputed amount. Based on his recollection of the intent of the contract, he stated that the contractor should be paid the full amount of the contract price. JCLM was directed to pay the contractor the difference between the payments already made, which included the \$4,900, and the total contract price of \$85,000. This resulted in an additional payment to the contractor of \$10,038, from Caucus funds, without additional supporting documentation.

Effect: The above conditions resulted in payments made outside approved contract dates and terms.

Cause: The intervention of Caucus leaders resulted in the dismissal of repayments due and the approval for additional payments to a contractor without appropriate detailed documentation as required by the original contract terms.

Recommendation: Contract payments should be made within the established contract language and terms unless appropriate contract amendments are approved and signed. (See Recommendation 2.)

Agency Response: "The Office of Legislative Management is committed to ensuring that established contract language and terms are followed in all contracts or that appropriate contracted amendments are initiated."

Commission Event Accountability and Late Deposit:

Criteria: Good business and internal control practices include a complete accountability over receipts. Receipts obtained from an event should be properly accounted for and deposited. This would include the use of pre-numbered tickets and the timely completion of event accountability reports that include reconciling ticket sales to deposit totals. Policies and procedures should be in place to collect any outstanding amounts owed, and if uncollectible, appropriate procedures should be in place to write-off the uncollectible amounts.

Section 4-32 of the General Statutes requires receipts of \$500 or more to be deposited within 24 hours and receipts less than \$500 within seven calendar days.

Condition:

The Latino and Puerto Rican Affairs Commission held an annual Gala Awards Banquet. Invitations to the banquet requested that attendees reserve seats and send in a check to cover each \$50 ticket. All tickets were to be picked up at the door. We noted that people were allowed to reserve tickets even though they had not sent in payment. If people reserved tickets but did not attend and had not cancelled prior to the event, the full amount of the tickets was to be billed to them. Tickets were also sold at the door the night of the event. The spreadsheet used to track the reserved tickets did not include the date money was received or the date it was deposited. Tickets were not pre-numbered. There was no reconciliation of the number of tickets sold or on hand and the amount actually deposited. Final accounting of income and expenses for each banquet was not prepared until several months after the event.

Both Commission staff and college students collected money for unpaid reserved tickets, tickets sold at the door, and also gave out the paid reserved tickets. More than \$12,000 and \$7,700 was collected in checks and cash at the door for the banquets held on September 28, 2002 and October 4, 2003, respectively. The banquets were held on a Saturday and the Executive Director brought and held the receipts at his home until Monday morning. The money collected the night of the October 2003 banquet was not received by the Joint Committee on Legislative Management for deposit until October 9, 2003.

We noted additional deposits totaling over \$9,100 were made after the 2002 banquet was held. The deposits included amounts owed by people who attended the banquet but had not paid by that night and by contributors who provided sponsorships in the Award's program booklet but did not pay until after the banquet was held. Spreadsheets used to account for attendees' payments in both years included unpaid amounts still outstanding as of December 2004. There appears to be no formal write-off policy for uncollectible amounts.

Effect:

The lack of pre-numbered tickets and reconciliations between tickets and deposits lessens assurance that all receipts were properly collected and/or deposited in a timely manner. Allowing tickets to be reserved without payment prior to the event and allowing walk-ins on the night of the event, could impact the cost of the event by under/over-estimating the headcount for the meals purchased.

Cause:

The causes were not determined.

Recommendation: The Latino and Puerto Rican Affairs Commission should comply with Section 4-32 of the General Statutes when depositing receipts and should prepare complete and timely accountability reports for events where money is collected. (See Recommendation 3.)

Agency Response: “The Office of Legislative Management will work with the Latino and Puerto Rican Affairs Commission to establish procedures and policies for the proper handling, depositing and report accountability for funds associated with the annual Gala Awards Banquet.”

RECOMMENDATIONS

Our prior audit report on the Joint Committee on Legislative Management contained nine recommendations. Of the nine recommendations, five have been implemented or otherwise resolved and four have been restated and/or repeated herein as current audit recommendations.

Status of Prior Audit Recommendations:

- The Joint Committee on Legislative Management should improve its controls over State property as required by the State Comptroller's Property Control Manual in accordance with Section 4-33a and 4-36 of the General Statutes. Corrections were made to reported totals and significant improvements were made in tracking inventory. This recommendation will not be repeated.
- The Commissions and Committees under JCLM should comply with all meeting, appointment, and reporting requirements mandated by the General Statutes and Commission bylaws. Significant problems still exist and the recommendation is being repeated as Recommendation 1.
- The Joint Committee on Legislative Management should obtain adequate supporting documentation to determine contract compliance prior to processing payments in accordance with Section 3-117, subsection (a), of the General Statutes. Significant progress was made in this area, however, an additional payment was made to a contractor that did not have detailed documentation and did not conform to contract terms. This recommendation is being modified and repeated as Recommendation 2.
- The Joint Committee on Legislative Management should implement policies and procedures that appropriately solicit either bids or proposals based on the type of purchase to be made. JCLM has made changes in its procedures and has utilized requests for quotations, bids and proposals based on the type of purchases being made. This recommendation will not be repeated.
- Legislative leaders should avoid hiring sessional staff in regular positions when the intent is solely to extend retirement benefits in addition to those available through the original position. Our review showed no additional instances of this practice. This recommendation will not be repeated.
- The Joint Committee on Legislative Management should administer its Petty Cash Fund in compliance with the Comptroller's State Accounting Manual. There was improvement in compliance with the administering of Petty Cash procedures. Reports and reconciliations were performed in a timely manner, compliance with travel advances was improved and we noted no unusual payments processed through Petty Cash. This recommendation will not be repeated.

- The Joint Committee on Legislative Management should comply with Section 4-32 of the General Statutes. With the exception of the Latino and Puerto Rican Affairs Commission, a review of receipts noted that deposits were made in a timely manner and in compliance with Section 4-32. This recommendation is being revised and repeated as part of Recommendation 3.
- The Joint Committee on Legislative Management should reconcile its receipt records to the State Comptroller's records on a monthly basis. A review of receipts noted that JCLM performed monthly reconciliations to the State Comptroller's records. This recommendation will not be repeated.
- The Joint Committee on Legislative Management should comply with the Comptroller's State Accounting Manual's policies and procedures for maintaining accounts receivable records. With the exception of the Latino and Puerto Rican Affairs Commission, JCLM established a better system for recording and tracking accounts receivable and documenting its write-offs. This recommendation is being revised and repeated as part of Recommendation 3.

Current Audit Recommendations:

- 1. Commissions and Committees under JCLM should comply with all meeting, appointment, and reporting requirements mandated by the General Statutes and bylaws or request that the appropriate changes be made to such requirements.**

Comment:

Some Commissions and Committees did not file reports or meet in compliance with the General Statutes or Commission bylaws. We noted that one Commission only reached a quorum once during the audited period but continued to approve meeting minutes and elect board members. There were several instances where Commission members were deemed to have resigned based on a lack of attendance per bylaws or statutory requirements, however, they continued to serve.

- 2. Contract payments should be made within the established contract language and terms unless appropriate contract amendments are approved and signed.**

Comment:

We noted that payments made for work done prior to an approved contract period were not repaid. Also additional payments were made to a contractor without the appropriate detailed documentation required by the original contract terms and there were no repayments made by the contractor for time charged in preparing its response to the original request for proposal.

- 3. The Latino and Puerto Rican Affairs Commission should comply with Section 4-32 of the General Statutes when depositing receipts and should prepare complete and timely accountability reports for events where money is collected.**

Comment:

The Commission deposited over \$7,700 in receipts collected from its annual banquet three days late. Accountability reports were prepared several months after the completion of the event, tickets were not pre-numbered and outstanding amounts were never properly written-off.

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, 2002 and 2003. 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, 2002 and 2003, 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 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. 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.

Virginia A. Spencer
Principal Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts