

STATE OF CONNECTICUT



*AUDITORS' REPORT
JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2017*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

Table Of Contents

EXECUTIVE SUMMARY	i
INTRODUCTION	1
Auditors' Report	1
COMMENTS	2
FOREWORD	2
Members of the Joint Committee on Legislative Management.....	2
Legislative Changes.....	3
Legislative Commissions.....	4
Other Legislative Commissions	4
RÉSUMÉ OF OPERATIONS	5
General Fund – Receipts and Expenditures.....	5
Special Revenue Fund – Federal and Other Restricted Account	6
Capital Improvements and Other Purposes Fund.....	6
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	7
Asset Management	7
RECOMMENDATIONS	9
Status of Prior Audit Recommendations	9
Current Audit Recommendations	9
ACKNOWLEDGEMENTS	10
CONCLUSION.....	11

June 14, 2019

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes we have audited certain operations of the Joint Committee on Legislative Management. The objectives of this review were to evaluate the department's internal controls, compliance with policies and procedures, as well as certain legal provisions, and management practices and operations for the fiscal years ended June 30, 2016 and 2017.

The key finding is presented below:

Page 7	During our audit, we found the Office of Legislative Management does not adequately track controllable property. The Office of Legislative Management's controllable inventory listing should include all sensitive, portable, and theft-prone items with a value less than \$5,000. The office should perform a regular inventory of these items. (Recommendation 1.)
---------------	--

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

ROBERT J. KANE

June 14, 2019

AUDITORS' REPORT

We have audited certain operations of the Joint Committee on Legislative Management (JCLM), the Office of Legislative Management (OLM). We also audited the legislative commissions JCLM financially administers, including the Commission on Women, Children, and Seniors, and the Commission on Equity and Opportunity in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2016 and 2017. The objectives of our audit were to:

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

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

We conducted our audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

objectives. We believe that the evidence obtained provides such a basis. We are not organizationally independent with respect to the Joint Committee on Legislative Management.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. No deficiencies in internal controls;
2. Apparent noncompliance with policies and procedures or legal provisions; and
3. No need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Joint Committee on Legislative Management.

COMMENTS

FOREWORD

The Joint Committee on Legislative Management 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. JCLM 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. JCLM is required to assess ways and means to improve legislative operations and to make improvements in 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 General Statutes, the membership of JCLM shall be as provided in the Joint Rules of the Senate and the House of Representatives. Section 3(c)(1) of the joint rules state there should be 14 members appointed from the Senate and 20 from the House of Representatives; however, the committee has been operating with vacancies for years. As of June 30, 2017, the members on the committee were as follows:

Senate Members: Co-Chairperson, President Pro Tempore Martin M. Looney, President Pro Tempore Leonard A. Fasano, Majority Leader Bob Duff, Senator Kevin D. Witkos, Senator Toni Boucher, Senator Beth Bye, Senator Paul R. Doyle, Senator John W. Fonfara, Senator L. Scott Frantz, Senator Anthony Guglielmo, Senator Joan V. Hartley, Senator John A. Kissel, Senator Michael A. McLachlan, Senator Marilyn Moore.

House Members: Co-Chairperson, Speaker Joe Aresimowicz, Majority Leader Matthew Ritter, Minority Leader Themis Klarides, Representative Vincent J. Candelora, Representative Michelle L. Cook, Representative John H. Frey, Representative Linda M. Gentile, Representative Robert D. Godfrey, Representative Minnie Gonzalez, Representative Laura R. Hoydick, Representative Noreen S. Kokoruda, Representative Russell A. Morin, Representative Bruce V. Morris, Representative Tom O’Dea, Representative Arthur J. O’Neill, Representative Linda A. Orange, Representative John E. Piscopo, Representative Emmett D. Riley, and 2 vacancies.

Other members who served during the audited period were Senators Eric D. Coleman, Joseph J. Crisco, and Keven C. Kelly. House members who served were Speaker J. Brendan Sharkey, and Representatives Juan R Candelaria, Louis P. Esposito, Jr., Douglas McCrory, Craig A. Miner, and Kevin Ryan.

Office of Legislative Management

The Office of Legislative Management provides administrative and operational support for the Connecticut General Assembly. The office, while implementing the policies of the Joint Committee on Legislative Management, provides administrative and financial services, administers compensation and human resources services, and oversees the management and maintenance of all buildings and grounds under the supervision and control of the General Assembly.

James P. Tracy was executive director of the Office of Legislative Management during the audited period.

