

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
STATE PROPERTIES REVIEW BOARD  
FOR THE FISCAL YEARS ENDED JUNE 30, 2008, 2009, 2010 AND 2011*

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

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

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November 26, 2012

### **AUDITORS' REPORT STATE PROPERTIES REVIEW BOARD FOR THE FISCAL YEARS ENDED JUNE 30, 2008, 2009, 2010 AND 2011**

We have examined the financial records of the State Properties Review Board (Board) for the fiscal years ended June 30, 2008, 2009, 2010 and 2011. This report on our examination consists of the Comments and Certification which follow.

Financial statement presentation and auditing is performed annually on a Statewide Single Audit basis to include all state agencies. This audit examination has been limited to assessing the Board's compliance with certain provisions of laws, regulations and contracts, and evaluating its internal control policies and procedures established to ensure such compliance.

Throughout the audited period, the personnel, payroll, affirmative action and business office functions of the Board were provided by the Department of Administrative Services (DAS).

Pursuant to Section 139 of Public Act 09-7 of the September Special Session, the Board was formally consolidated within DAS. Therefore, this is the final report in which the State Properties Review Board will be audited as a separate entity.

## **COMMENTS**

### **FOREWORD:**

The Board operates primarily under the provisions of Sections 4b-2, 4b-3 through 4b-5, 4b-21, 4b-22a, 4b-23, 4b-24, 4b-29, 4b-32, and 22-26cc of the General Statutes.

According to the terms of the above-noted legislation regarding consolidation within DAS, the Board is to maintain its independent decision-making authority. The Board reviews and either approves or disapproves various transactions proposed by state executive branch agencies. The transactions reviewed and decided upon may involve the following:

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- The acquisition of land and buildings for state use.
- Leasing of private buildings for state agencies.
- Sale or lease of surplus state buildings and lands.
- State acquisition of development rights to agricultural land.
- Assignment of state agencies to state buildings.
- Selections of and contracts for design professionals and other consultants for the Department of Public Works (DPW).
- Lease or purchase of group homes for the Department of Developmental Services.
- Lease of warehouse and distribution space at the Connecticut Regional Market.
- Leases, operating, or concession agreements at state airports and piers for the Department of Transportation (DOT).
- Acquisition of railroad rights-of-way and related facilities for the DOT.
- Hearing of appeals by aggrieved parties concerning compensation paid for the acquisition of outdoor advertising structures.

The Board is also responsible for reviewing the annual DPW report required by Section 4b-2(a) of the General Statutes. That report is to include all relevant data on DPW operations concerning realty acquisitions, projected real estate needs of the state, and recommendations for statutory changes. After its review, the Board is required to submit the report along with its recommendations, comments, conclusions or other pertinent information to the Governor and members of the jurisdictional joint standing committees of the General Assembly. Included within the information submitted by the Board were certain key program measures, as illustrated below:

| <u>Category</u>   | <u>2007-2008</u>  | <u>2008-2009</u>   | <u>2009-2010</u>  | <u>2010-2011</u>  |
|---|-------------------|--------------------|-------------------|-------------------|
| Number of proposed transactions reviewed and processed: |                   |                    |                   |                   |
| <i>Department of Public Works:</i>                      |                   |                    |                   |                   |
| Consultant Contracts                                    | 113               | 99                 | 152               | 72                |
| Real Estate Contracts                                   | 69                | 64                 | 57                | 37                |
| Total DPW   | <u>182</u>        | <u>163</u>         | <u>209</u>        | <u>109</u>        |
| <i>Department of Transportation:</i>                    |                   |                    |                   |                   |
| Vouchers  | 52                | 48                 | 56                | 67                |
| Sales   | 45                | 31                 | 19                | 33                |
| All Others  | 36                | 27                 | 42                | 65                |
| Total DOT   | <u>133</u>        | <u>106</u>         | <u>117</u>        | <u>165</u>        |
| <i>All Other State Agencies</i>                         | 36                | 94                 | 30                | 20                |
| Totals  | <u>351</u>        | <u>363</u>         | <u>356</u>        | <u>294</u>        |
| Average Number of Days to Process a Proposal            | <u>13.18 days</u> | <u>12.61 days</u>  | <u>22.03 days</u> | <u>18.57 days</u> |
| Claimed Savings to the State                            | <u>\$794,968</u>  | <u>\$7,211,075</u> | <u>\$89,276</u>   | <u>\$785,752</u>  |

In addition, in each odd-numbered year the Board is responsible, under Section 4b-23(c) of the General Statutes, for reviewing the Office of Policy and Management’s proposed state facility plan.

**Members of the State Properties Review Board:**

The Board consists of six members, appointed on a bipartisan basis for overlapping four-year terms; the speaker of the House of Representatives and the president pro tempore of the Senate jointly appoint three members, and the minority leaders of the House and Senate jointly appoint the other three. Section 4b-3 of the General Statutes mandates that such appointees have specific experience in the areas of architecture, building construction, engineering, real estate sales and purchases, business matters, and the management and operation of state institutions.

Members of the Board, as of June 30, 2011, were as follows:

| <u>Board Member</u>              | <u>Term Expires</u> |
|----------------------------------|---------------------|
| Edwin S. Greenberg, chairman     | June 30, 2011       |
| Bennett Millstein, vice chairman | August 20, 2014     |
| Bruce Josephy, secretary         | June 30, 2014       |
| Mark A. Norman                   | June 30, 2013       |
| Pasquale A. Pepe                 | June 30, 2014       |
| John P. Valengavich              | March 14, 2015      |

Members of the Board continue to serve until successors are appointed, or until the Board is terminated by repeal of the enabling legislation.

Brian A. Dillon has been serving as the Board’s director since September 2010. Prior to Mr. Dillon’s arrival, the director’s duties were performed by Stanley T. Babiarz.

**RÉSUMÉ OF OPERATIONS:**

Aside from processing the return of \$150 in petty cash funds, there were no General Fund cash receipts during the audited period.

General Fund expenditures during the audited period are presented below for comparative purposes:

|                                 | <u>2007-2008</u> | <u>2008-2009</u> | <u>2009-2010</u> | <u>2010-2011</u> |
|---------------------------------|------------------|------------------|------------------|------------------|
| Personal Services               | \$290,512        | \$301,275        | \$161,058        | \$195,964        |
| Payments to Board Members       | 161,766          | 156,892          | 154,081          | 143,110          |
| All Other Expenditures          | <u>6,202</u>     | <u>4,906</u>     | <u>3,700</u>     | <u>2,300</u>     |
| Total General Fund Expenditures | <u>\$458,480</u> | <u>\$463,073</u> | <u>\$318,839</u> | <u>\$341,374</u> |

Personal services expenditures declined considerably between the 2008-2009 and 2009-2010 fiscal years, due to a cutback in staffing levels prompted by the Board’s consolidation within DAS. Subsequently, due to further revision in the composition of assigned administrative staff, personal services expenditures increased moderately between the 2009-2010 and 2010-2011 fiscal years.

Payments to Board members primarily consisted of per-diem compensation for participation at Board meetings. Although such payments remained relatively constant throughout the audited period, a gradual downward trend was nonetheless apparent.

**CONDITION OF RECORDS**

Our current review of the State Properties Review Board's records did not reveal any areas that require corrective action.

## RECOMMENDATIONS

### *Status of Prior Audit Recommendations:*

- The Board should coordinate with DAS to develop procedures to ensure that the software inventory records are prepared and maintained in accordance with the software inventory policy and procedures as set forth in the State Property Control Manual. Since this recommendation has been sufficiently resolved within DAS, it is not being repeated.

### *Current Recommendations:*

Our current audit has not disclosed any areas that require comment.

## INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes, we have audited the books and accounts of the State Properties Review Board for the fiscal years ended June 30, 2008, 2009, 2010 and 2011. This audit was primarily limited to performing tests of the Board's compliance with certain provisions of laws, regulations and contracts and to understanding and evaluating the effectiveness of the Board's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations and contracts applicable to the Board are complied with, (2) the financial transactions of the Board are properly initiated, authorized, recorded, processed and reported on consistent with management's direction, and (3) the assets of the Board are safeguarded against loss or unauthorized use. The financial statement audits of the State Properties Review Board for the fiscal years ended June 30, 2008, 2009, 2010 and 2011, are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the State Properties Review Board complied in all material or significant respects with the provisions of certain laws, regulations and contracts and to obtain a sufficient understanding of the internal controls to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

### **Internal Control over Financial Operations, Safeguarding of Assets and Compliance:**

Management of the State Properties Review Board is responsible for establishing and maintaining internal control over the Board's financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations and contracts. In planning and performing our audit, we considered the State Properties Review Board's internal control over its financial operations, safeguarding of assets, and compliance with requirements as a basis for designing our auditing procedures for the purpose of evaluating the Board's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations and contracts, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over those control objectives. Accordingly, we do not express an opinion on the effectiveness of the State Properties Review Board's internal controls over those control objectives.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct on a timely basis, unauthorized, illegal or irregular transactions, or breakdown in the safekeeping of any asset or resource. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions and/or material noncompliance with certain provisions of laws, regulations and contracts that would be material in relation to the State Properties Review Board's financial operations will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance with requirements was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the State Properties Review Board's financial operations, safeguarding of assets, or compliance with requirements that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters:**

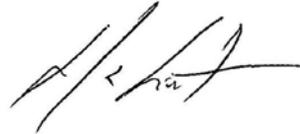
As part of obtaining reasonable assurance about whether the State Properties Review Board complied with laws, regulations and contracts, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the Board's financial operations, we performed tests of its compliance with certain provisions of laws, regulations and contracts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of Board management, the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited.

**CONCLUSION**

In conclusion, we wish to express our appreciation for the cooperation and courtesy extended to our representatives by members of the State Properties Review Board and personnel of the Department of Administrative Services during the course of our examination.



Marc Amutice  
Associate Auditor

Approved:



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts