AUDITORS' REPORT

Office of the Attorney General

FISCAL YEARS ENDED JUNE 30, 2022 AND 2023

STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor

CRAIG A. MINER
State Auditor

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STATE OF CONNECTICUT

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March 19, 2025

INTRODUCTION

We are pleased to submit this audit of the Office of the Attorney General for the fiscal years ended June 30, 2022 and 2023 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified one finding involving an internal control deficiency and an instance of noncompliance with laws, regulations, or policies.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Office of the Attorney General during the course of our examination.

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

Stephanie Jackie
Ramiz Mehmedovic
Matthew Wood

Matthew Wood
Principal Auditor

Approved:

John C. Geragosian
State Auditor

Craig A Miner
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Office of the Attorney General disclosed the following recommendation, which was not repeated from the previous audit.

Finding 1

Inaccurate Separation Payment

Criteria

Section 5-247 of the General Statutes requires state agencies to pay employees who retire from state service for unused sick leave at a quarter of the employee's salary up to 60 days of accrued leave.

Condition

Our review of ten employees who terminated or retired during the audited period found the Office of the Attorney General (OAG) overpaid one employee $22,096 for accrued sick leave upon their retirement. The office paid the entire balance of unused sick leave rather than one quarter.

Context

OAG paid $2,782,673 to 73 employees who retired or resigned from state service for unused accrued sick and vacation leave during fiscal years 2022 and 2023. We judgmentally selected ten employees paid a total of $845,803.

Effect

The office does not maximize the state's resources when it overpays employees for accumulated leave. The longer an overpayment is outstanding, it becomes more difficult to recover.

Cause

The office did not adequately oversee the processing of non-standard payroll transactions. This was partially due to staffing issues in the Human Resources division.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Office of the Attorney General should strengthen internal controls and document management review to ensure it accurately makes employee separation payments in accordance with Section 5-247 of the General Statutes. The office should also make reasonable efforts to recover any overpayments to separated employees.

Agency Response

"The Office of the Attorney General agrees with this finding, and we have been making every effort to recoup the over payment from the retiree. The retiree agrees with and is aware of the overpayment, and we are working with her to set up a schedule for her to reimburse the State in installment payments. Since this mistake occurred, our Human Resources (HR) division has implemented internal controls for all termination payouts. Now that we have increased our HR staff by adding an HR Generalist, an initial calculation is made to determine all payouts, and those figures are then verified by the Director of HR by comparing them with the actual balances contained in Core-CT. Once signed off, only then will the payments be made. In addition, another on-line verification is made once the applicable payroll is confirmed."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the Office of the Attorney General contained six recommendations. All six have been implemented or otherwise resolved during the current audit.

Prior Recommendation	Current Status
The Office of the Attorney General should strengthen internal controls over receivables and implement procedures to comply with the State Accounting Manual.	RESOLVED
The Office of the Attorney General should implement the Core-CT Employee Self-Service electronic timesheet process to gain efficiencies in time and monitoring absent from its current system.	RESOLVED
The Office of the Attorney General should ensure it maintains proper segregation of duties by focusing on reviewing staffing, Core-CT human resources roles and assigned responsibilities.	RESOLVED
The Office of the Attorney General should improve its monitoring of employee medical leave to ensure that its employees provide medical certificates in the form prescribed by the Commissioner of Administrative Services.	RESOLVED
The Office of the Attorney General should promptly prepare evaluations in accordance with Section 5-237-1 of the State Personnel Regulations and office policy.	RESOLVED
The Office of the Attorney General should strengthen internal controls to ensure compliance with agency compensatory time policies and collective bargaining agreements.	RESOLVED

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Office of the Attorney General 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 fiscal years ended June 30, 2022 and 2023. The objectives of our audit were to evaluate the:

1. Office's internal controls over significant management and financial functions;

2. Office's compliance with policies and procedures internal to the office or promulgated by other state agencies, as well as certain legal provisions; and