Legislative Changes

Public Act 16-3, Section 40 and Section 75, effective July 1, 2016, required the Joint Committee on Legislative Management to lease the Old State House to the Department of Energy and Environmental Protection (DEEP). The act required the Office of Legislative Management to transfer funds from its Old State House account to DEEP to operate and manage the property.

Public Act 16-3, Sections 127 thru 131, effective July 1, 2016, eliminated the 6 legislative commissions and replaced them with a Commission on Equity and Opportunity and a Commission on Women, Children and Seniors. The Commission on Equity and Opportunity is made up of the former African-American Affairs Commission, Latino and Puerto Rican Affairs Commission, and Asian Pacific American Affairs Commission. The Commission on Women, Children and Seniors is made up of the former Permanent Commission on the Status of Women, the Commission on

Children, and the Commission on Aging. Public Act 18-65, effective June 1, 2018, reduced the number of members of the Commission on Equity and Opportunity from 63 to 39. Public Act 18-133, effective June 11, 2018, reduced the number of members of the Commission on Women, Children and Seniors from 63 to 21.

Legislative Commissions

There are 2 legislative commissions, the Commission on Equity and Opportunity and the Commission on Women, Children and Seniors. 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 the 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. General Fund receipts for all commissions were \$59,613, \$138,716 and \$64,373, for the fiscal years ended June 30, 2015, 2016, and 2017, respectively. The changes in receipts were primarily attributable to changes in grant activity and private aid. General Fund expenditures for the commissions totaled \$2,605,835, \$2,593,744, and \$1,029,987, during the fiscal years ended June 30, 2015, 2016, and 2017, respectively. The decrease in expenditures for the fiscal year ended June 30, 2017 was due to the consolidation of 6 commissions to 2.

The Commission on Equity and Opportunity operates under the provisions of Title 2, Chapter 23h, sections 2-127 to 2-129, of the General Statutes. Alan Tan served as the chairperson of the commission as of June 30, 2017. Subira Gordon served as executive director through the audited period. The commission was formed on July 1, 2016 as a result of the consolidation of three existing commissions, Latino and Puerto Rican Affairs, African-American Affairs, and Asian and Pacific American Affairs commissions. The commission's goal is to inform and engage all policymakers about constituent needs, and to eliminate disparities by creating opportunities and promoting change.

The Commission on Women, Children and Seniors operates under the provisions of Title 2, Chapter 23i, sections 2-135 to 2-136, of the General Statutes. Karen Jarmoc served as the chairperson of the commission as of June 30, 2017. Steven Hernández served as executive director throughout the audited period. The commission was created on July 1, 2016 as a result of the consolidation of three existing commissions, the Permanent Commission on the Status of Women, Commission on Children, and Commission on Aging. The commission's mission is to promote public policies that are in the best interest of Connecticut's underserved and underrepresented women, children and older adults.

Other Legislative Commissions

There are 4 additional legislative commissions that had no receipts or expenditures, except for the Commission on Uniform Legislation:

The Law Revision Commission considers and prepares comments and recommendations on proposed law changes and submits an annual report to the General Assembly in accordance with

Sections 2-85 through 2-88 of the General Statutes. The commission submitted its required annual reports. The State Capitol Preservation and Restoration Commission is responsible for a continuing study of the State Capitol for the preservation and restoration in accordance with Section 4b-60 of the General Statutes.

The Compensation Commission for Elected State Officers and General Assembly Members, 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 the Governor, Lieutenant Governor, Secretary of the State, Attorney General, Treasurer, Comptroller, and members of the General Assembly on or before February 15th in odd-numbered years and may, at its discretion, submit recommendations in even-numbered years. The commission submitted a report for 2017. 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 desired. The commission issued reports for each year of the audited period.

RÉSUMÉ OF OPERATIONS

General Fund – Receipts and Expenditures

General Fund receipts for the Office of Legislative Management (OLM) totaled \$121,091, \$99,804, and \$115,673 for the fiscal years ended June 30, 2015, 2016, and 2017, respectively. General Fund expenditures by account are summarized below:

Expenditures by Account	<u>Fiscal Year Ended June 30,</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Personal Services & Employee Benefits	\$41,692,163	\$42,187,381	\$41,092,358
Premises and Property Expenses	7,731,254	7,315,723	6,514,159
Purchases & Contracted Services	5,419,755	6,562,509	4,247,223
Information Technology	1,781,050	1,841,803	1,534,946
Employee Expenses, Allowances & Fees	1,798,306	1,626,353	1,497,751
Purchased Commodities	760,549	556,785	433,459
Capital Outlays – Equipment	330,224	54,928	99,995
Motor Vehicle Costs	75,284	82,655	59,612
Total Expenditures	<u>\$59,588,585</u>	<u>\$60,228,137</u>	<u>\$55,479,503</u>

Expenditures increased 1% and decreased by 8% during the fiscal years ended June 30, 2016 and 2017, respectively. The decrease is a result of budgetary reductions in most expenditure categories. There are fluctuations in all categories due to the alternating nature of expenditures in long versus short legislative sessions.

Special Revenue Fund – Federal and Other Restricted Account

Restricted Fund receipts were \$3,249,492, \$2,556,912, and \$3,226,030 during the fiscal years ended June 30, 2015, 2016, and 2017, respectively. The major source of revenue is an annual transfer from the Department of Revenue Services that is 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 from this fund were \$2,960,236, \$3,065,241, and \$3,289,634 during the fiscal years ended June 30, 2015, 2016, and 2017, respectively. The majority of these expenditures were for the television coverage of state government.

Capital Improvements and Other Purposes Fund

Expenditures from the Capital Improvements and Other Purposes Fund totaled \$1,913,812, \$2,648,971 and \$235,619 for the fiscal years ended June 30, 2015, 2016, and 2017, respectively. These expenditures included repairs to the roof of the Old State House, information technology equipment, network upgrades, and the building of a veteran's memorial.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Asset Management

Criteria: The Office of the State Comptroller's Property Control Manual states each agency must maintain a list of controllable property. Controllable property is property with a unit value less than the capitalization threshold of \$5,000, an expected useful life beyond one year, or at the discretion of the agency requires identity and control. Items deemed sensitive, portable, and theft-prone should be added to the controllable list and must be inventoried on a regular basis.

Condition: The Office of Legislative Management does not track controllable property, except for weapons, per its asset management policy effective July 1, 2015. We selected 4 items for testing that the office did not list as controllable property (and therefore did not inventory), ranging in cost from \$1,485 to \$4,898.

Effect: There is a higher risk of loss or theft of state property if items that are sensitive, portable, or theft-prone are not regularly identified, controlled, and inventoried.

Cause: Management changed its asset management policy to no longer maintain an inventory list of controllable property other than weapons.

Prior Audit Finding: This finding has not been previously reported

Recommendation: The Office of Legislative Management's controllable inventory listing should include all sensitive, portable, and theft-prone items with a value less than \$5,000. The office should perform a regular inventory of these items. (See Recommendation 1.)

Agency Response: "On July 1, 2015 (reporting for fiscal year 2016), the Office of the State Comptroller (OSC) increased the asset capitalization threshold from \$1,000 to \$5,000. During that fiscal year the Office of Legislative Management (OLM) no longer added items costing less than \$5,000 to the Asset Management system module in PeopleSoft. Tracking of leased and controllable items is done by the Office of Information Technology for computer hardware and software in a standalone system and by the State Capitol Police Department for their state issued firearms.

After discussing this matter with the State Auditors, OLM expanded the number of controllable items tracked in the Asset Management System to include items costing between \$1,000 and \$5,000 that may be

sensitive, portable and theft prone in nature. These items would include, but not limited to, audio visual and camera equipment, expensive tools and non-leased computer equipment.

Beginning July 1, 2018, the Financial Administrator or their designee will determine which purchases will be designated as controllable items. A unique account code on each purchase order will flag controllable items to be added to the Asset Management System. These items will be maintained separately in the asset system by having unique asset profile and class. The controllable items will be assigned to an asset custodian. The item will be assigned a tag identifying it as property of the Connecticut General Assembly and is subject to being inventoried annually.

For Fiscal Years 2016 and 2017, we reviewed all purchase orders to identify items to be classified as controllable. We determined that 16 additional controllable items will be included in the Asset Management system.”

RECOMMENDATIONS

Status of Prior Audit Recommendations

Our prior examination resulted in no recommendations.

Current Audit Recommendations

The following recommendation resulted from our current review.

- 1. The Office of Legislative Management's controllable inventory listing should include all sensitive, portable, and theft-prone items with a value less than \$5,000. The office should perform a regular inventory of these items.**

Comment:

We found that the Office of Legislative Management was not adequately tracking items valued at less than \$5,000. This leads to an increased risk of loss or theft.

ACKNOWLEDGEMENTS

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

Taulant Baci
David Tarallo

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Joint Committee on Legislative Management and the Office of Legislative Management during the course of our examination.



David Tarallo
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor