

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

ROBERT J. KANE

Auditors of Public Accounts Testimony Fiscal Years 2022-23 Governor's Budget March 8, 2021

In past years, we testified before you about various issues in our budget. The last biennium budget addressed many of those challenges. Thank you for putting our agency back on fiscal track.

In 2020, our office had significant challenges and achievements. Due to the COVID-19 pandemic, we operated remotely for most of the year. Despite these challenges, we issued more reports than any year in recent history. We issued 71 reports in 2020, compared to 53 in 2019. Between 2012 and 2018, our office issued an average of 36 reports. We also produced 6,000 more audit hours (147,000 vs. 141,000) in fiscal year 2020 than the preceding year. Overall, working remotely has not impacted our ability to do our job.

Since the start of the pandemic, we have taken a very conservative approach to our budget. As a result, we expect to lapse at least \$700,000 in personal services in this year's budget. We limited our hiring and did not replace former employees or promote others into their positions. We also had at least \$605,335 in one-time savings which included \$330,635 for unpaid annual increments, \$186,000 less in expected sick and vacation payments, \$37,500 in mileage, and \$51,200 for interns. In addition, three long-time employees are retiring on April 1, 2021.

Governor's Proposed Budget

When we first reviewed the Governor's proposed budget, it appeared that while not fully funding our request, it added funding for employee raises and annual increments of \$371,982 and \$867,165 in Fiscal Years 22 and 23, respectively. We later discovered those funds were not included in our bottom line but would instead be held in the state's Reserve for Salaries Account (RSA). In addition, the Governor's proposed budget did not include employee raises in the first year. We respectfully request that they be included in our budget. We would note that the RSA can be reduced by those amounts.

We need an additional \$500,000 in FY 22 to pay for significant retirements due to the most recent SEBAC agreement. We also need additional funding for mileage and

interns. Therefore, we are asking to increase our Personal Services line to \$13,380,102 in FY 22 and \$13,766,507 in FY 23.

As a Legislative Branch agency, our office is responsible for funding all employee raises out of our budget. We only provide raises when other legislative employees receive them. We also fund vacation and sick payouts when our employees retire or otherwise separate from state service. We have always managed our budget responsibly and prudently.

We are the legislature's eyes and ears inside state agencies, and we are extremely proud of the work our auditors perform. The additional funding in the 2020/2021 budget enabled us to restore some of the 18 auditors we lost since 2011. Our budget is approximately 98% personal services. Therefore, we need to retain funding in order to perform our required work. When we release agency audits beyond the two-year statutory requirement, it is because we did not have the resources necessary to conduct the work.

Auditing is labor intensive. Each year, our office budgets every audit hour. However, we often get asked to do valuable work to assist the General Assembly that was not part of our original budget plan. For example, the Department of Social Services/Veyo audit our office released last February required over 3,000 hours to produce. That's the equivalent of 2 full-time positions for a year. We are happy to report that DSS and Veyo incorporated many of our recommendations into their contract and processes. In order to continue this type of work while fulfilling our other statutory obligations, our office will need additional staff.

Retirements in 2022 – Possible Carryforward

Like the rest of state agencies, our office will see several retirements in the next year due to provisions in the last SEBAC agreement. We estimate \$500,000 in additional costs for vacation and sick leave payouts in FY 22. Since these are one-time costs and we are expecting a significant lapse in this fiscal year, a \$500,000 carryforward would be a good way to address this issue.

New Computers – Possible Carryforward

Until 2017, our office leased computers in conjunction with Legislative Management (JCLM). We leased different computers than JCLM because our auditors deal with large data sets and must interact with our auditing software program.

The last APA/JCLM lease was for 3 years. To save money, JCLM extended that agreement to 4 years and the APA joined in that extension. JCLM decided to extend that lease again another year to 5. Due to our different and more demanding needs, our IT unit decided that it would be prudent to obtain new computers. Many of our older computers were broken or required repairs or modifications. Using 4-year-old computers hampered our productivity as the technology became outdated and needed more repairs.

We debated whether to buy or lease computers and determined purchase of them would be prudent. In 2017, we received the funds to purchase new computers through an FAC transfer.

We expect to replace those computers in FY 23. Therefore, we request an additional \$150,000 in other expenses in FY 23. It would also be possible to carry forward funds for this purpose.

<u>APA Funding Needs</u>	<u>FY 2022</u>	<u>FY 2023</u>
Personal Services	\$13,380,102	\$13,766,507
Other Expenses	\$ 272,143	\$ 422,143
Total – All Funds	\$13,652,245	\$14,188,650

Future Needs

Information Technology Audits and Data Analytics

In light of the increased use of information technology and vulnerability to security breaches, we need to increase our oversight of the state's IT through audits that focus on system security and effectiveness. We also need to bolster our use of data analytics to enhance our ability to root out waste, fraud and abuse. Our current use of data analytics has assisted our staff during the audit planning process as they determine which areas pose the greatest risk and need the most scrutiny. We created new IT job descriptions to build on our audit and data analytics capabilities. That will require additional positions with special expertise and resources such as hardware and software.

Additional Performance Audits

Lastly, we would like to expand our performance audit unit. Since joining our office in 2017, the former Program Review and Investigation Committee employees have produced several performance audits. Those audits included topics such as the State Department of Education's approval process and monitoring of private special education providers, the Department of Public Health's monitoring and enforcement of safe drinking water laws, various agencies' oversight of pre-need funeral contracts, the Department of Motor Vehicles background check process for student transportation employees, the Connecticut Prescription Monitoring Program, and the Department of Social Services and Veyo's performance and monitoring of non-emergency medical transportation (NEMT).

We have always believed that having the resources to do more performance audits would better inform you of how programs are meeting their objectives and can run more efficiently and effectively. Significant resources are required to bring these areas to the

levels they should be, including personnel. We are conducting or beginning performance audits in these programs or subject areas:

- Protective Services for the Elderly
- Oversight of Connecticut's Assisted Living Facilities
- Medicaid State Plan Optional Service: Community First Choice
- Special Education - Municipal Oversight of Private Special Education Services and Funding

Thank you again for all of your support for our office. Please let us know if you need additional information or have any questions. You can reach John Geragosian at john.geragosian@cga.ct.gov or 860-833-3482

Audit Hours in FY 2019 and 2020