3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

In planning and conducting our audit, we focused on areas of operations based on assessments of risk and significance. We considered the significant internal controls, compliance requirements, or management practices that in our professional judgment would be important to report users. The areas addressed by the audit included payroll and personnel, revenue and cash receipts, accounts receivable, purchasing and expenditures, asset management, reporting systems, and information technology. We also determined the status of the findings and recommendations in our prior audit report.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the office and certain external parties. We also tested selected transactions. This testing was not designed to project to a population unless specifically stated. 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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. We obtained this information from various available sources including the office's management and state information systems. It was not subject to our audit procedures. For the areas audited, we identified

1. Deficiencies in internal controls;

2. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures; and

3. Did not identify a need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Office of the Attorney General.

ABOUT THE AGENCY

Overview

The Attorney General is an elected constitutional officer whose duties are set forth in Title 3, Chapter 35 of the Connecticut General Statutes. The Attorney General is the chief civil legal officer of the state, serves as legal counsel to all state agencies, and is authorized to represent the people in all civil legal matters involving the state to protect the public interest.

The mission of the office is to represent and advocate for the interests of the state and its citizens, ensure that state government acts within the law, protect public resources for present and future generations, preserve and enhance the quality of life for all state citizens, and ensure that the rights of the most vulnerable citizens are safeguarded.

Organizational Structure

The Office of the Attorney General is overseen by an elected official. William Tong has served as the Attorney General since 2019. The office is divided into 15 sections that serve as legal counsel to state agencies: Antitrust and Government, Child Protection, Collection/Child Support, Consumer Protection, Consumer Assistance, Employment Rights, Environment, Financial and Revenue Services, General Litigation, Health and Education, Infrastructure and Economic Development, Privacy and Data Security, Public Safety, Special Litigation & Charities, and Workers' Compensation and Labor Relations.

Significant Legislative Changes

There were no notable legislative changes that took effect during the audited period.

Financial Information

General Fund Receipts

A summary of General Fund receipts during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2021	**2022**	**2023**
Negotiated Settlements	$ 10,856,332	$ 589,898	$ 10,096,680
Civil Penalties for Court Judgment	-	951,289	404,300
Recovery for Attorney Fees	523,189	372,098	72,256
Other General Fund Receipts	2,786	3,645	4,601
Total	**$ 11,382,307**	**$ 1,916,930**	**$ 10,577,837**

General Fund receipts primarily consist of revenues from litigation of civil cases. The size of settlements can vary substantially based on the case. In fiscal year 2023, the office received $6.5 million from a settlement regarding Google's location tracking practices.

The office also collects a substantial amount of revenue from litigation proceedings on behalf of other state agencies, which are subsequently transferred to those agencies. The office collected an additional $191 million in fiscal year 2022 and $188 million in fiscal year 2023 on behalf of other agencies.

General Fund Expenditures

A summary of General Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2021	2022	2023
Personal Services and Employee Benefits	$ 31,749,327	$ 32,686,732	$ 34,470,056
Purchases and Contracted Services	331,899	287,689	336,777
Premises and Property Expenses	73,752	22,638	109,200
Motor Vehicle Costs	14,599	17,228	18,638
Information Technology	147,839	175,513	104,439
Communications	79,878	54,800	58,099
Purchased Commodities	141,453	156,336	145,692
Capital Outlays-Equipment	41,414	31,185	26,503
Total	**$ 32,580,161**	**$ 33,432,121**	**$ 35,269,404**

Expenditures remained relatively steady during the audited period. Small increases in personal services due to pay increases and minor fluctuations in other categories are normal and expected.

Federal and Other Restricted Accounts Fund

A summary of Federal and Other Restricted Accounts Fund receipts during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2021	2022	2023
Non-Federal Restricted Aid	$ 800,000	$ 100,000	$ 497,356
Federal Restricted	96,868	-	-
Non-Federal Grants	20,000	35,000	35,000
Recoveries	-	-	62,600
Total	**$ 916,868**	**$ 135,000**	**$ 594,956**

Non-Federal restricted aid consists of revenue from settlements designated for specific purposes. This amount varies from year to year.

A summary of Federal and Other Restricted Accounts Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2021	2022	2023
Personal Services and Employee Benefits	$ 670,092	$ 702,429	$ 454,902
All Other Expenditures	244,276	1,273,782	452,997
Total	**$ 914,368**	**$ 1,976,211**	**$ 907,899**

Other expenditures primarily consisted of the Consumer Protection Division's litigation and consulting fees.