

STATE OF CONNECTICUT



*AUDITORS' REPORT
JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2011*

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

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June 20, 2012

**AUDITORS' REPORT
JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2011**

We have examined the financial records of the Joint Committee on Legislative Management and those commissions whose financial affairs were administered by that committee including the Permanent Commission on the Status of Women, Commission on Children, Latino and Puerto Rican Affairs Commission, African-American Affairs Commission, Connecticut Commission on Aging, and the Asian Pacific American Affairs Commission.

Our examination covered the fiscal years ended June 30, 2010 and 2011. 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 whether the Joint Committee on Legislative Management and the related commissions complied with certain provisions of laws, regulations, contracts and grant agreements, 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 or committee) operates, generally, under the provisions of Title 2, Chapter 18a, Sections 2-71a through 2-71x of the General Statutes and is the administrative arm of the General Assembly. 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, Legislative Office Building and grounds, as well as authorized capital projects involving the preservation and restoration of the State Capitol.

Members of the Joint Committee on Legislative Management:

In accordance with 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. Section 3(c)(1) of the Joint Rules state there should be 20 and 13 members to be appointed from the House of Representatives and Senate, respectively; however, the committee has been operating with 30 members for several years. As of June 30, 2011, the committee's membership was as follows:

• House Members:

Co-Chairperson, Speaker, Christopher G. Donovan
Majority Leader, J. Brendan Sharkey
Minority Leader, Lawrence F. Cafero, Jr.
Representative Emil Altobello, Jr.
Representative Vincent J. Candelora
Representative Louis P. Esposito, Jr.
Representative Mary G. Fritz
Representative Robert D. Godfrey
Representative Ernest Hewett
Representative Marie L. Kirkley-Bey
Representative Themis Klarides
Representative Melissa M. Olson-Riley
Representative Arthur J. O'Neill
Representative Linda A. Orange
Representative John E. Piscopo
Representative Tom Reynolds
Representative Kevin Ryan
Representative Pamela Z. Sawyer
Representative Kathleen M. Tallarita
One Vacancy

• Senate Members:

Co-Chairperson, President Pro Tempore, Donald E. Williams, Jr.
Majority Leader, Martin M. Looney
Minority Leader, John McKinney
Senator Joseph J. Crisco, Jr.
Senator Eileen M. Daily
Senator Leonard A. Fasano
Senator Toni N. Harp
Senator Joan V. Hartley
Senator John A. Kissel
Senator Gary D. LeBeau
Senator Michael A. McLachlan
Two Vacancies

D'Ann Mazzocca served as executive director during the audited period. Other members who served during the audited period were Representatives John C. Geragosian, Denise W. Merrill, John A. Harkins, David McCluskey, Sandy H. Nafis, Brian J. O'Connor, James A. O'Rourke III, and Peter A. Tercyak, along with Senators Thomas A. Colapietro and Kevin D. Witkos.

Legislative Changes:

Public Act 08-166 established the Asian Pacific American Affairs Commission effective July 1, 2009.

Public Act 09-7 of the September 2009 Special Session, subsections 143 through 153, made several changes affecting the commissions related to human services, effective October 5, 2009. It eliminated the commissions' personnel authority, expanded the number of members on each commission, required more results-based reporting, and made the commissions' mandated responsibilities more uniform. Not all of the expanded appointments were made as of June 1, 2011.

Public Act 09-3 of the June 2009 Special Session, reduced the appropriations, generally by 50 percent, for the Permanent Commission on the Status of Women, Commission on Children, Latino and Puerto Rican Affairs Commission, African-American Affairs Commission, and the Connecticut Commission on Aging. The commissions are still operating to meet objectives, generally, despite the substantial reduction in appropriations. This act was effective on September 8, 2009.

Legislative Offices and Commissions:

Through its administrative staff, JCLM provides administrative support to the operations of all legislative committees and commissions and the various agencies of the legislative branch, except the Auditors of Public Accounts. Within the budget for the committee, provisions are made to fund the operations of legislative offices, including the Office of Legislative Management, Office of Legislative Research, Office of Fiscal Analysis, Office of Program Review and Investigations, Legislative Library, Office of Information Technology, State Capitol Police, Offices of the Senate and House Clerks, and the Legislative Commissioners' Office. JCLM also has custody and control of the Old State House through a lease with the City of Hartford. Separate General Fund budgets were approved for certain legislative commissions and the Auditors of Public Accounts.

RÉSUMÉ OF OPERATIONS:

Receipts and Expenditures for the Office of Legislative Management:

Receipts recorded within the Office of Legislative Management (OLM), which is the administrative office established under JCLM, totaled \$2,617,084, \$2,665,381 and \$2,640,282 for the fiscal years ended June 30, 2009, 2010 and 2011, respectively. The major source of revenue was an annual transfer of funds in the amount of \$2,500,000, from the Department of Revenue Services that was used to defray the costs of providing television coverage of state government deliberations and public policy events in accordance with Section 2-71x of the General Statutes. Expenditures by fund and account for only the Office of Legislative Management are shown below:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
General Fund – Budgeted Accounts	\$57,606,555	\$54,251,287	\$53,919,619
Grant/Restricted Fund	2,670,448	2,002,384	3,365,983
Special Revenue Funds	226,276	36,641	-0-
Total Expenditures by Fund	<u>\$60,503,279</u>	<u>\$56,290,312</u>	<u>\$57,285,602</u>

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Personal Services & Employee Benefits	\$40,124,875	\$38,417,555	\$37,985,913
Employee Expenses, Allowances & Fees	1,809,623	1,714,560	1,644,259
Purchases & Contracted Services	7,999,664	7,307,610	8,216,917
Premises & Property Expenses	7,799,540	5,947,416	6,237,685
Information Technology	1,629,628	2,274,641	1,487,170
Capital Outlays – Equipment	465,945	193,190	1,275,107
Purchased Commodities	630,679	398,893	388,928
Grant Refund and Motor Vehicle Costs	43,325	36,447	49,623
Total Expenditures by Account	<u>\$60,503,279</u>	<u>\$56,290,312</u>	<u>\$57,285,602</u>

Expenditures decreased 7 percent and increased 1.8 percent during the fiscal years ended June 30, 2010 and 2011, respectively. Personal services and employee benefits decreased 4.3 percent and 1.1 percent due to salaries and wage decreases. Purchases and contracted services decreased 8.7 percent and then increased 12.4 percent increased in the fiscal years ended June 30, 2010 and 2011. These changes were due mostly to printing, binding and postage costs.

Legislative Commissions:

Six legislative commissions established within the legislative branch have 21 voting members each, except for the Commission on Children, which has nine additional nonvoting ex-officio members. The commissions are responsible for focusing on quality of life issues, reporting on these issues, making recommendations for enhancing programs or services, commenting on proposed legislation, advising the General Assembly and Governor concerning the administration of certain programs, gathering and maintaining current information regarding population changes, providing a liaison to and from governmental entities, and conducting educational and outreach activities. The following information summarizes the receipts for these commissions. The changes in receipts were primarily attributable to changes in grant activity and private aid. The total receipts for each commission were:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Latino and Puerto Rican Affairs Comm.	\$ 95,909	\$ 24,527	\$28,000
African American Affairs Commission	10,530	36,013	12,570
Commission on Children	53,553	149,870	3,407
Permanent Comm. on the Status of Women	31,003	36,659	1,025
Connecticut Commission on Aging	28	1,916	113
Asian Pacific American Affairs Comm.	-0-	-0-	-0-
Total Receipts for Commissions	<u>\$191,023</u>	<u>\$248,985</u>	<u>\$45,115</u>

The following information summarizes the expenditures for the six legislative commissions. The changes were generally attributed to salaries and wages that decreased due to budgetary reductions, except for expenditures for startup expenses for the Asian Pacific American Affairs Commission.

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Perm. Comm. on the Status of Women	\$ 811,708	\$ 486,936	\$ 436,996
Commission on Children	949,031	616,671	349,075
Latino and Puerto Rican Affairs Comm.	649,156	321,381	328,121
Conn. Commission on Aging	367,811	236,213	245,479
African American Affairs Comm.	380,573	230,613	207,401
Asian Pacific American Affairs Comm.	-0-	1,413	35,441
Total Expenditures for Commissions	<u>\$3,158,279</u>	<u>\$1,893,227</u>	<u>\$1,602,513</u>

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 chairperson of the commission as of June 30, 2011, was Adrienne F. Houel. Teresa C. Younger served as executive director during the audited period. The commission's goals and initiatives included working to eliminate gender discrimination by calling attention to inequities in the executive branch within its ConnGAP project report; working to secure women's economic security by being chosen as the lead state agency on the national Basic Security Tables; and working in the areas of women's health for certain legislative bills ranging from Lupus awareness to securing paid sick leave. In accordance with Title 46a, Chapter 814f, Section 46a-170, the Trafficking in Persons Council also operates within the commission for administrative purposes. This council consults with organizations, strengthens efforts to prevent trafficking, protects and assists victims, prosecutes traffickers and files annual reports with the General Assembly. This council has met and filed reports.

The Commission on Children operates under the provisions of Title 46a, Chapter 814d, Sections 46a-126 to 46a-131b, of the General Statutes. In addition to its 21 voting members, this commission has nine nonvoting ex-officio members, mostly heads of other agencies. The chairperson of the commission as of June 30, 2011 was M. Alex Geertsma, M.D., and Elaine Zimmerman served as executive director throughout the audited period. The Commission on Children works to maximize public-private opportunities for children. According to its Results Based Accountability Report for 2010, the commission located and generated over \$39,000,000 of federal and private sector funds that flowed directly to communities for programs such as summer youth employment, and to school districts for programs such as innovative reading assessments, parental involvement and other initiatives.

The Latino and Puerto Rican Affairs Commission operates under the provisions of Title 2, Chapter 23d, Section 2-120, of the General Statutes. The chairperson of the Latino and Puerto Rican Affairs Commission as of June 30, 2011 was Isaias Tomas Diaz. Werner Oyanadel served as acting executive director throughout the audited period. Two previous executive directors were paid under terms set forth in stipulated agreements. We were informed that the commission does not have the means to hire a permanent executive director at this time, considering the budgetary restrictions and elimination of other positions within the commission. According to the Office of Legislative Management, the commission raised \$446,750 of gala revenues, and

paid \$61,283 in scholarships to recipients during five years through September 2010. Also, in September 2010, the commission began a public awareness campaign to inform Connecticut residents born in the Commonwealth of Puerto Rico how to renew their birth certificates because a law enacted by Puerto Rico to combat identity theft invalidated all birth certificates issued prior to July 1, 2010.

The Connecticut Commission on Aging operates under Title 17b, Chapter 319bb, Section 17b-420, of the General Statutes. The chairperson of the commission as of June 30, 2011 was Christine M. Lewis, and Julia Evans Starr served as the executive director throughout the audited period. The commission's efforts are focused on improving the quality of life for older adults and preparing the state for a changing demographic. The state's older adult population is expected to increase by 64 percent between 2006 and 2030 due to the baby boomer population. A major area of focus for the commission is transforming the state's long-term care (LTC) system by maximizing state and federal resources, developing and providing LTC strategies to government, corporations, and the public, and highlighting that individual rights and preferences should be paramount. The commission leads the Money Follows the Person Steering Committee, LTC Workforce Development Workgroup, and the LTC Advisory Council, which works in partnership with the LTC Planning Committee to develop the state's LTC Plan, due in 2013, among other initiatives.

The Asian Pacific American Affairs Commission operates under Title 2, Chapter 23f, Section 2-122, of the General Statutes. The chairperson of the Asian Pacific American Affairs Commission as of June 30, 2011 was Jack K. Hasegawa. Mui Mui Hin-McCormick was hired on February 14, 2012 as the commission's first executive director. According to the executive director, the commission will work on legislative recommendations that focus on the Alvin W. Penn Racial Profiling Act, the contractor set-aside law, enhancements to the bullying laws, and culturally-competent mental health services.

The African-American Affairs Commission operates under Title 2, Chapter 23e, Section 2-121, of the General Statutes and is comprised of 21 members. The chairperson of the commission as of June 30, 2011 was Fred Pierre-Louis. Glenn A. Cassis served as executive director throughout the audited period. According to the commission, it secured more than \$90,000 in national grants to help first generation and low income students gain access to higher education and assisted 1,784 students in completing the Free Application for Federal Student Aid form during our audited period. The commission also helped to establish business and governmental relations with the National Assembly Service Commission of Nigeria.

Other Legislative Commissions:

Other, smaller legislative commissions are summarized below. There were no receipts or expenditures for the commissions except those noted for the Commission on Uniform Legislation.

The Law Revision Commission is to consider and prepare comments and recommendations on proposed law changes and submit an annual report to the General Assembly in accordance

with Sections 2-85 through 2-88 of the General Statutes. This commission met twice during our audited period but did not submit annual reports.

The State Capitol Preservation and Restoration Commission is responsible for a continuing study of the State Capitol building and grounds to develop a master plan for the preservation and restoration of the Capitol in accordance with Section 4b-60 of the General Statutes. Its most recent report was issued in March 2011.

The Compensation Commission for Elected State Officials and Judges, in accordance with Section 2-9a of the General Statutes, is responsible for recommending legislative proposals for salary, expenses, pension, workers' compensation and any other benefits to be paid to elected state officials and judges on or before February 15th in odd-numbered years and may, at its discretion, submit recommendations in even numbered years. This commission has submitted reports.

The Commission on Uniform Legislation, in accordance with Section 2-80 of the General Statutes, is responsible for examining certain subjects on which uniformity is desirable. This commission has submitted reports. Expenditures totaled \$49,858 and \$31,800 during the fiscal years ended June 30, 2010 and 2011, respectively, for annual dues and national conference travel costs for the members of the commission.

The Commission on Innovation and Productivity is responsible for recommending innovations for the improvements of cost-effectiveness and efficiency in addition to examining ways to increase productivity, reduce costs, and provide the highest quality services in state government in accordance with Section 2-110 of the General Statutes. This commission was established in 1993, but does not appear to have been active for over 15 years.

The Commission on Enhancing Agency Outcomes, established under Public Act 09-2, subsection 9, as amended by Public Act 09-3 of the June 2009 Special Session, subsection 56, and Public Act 09-7 of the September 2009 Special Session, subsection 49, effective March 3, 2009, September 8, 2009 and October 5, 2009 was to consider the redundancies and promote efficiency and accountability in state government by making recommendations with the goal of reducing costs and enhancing the quality and accessibility of state services. Later amendments more generally stated the purpose as to "identify subjects for further study." The commission submitted its final report on December 30, 2010 and terminated on December 31, 2011.

PROGRAM REVIEW OF THE OLD STATE HOUSE:

Section 2-90 of the General Statutes authorizes the Auditors of Public Accounts to examine the operations of state agencies to determine their effectiveness in achieving a legislative purpose. We have conducted such a review of the operations of the Old State House, a national historical landmark dating to 1796, and located on Main Street in Hartford. Public Act 07-4, of the June 2007 Special Session, effective July 1, 2007, allowed the Connecticut General Assembly, through the Joint Committee on Legislative Management (JCLM), to lease the Old State House for \$1 per year for at least 99 years from the City of Hartford. JCLM is now responsible for the custody and control of the land, buildings, and operations, including providing for security, maintenance, and community programming. Our objective during this review was to determine whether JCLM has been able to effectively accomplish these goals while efficiently managing the operations.

JCLM has effectively preserved the Old State House and provided for community and educational programming; however, it appears that it may have the opportunity to do so in a more cost-efficient manner. The expenses of the Old State House exceeded the revenues collected by \$911,789 and \$760,705 in the fiscal years ended June 30, 2010 and 2011, respectively. It is estimated that as of June 30, 2011, each tour visitor costs the state \$84. The nonprofit company (vendor) that was hired by JCLM to provide programming services at the Old State House has performed better. Combined with the services for television coverage of government programming that have been provided over several years, the vendor's reserves totaled \$772,254, with cash totaling \$651,238 as of June 30, 2011. The vendor receives 99 percent of its funding revenue from the State of Connecticut through JCLM and has full control over its reserves.

Visitors, School Groups and Special Events:

Visitors may take a guided or self-guided tour that highlights the history and architecture of the building and includes stories about civic activity throughout the building's history. School groups are scheduled in advance and offered a choice of educational programs, such as *I Spy the Old State House*, *How Government Works: Connecticut's 3 Branches and Why They Matter*, *Changing Connecticut History*, *Discover the Old State House*, and *History is all Around Us*. Each educational program that is offered aligns with the state Department of Education's social studies curriculum standards. JCLM contracts with a vendor to handle the day-to-day visitors and scheduling of school groups. Other events scheduled at the Old State House include a farmers' market and a lecture and concert series. As of November 1, 2011, the vendor is required by contract to have seven full-time and two part-time employees who work at the Old State House in the positions of director of education and community programming, public program coordinator, school program coordinator, coordinator of group and interpretive services, communications and marketing coordinator and museum educators. They provide services on a year-round basis, from 10 a.m. to 5 p.m., five days per week. Attendance is summarized in the following chart and includes walk-in and scheduled group visitors. Groups comprise nearly 70 percent of the attendance for the fiscal year ended June 30, 2011, and the busiest months are in April, May and June.

<i>FY/Mo.</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>June</i>	<i>Total</i>
2010	630	445	226	794	429	708	566	209	361	939	1,218	748	7,273
2011	432	350	446	881	738	795	271	376	521	1,389	1,643	1,230	9,072
Avg.	531	398	336	838	584	752	419	293	441	1,164	1,431	989	

Revenues – Old State House:

The Old State House is also available to rent for events such as weddings, receptions, press conferences and corporate rentals, usually after regular operating hours. Revenues generated from these events represent 48 percent of the total revenues and have lower related costs than for the programming services. The facilities manager employed by JCLM coordinates the rental of the facility for these events on a flat-rate fee schedule. The general admission charge averaged about \$4 per visitor because of reduced admissions offered to children, military personnel, travel club members and senior citizens. Retail store sales represent revenue from a store whose contract is no longer active. Revenues are retained by JCLM, except for future retail sales, which will be retained by the vendor when the store is reopened. The revenues were:

<u>Fiscal Year Ended June 30,</u>	<u>2010</u>	<u>2011</u>
Facility Rental for Events	\$ 51,667	\$ 53,896
Admission (walk-in, groups)	27,094	36,018
Retail Store Sales	44,491	20,008
Donations	<u>4,584</u>	<u>502</u>
Total Revenues	<u>\$127,836</u>	<u>\$110,424</u>

Expenses – Old State House:

The largest expense for the Old State House is for the vendor that provides the programming services. The vendor is paid approximately \$420,000 per year for such services. The decrease in vendor services during the audited period was because the retail store was eliminated. JCLM provides for all building improvements, maintenance, cleaning staff, security services and landscaping costs. Appropriations, when available, will be made for a new roof. Indirect expenses are not included below, yet all revenues are included in the per visitor comparison. The total expenses as well as the average net cost per visitor were:

<u>Fiscal Year Ended June 30,</u>	<u>2010</u>	<u>2011</u>
Vendor Services	\$ 533,164	\$ 468,226
Utilities	177,292	166,519
Cleaning Services	120,446	120,237
Supplies and Equipment	65,529	17,088
Building and Landscaping	98,194	54,059
Security	<u>45,000</u>	<u>45,000</u>
Total Expenses	<u>\$1,039,625</u>	<u>\$871,129</u>
<u>Net cost (expenses less revenues)</u>	<u>\$911,789</u>	<u>\$760,705</u>
Divided by Total Visitors	7,273	9,072
Average Net Cost per Visitor	\$125	\$84

Opportunities for Improvement:

We reviewed Public Act 07-4 of the June 2007 Special Session, the lease signed between JCLM and the City of Hartford, the state's contract for vendor services, the vendor's audited financial statements, attendance records, and the revenues and expenses of the Old State House. We found that JCLM has preserved the building sufficiently and provided for community and educational programming services. We noted considerable improvements in many areas since the lease was signed; however, we also believe there are several opportunities to be more efficient and effective. While the Office of Legislative Management did propose certain changes for consideration (eliminate the admission charge, outsource and the five-day schedule), the changes were not incorporated into the most recent contract for services. The following opportunities for improvement summarize the concerns we noted that, if considered, may result in more efficient and effective operations of the Old State House.

Expand opportunities to rent the facility. There are lower related costs associated with renting the facility, and generally, only two cleaning staff and one or two security staff would be needed. The result would be more revenues with less related costs, as well as allowing for greater use of a historical venue in the downtown area of the capital city.

Consider ending the administration and collection of admission fees. It appears to cost the state more to collect the fees than the revenue generated. The state collected admission fees of \$27,094 and \$36,018, respectively, during the audited period, but also paid the vendor an estimated \$41,500 per year for personnel to collect the admissions. Making the building available at specific times (special public events, city celebration days, lunchtime on regularly-scheduled days) could be possible alternatives for public enjoyment.

Reduce the schedule of regular days the Old State House is open on a year-round basis. A reduced operating schedule would save on salaries for nine educational staff, two cleaning staff and one security staff, or a total of twelve employees. During the month of January 2011, for example, it appears that the total visitors (279 over an estimated 19 days) exceeded the total staff by two visitors per day. It is not cost efficient to operate in such a manner. Refocusing on providing program services to groups within a new operating schedule, considering the busier months, would preserve the offering of services while reducing the related costs.

Reconsider the stringent minimum staffing levels, as it may sacrifice potential savings. As of November 1, 2011, the vendor negotiated with JCLM to hire nine employees and refill any vacancies within 60 days. If not, the vendor must repay salary amounts, or damages, to JCLM. The contract also provides that the vendor is encouraged to lower the cost of services by employing part-time staff, interns or volunteers to meet its operating needs. It may be difficult to reduce the actual personnel costs when the vendor is required to retain a certain minimum number of employees. Also, instead of requiring damages, the vendor may be interested in supporting capital-improvement projects (roof) that may accomplish a shared mission. Also, convene and participate in the Old State House Advisory Council, to assist in developing the programs.

Consider whether hiring employees would be less expensive than the outsourcing of seven full-time positions and two part-time positions at a cost of \$35,000 per month. The vendor is operating with a healthy cushion of reserves, funded mostly with state resources.

Encourage competitive bidding, restrict the duration of the contract when competitive bids are not available and write effective contracts. In this case, the request for proposal had only one bidder, who was selected and issued a five-year contract. The core needs should be identified within the initial process, and should exclude any insignificant details that may dissuade potential bidders. Define the mission, establish goals, and document performance measures within the contract. Reassess whether changes need to be made at regular intervals based upon attendance, costs, budgetary, or other reasons.

Do not sacrifice 100 percent of the retail store revenues without proper consideration or potential incentive. Consider negotiating a percentage of retail store revenues to be returned to the state or outright rental of the space. Clarify whether the personnel working in the store will be paid for with funds from the state contract and how such an agreement could be monitored. Require that the previous retail store inventory be reconciled with appropriate amounts paid to the state.

Choose the building's electricity supplier. JCLM overpays approximately \$14,286 each year when compared to lower rates currently available for electricity per kilowatt-hour.

The Old State House has the potential to hold other events that may draw the community's attention to the building. For example, exhibits for local artists or grade schools, a coffee business franchise, or quite possibly an opportunity to partner with a downtown business school to market the Old State House's potential as well as providing for a rewarding experience for local students.

Conclusion:

We found a need for greater attention to be applied to the operations of the Old State House, as there is a potential for revenue generation as well as significant savings on expenses. The Joint Committee on Legislative Management should actively reassess the goals and objectives of preserving the building and providing community and educational programming, and improve on the efficiency and effectiveness of the operations of the Old State House. We recommend further action be taken in Recommendation 5.

CONDITION OF RECORDS

Our review of the financial records disclosed some areas needing disclosures or improvements that are discussed below.

Electricity:

Criteria: Good business practices include that usual services be reviewed periodically for potential savings and competitive pricing. The Legislative Branch has authority within Section 2-71 of the General Statutes to enter into contracts separately from the Executive Branch of government.

Condition: The Joint Commission on Legislative Management (JCLM) does not appear to be paying competitive electric rates for its electricity. JCLM was included in a four-year contract that was negotiated on a statewide basis at \$.1197 per kilowatt hour. If JCLM was eligible for the lowest current rate of \$.0779, as of February 8, 2012, approximately \$265,542 could be saved on an annual basis.

Cause: JCLM relied on the authority that the Office of Policy and Management has under Section 16a-14e of the General Statutes to contract for electricity.

Effect: JCLM appears to have overpaid for its electricity.

Recommendation: The Joint Commission on Legislative Management should work to reduce its electricity expenses. (See Recommendation 1.)

Agency Response: “The auditors are correct that, at present, the rate we are paying is higher than available electric rates from other suppliers. However, about three years ago, when we agreed to have OPM and DAS negotiate a rate on our behalf for the LOB, the rate was very competitive and provided significant savings. It also includes 25% “green power.” The OSH was added to the contract when we took over the facility. We have gone to great efforts to reduce our level of electrical energy consumption. In the past four years consumption has been reduced by about 16% in the LOB, 23% in the Capitol, 32% in the LOG and 10% at the OSH. Once our contract expires in a little over a year, we may consider using the legislature’s own purchasing authority to obtain electricity directly from suppliers and for a shorter term contract.”

Prepayments for Postage:

- Criteria:* Section 4-98, subsection (a) of the General Statutes states that “the amount to be charged against the appropriation for a budgeted agency in any year for a purchase order for a current expenditure shall be the amount anticipated to be spent in such year.” Section 4-89, subsection (b) requires, generally, that unexpended balances of appropriations lapse and revert to the General Fund at the end of the fiscal year. Section 4-69, subsection (11)(C) includes legislative management as a budgeted agency.
- Condition:* During our review of JCLM expenditures, we noted unusual fluctuations within the postage expense account. We found that, between June 8 and June 29, 2011, four purchase orders were processed for prepaid postage totaling \$910,000. When added to the existing credit balances, the total prepayments were approximately \$1,334,164 as of June 30, 2011. These prepaid amounts did not lapse to the General Fund.
- Cause:* We were informed that the postage was purchased in advance because of anticipated budgetary constraints in the fiscal year ending June 30, 2012.
- Effect:* There was noncompliance with the General Statutes in an overstatement of postage expense, and an understatement of cash. This results in a situation in which the state lacks physical custody of the funds and they cannot be invested by the State Treasurer.
- Recommendation:* The Joint Committee on Legislative Management should comply with Sections 4-98 subsection (a) and 4-89 subsection (b) of the General Statutes. (See Recommendation 2.)
- Agency Response:* “The JCLM agrees with the auditors’ recommendation that OLM staff comply with CGS Secs. 4-98(a) and 9-89(b) and will ensure future compliance. CGS Section 2-15a allows each legislator to send out one district-wide mailing per year. Legislators can also use State mailing privileges for the purpose of mailing up to one thousand (1,000) first-class items in a week in the case of a senator or five hundred (500) first-class items in a week in the case of a representative. Even numbered years are election years and require district-wide mailings to be sent before July 16th for legislators who are running for re-election. OLM analyzed the bulk mail postage usage over the past four fiscal years. Usage totals for FY ’08 through FY ’11 were: \$1,617,025, \$992,049, \$1,150,926 and \$868,254 respectively. The trend indicates that less mail is being sent overall. We will continue to monitor this trend and reduce the balance in the bulk meter postage account accordingly.”

Racial Profiling Reports:

- Criteria:* Section 54-1m of the General Statutes states that the African American Affairs Commission shall review the prevalence and disposition of traffic stops and complaints reported, and annually shall report to the Governor, the General Assembly and any other entity the results of such review, including any recommendations.
- Condition:* The African American Affairs Commission only provided a list of 31 departments that submitted their reports within its Annual Report, but did not review the prevalence and disposition of traffic stops and complaints reported.
- Cause:* The commission indicated it does not have the resources to manage the requirements of this statute.
- Effect:* There was noncompliance with this statute.
- Recommendation:* The African American Affairs Commission should attempt to pursue compliance with Section 54-1m of the General Statutes or consider working towards a change in legislation. (See Recommendation 3.)
- Agency Response:* “The Commission received traffic stop report data from municipal police departments in three formats - paper forms (cards and half sheets), digital formats (Excel and Word) and through the Capitol Region Council of Governments. These reports were sent monthly, quarterly and annually by the municipalities. The Commission was not able to conduct a meaningful review and analysis of this data due to a lack of resources. The staff of the Commission has been reduced to two fulltime positions. In addition, the Commission did not have a software program to analyze the data or the funding to hire consultants. The Commission collected and has stored the forms and electronic files. If resources become available the forms and files can be analyzed. The Commission has helped the Judiciary Committee draft legislation to amend the statute so it can be effectively executed and enforced. This includes standardizing the forms, so that all records are completed digitally, that records are sent to OPM, that federal funds be secured to analyze data, that an advisory council be established to oversee the collection and analysis of traffic stop data and, where patterns of racial profiling through traffic stops is evident, that training of officers be implemented.”

Awards Ceremony Planning for the Latino and Puerto Rican Affairs Commission:

Criteria: Proper internal controls require proper commitment and authorization of funds prior to the receipt of services. Segregation of duties should not allow one party to print tickets, collect revenue and invoice for receivables. Public Act 09-7 of the September Special Session, subsection 143, effective October 5, 2009, revoked the provision in subsection (b)(6), to “secure appropriate recognition of the accomplishments and contributions of Latino and Puerto Rican populations of the state,” and instead authorized “educational and outreach activities intended to raise awareness of critical issues...”

Condition: The Latino and Puerto Rican Affairs Commission (LPRAC) appears to have printed tickets to its October 24, 2009 awards ceremony in excess of the agreed-upon amount worth \$600 and issued an undetermined amount of those tickets without funds being paid for in advance. LPRAC appears to have contracted for, and received goods and services totaling \$1,208 without obtaining proper commitment authorization from the Office of Legislative Management. In addition, LPRAC printed its own receivable invoices to collect certain revenues, directing certain funds be returned to LPRAC and not the Office of Legislative Management (OLM), which is the usual procedure. On November 18, 2009, LPRAC authorized its 13th annual awards ceremony and named the people it would recognize at the event. LPRAC originally reserved a venue, but cancelled, forfeiting the \$1,000 deposit. LPRAC rebooked the ceremony at another venue. It was held on October 16, 2010.

Cause: LPRAC is not following internal controls in a consistent manner and failed to realize the ceremony could have been rebooked as educational outreach without sacrificing its deposit.

Effect: A deposit of \$1,000 was forfeited, the risk of loss is not minimized when internal controls are not followed, and LPRAC places an administrative burden on OLM to process its special projects according to OLM.

Recommendation: The Latino and Puerto Rican Affairs Commission should follow internal controls to minimize the risk of loss when planning its special events, should not forfeit funds unnecessarily, and should reduce the related administrative burden it places on the Office of Legislative Management. (See Recommendation 4.)

Agency Response: “Members of LPRAC and the OLM fiscal section have worked together to improve the communication between the two offices regarding events sponsored by LPRAC. The LPRAC Acting Executive Director must report all event recommendations proposed by the Commission to OLM so it can proceed with the planning process. OLM must determine the business guidelines that will be followed and notify the Director accordingly. For

larger events, OLM conducts planning meetings with LPRAC staff and commission members to develop a scope of work for vendor proposals, set evaluation criteria for responses and determine timelines to ensure expectations are achieved. In addition, OLM is planning to provide contracting and purchasing training to the six Legislative Commissions during FY 2013. Proper planning and increased knowledge of the business guidelines will allow for internal controls to be followed and reduce the administrative effort needed during the entire process.”

Advocacy Commissions and Compliance with Statutory Changes:

Criteria: Various sections of state statutes governing the legislative commissions (Section 2-122, subsection (a)(4), Section 2-121, subsection, (a)(4), Section 46a-126, subsection (a)(4), and Section 46a-1, subsection (a)(4)) indicate that any person absent from three consecutive meetings of the commission, or fifty percent of such meetings during any calendar year, shall be deemed to have resigned from the commission, effective immediately. This applies to the Asian Pacific American and African American Affairs Commissions, Commission on Children and the Permanent Commission on the Status of Women. Section 2-120, subsection (g), and Section 2-122, subsection (f) states that there “shall be an executive director” for the Latino and Puerto Rican and the Asian Pacific American Affairs Commissions. Bylaws should be updated so that they do not conflict with the statutory requirements.

Condition: Four of five commissions had difficulties implementing certain provisions of the General Statutes as of December 31, 2011. It appears that ten appointed members of four commissions failed to meet the minimum attendance requirements and were “deemed to be resigned.” Many continued to serve without reappointment. Two commissions did not have permanent executive directors as of June 30, 2011, and one commission’s bylaws were not updated in a timely manner.

Cause: The substantial reductions in appropriations, generally by more than 50 percent, combined with the commissions’ expanded mandates and membership may have contributed this condition.

Effect: Certain statutory requirements were not met.

Conclusion: We have no recommendations at this time as to how each commission should budget their limited resources, except that their work should be consistent with the provisions set forth in the General Statutes.

Old State House Operations:

Criteria: Public Act 07-4 of the June 2007 Special Session, effective July 1, 2007, allowed the General Assembly, through the Joint Committee on Legislative Management to lease the Old State House for \$1 per year for at least 99 years from the City of Hartford. JCLM is now responsible for the custody and control of the land, buildings, and operations, including providing for security, maintenance, and community programming services. Section 2-90 of the General Statutes authorizes the Auditors of Public Accounts to examine the operation of state agencies to determine their effectiveness in achieving a legislative purpose. We reviewed the operations of the Old State house to determine whether JCLM has been able to effectively accomplish its goals while efficiently managing the operations.

Condition: JCLM has preserved the Old State House and provided for community and educational programming; however, it appears that it may have the opportunity to do so in a more cost-efficient and effective manner. The expenses of the Old State House exceeded the revenues collected by \$911,789 and \$760,705 in the fiscal years ended June 30, 2010 and 2011, respectively. It is estimated that as of June 30, 2011, each tour visitor costs the state \$84. The nonprofit company (vendor) that was hired by JCLM to provide programming services at the Old State House has performed better. Combined with the services for television coverage of government programming that have been provided over several years, the vendor's reserves totaled \$772,254 as of June 30, 2011. The vendor receives 99 percent of its funding revenue from the State of Connecticut through JCLM and has full control over its reserves.

Cause: Certain decisions did not have an efficient and effective result on operations.

Effect: Potential savings may have been sacrificed.

Recommendation: The Joint Committee on Legislative Management should work to improve the efficiency and effectiveness of the operations of the Old State House and should revisit certain contracts for services provided on its behalf. (See Recommendation 5.)

Agency Response: "Examples of Legislative Management's continued efforts to improve the efficiency and effectiveness of OSH operations are:

- The replacement of the marketing and rentals contractor with existing OLM staff has increased the number of rentals and the resultant income.
- The person who collects admission also functions as greeter, sets up guided tours, and provides tourist information.
- Many high profile public events have been and are continuing to be scheduled.
- The legislature took over the OSH to preserve it for its historical

significance and make it available to the public year round for educational and community programming, so it has declined to limit access only to certain seasons or days.

- The minimum staffing levels were created to ensure that potential savings are shifted from the contractor to pay for other OSH expenses or for deposit in the state's General Fund.
- A cost effectiveness review to determine whether hiring regular legislative employees in lieu of contracting staff might make sense, given the added 47% fringe benefit rate and administrative burden to the state, may be considered.
- JCLM has waived competitive bidding for the OSH contract under CGS Sec. 2-71t(c)(2), based on determining that a sole source is required.
- After due consideration, the contractor's assumption of the responsibility and related risk for purchasing inventory for the store (which previously lost money), staffing it within existing resources, guarding against losses, and reconciling and depositing revenue was considered to be worth their retaining any profit.
- A previous market analysis of the possibility of establishing an OSH café indicated it would not be cost effective given the lack of food preparation facilities on site, limited space for creating a kitchen or seating area, restrictions on alterations of historic buildings, and significant area competition for potential customers.
- Opportunities will continue to be sought for providing additional services to the community that complement other activities in the greater Hartford area."

*Auditors' Concluding
Comments:*

We recognize keeping the historic Old State House open on a regular basis provides a public service. The intent of our review was to highlight certain areas that contribute to the related costs, which appear to be excessive. The agency response reiterates some of what we believe is cause for concern. JCLM should reconsider all cost-savings ideas to improve upon its efficiency and effectiveness for Old State House operations.

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Joint Committee on Legislative Management contained no recommendations.

Current Audit Recommendations:

- 1. The Joint Committee on Legislative Management should work to reduce its electricity expenses.**

Comment:

The Joint Committee on Legislative Management could take advantage of an opportunity to save by selecting its own electricity supplier.

- 2. The Joint Committee on Legislative Management should comply with Sections 4-98 subsection (a) and 4-89 subsection (b) of the General Statutes.**

Comment:

The Legislative Branch should operate in compliance of the General Statutes when budgeting and accounting for expenditures.

- 3. The African American Affairs Commission should attempt to pursue compliance with Section 54-1m of the General Statutes or consider working towards a change in legislation.**

Comment:

The African American Affairs Commission does not have the resources to monitor the provision, but should be active in determining any solutions.

- 4. The Latino and Puerto Rican Affairs Commission should follow internal controls to minimize the risk of loss when planning its special events, should not forfeit funds unnecessarily, and should reduce the related administrative burden it places on the Office of Legislative Management.**

Comment:

LPRAC spends a significant amount of resources planning fundraisers. Its activities appear to place an administrative burden upon the Office of Legislative Management.

5. **The Joint Committee on Legislative Management should work to improve the efficiency and effectiveness of the operations of the Old State House and should revisit certain contracts for services provided on its behalf.**

Comment:

JCLM should work towards efficient and effective operations at the Old State House.

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, 2010 and 2011. Management of the Joint Committee on Legislative Management is responsible for establishing and maintaining effective internal control over financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts, and grants. The financial statement audits of the Joint Committee on Legislative Management for the fiscal years ended June 30, 2010 and 2011, 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. We do not express an opinion on the books and accounts referred to in the first paragraph.

CONCLUSION

In 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.



Maura F. Pardo
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts