

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF CONSUMER PROTECTION
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 and 2011*

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

Table Of Contents

COMMENTS	2
FOREWORD	2
RÉSUMÉ OF OPERATIONS.....	8
General Fund	8
Special Revenue Funds.....	9
Federal and Other Restricted Accounts and Special Transportation Funds	9
Fiduciary Funds	10
Funds Awaiting Distribution Fund	10
Guaranty Funds	11
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	13
Late Deposit of Receipts and Retention of Records.....	13
Confidentiality of Information	14
Board Vacancies	15
Leave Records, Compensatory Time, Medical Certificates	16
RECOMMENDATIONS	18
CONCLUSION.....	20

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

September 30, 2015

AUDITORS' REPORT DEPARTMENT OF CONSUMER PROTECTION FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2011

We have audited certain operations of the Department of Consumer Protection 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, 2010 and 2011. The Department of Administrative Services (DAS) provided accounting, payroll and personnel services for the Department of Consumer Protection during the audited period. The scope of our audit did not extend to the evaluation of the relevant controls at that agency. 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 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.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. 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 Department of Consumer Protection.

COMMENTS

FOREWORD

The Department of Consumer Protection operated generally under the provisions of Chapters 416 and 545 of the Connecticut General Statutes, to enforce statutory requirements intended to protect the consumer from injury by product use or merchandising deceit and to protect public health and safety through control over the distribution and sale of alcoholic beverages. The relevant laws are generally within various Chapters of the following General Statute Titles: Title 20 (Examining Boards and Professional Licenses), Title 21 (Licenses), Title 21a (Consumer Protection), Title 30 (Intoxicating Liquors), Title 42 (Business, Selling, Trading and Collection Practices), and Title 43 (Weights and Measures).

The department's personnel, payroll, affirmative action and most of the General Fund business office functions are performed by the Department of Administrative Services' Small Agency Resource Team and Business Office. The department's staff is responsible for receipt collection and processing; accounts receivables; and guaranty fund functions.

William M. Rubenstein was nominated as commissioner on February 9, 2011 and served until January 1, 2015. He was preceded in his duties by Gerald E. Farrell, Jr.

Legislative Changes

Notable legislative changes, which took effect during the audited period, are presented below:

- Public Act 09-03 of the June Special Session, effective September 8, 2009, increased many state fees charged by the Department of Consumer Protection, including application, license, and certificate of authorization fees. Generally, all fees under \$15 were increased to at least \$15; all fees under \$150 were doubled; all fees between \$150 and \$1,000 were increased by 25 percent, rounded up to the nearest \$5; and fees of \$1,000 or more were increased by \$250.
- Public Act 09-102, effective July 1, 2009, increased from \$200,000 to \$500,000, the minimum gross revenue threshold requirement for a charity's annual report to be audited by a certified public accountant.
- Public Act 09-239, effective October 1, 2009, established a fine of between \$500 and \$5,000 to be deposited into the Privacy Protection Guaranty and Enforcement Account to enforce the law and reimburse individuals hurt by violations of the act's provisions on disseminating personal identifying information.
- Public Act 10-52, effective January 1, 2011, added a penalty of up to \$11,000 for each violation of the law prohibiting solicitors from making unsolicited telephone calls to people who have registered on the state "Do Not Call" registry.
- Public Act 10-77, effective October 1, 2010, required appraisal management companies to register with the department and pay a \$1,000 application fee prior to doing business in the state.

Boards and Commissions

Various sections of the General Statutes provide that certain boards and commissions operate within the Department of Consumer Protection. Presented below is a summary of these groups and its members as of June 30, 2011; statutory references and former members who served during the audited period follow.

BOARD OR COMMISSION	CHAIRPERSON	MEMBERS AS OF JUNE 30, 2011	ALSO SERVED DURING AUDITED PERIOD
Liquor Control Commission (Section 30-2)	William M. Rubenstein	Angelo Faenza Stephen R. Somma	Gerald Farrell, Jr.
Architectural Licensing Board (Section 20-289)	S. Edward Jeter	David H. Barkin Carole W. Briggs Robert B. Hurd Pauline E. Morales	Lucille Trzcinski
Connecticut State Board of Landscape Architects (Section 20-368)	Vincent C. McDermott	Wilson P. Barlow Paul E. Courchaine Nancy Rudek Shavaun Towers Stephen S. Wing	Denise E. Cooper Robert Hammersley
Electrical Work Examining Board (Section 20-331(b))	Laurence A. Vallieres	Ronald S. Bish Eric B. Collett Faith Gavin-Kuhn Frank Halloran Sandy Marino David Munsill Anthony Soter Mario Tolla John W. Yusza	Roger Johnson, Jr. Stephen W. Knight Kenneth B. Leech Iris F. Papale Douglas A. Reid Raymond A. Turri
Elevator Installation, Repair and Maintenance Work Examining Board (Section 20-331(e))	John R. DeRosa, Jr. (Acting Chairman)	Joseph Bayusik Paul B. Farnsworth Michael D. Griffin Thomas J. O'Reilly	Garry Bazzano Roger L. LaFleur Gaetano T. Zappala
Fire Protection Sprinkler System Work Board (Section 20-331(f))	David J. Waskowicz (Acting Chairman)	Thomas E. Booth Luis A. Coreano Robert W. Hollis III John Michalewicz Ralph C. Miller Anthony D. Moscato Kevin M. Wypychoski	James M. Barry

<p style="text-align: center;">Automotive Glass Work and Flat Glass Work Examining Board (Section 20-331(g))</p>	<p style="text-align: center;">Edward J. Fusco</p>	<p>Brian Blank Frank Pitrone Jennifer Russell- Vanasse Carl Von Dassel David Wills John A. Wisniewski</p>	<p style="text-align: center;">David Olender</p>
<p style="text-align: center;">Heating, Piping, Cooling, and Sheet Metal Work Examining Board (Section 20-33(c))</p>	<p style="text-align: center;">Robert H. Barrieau (Acting Chairman)</p>	<p>Philip H. Benoit Thomas F. Casey, Jr. Cameron Champlin, Jr. Patrick Duane Christopher M. Dupuis David G. Foster John T. Higgins, Jr. Philip Kent Barbara Riotte Michael Rosario</p>	<p>Ronald J. Crabb Mario Dinatale</p>
<p style="text-align: center;">Plumbing and Piping Work Examining Board (Section 20-331(d))</p>	<p style="text-align: center;">Charles E. Appleby, Sr.</p>	<p>Hubert J. Barnes Christopher Bowman Anthony Calandrino Frank J. DaCato John R. Damico James Piccoli Carl W. Schaefer Melissa C. Sheffy George C. Sima John R. Sullivan Joyce Topshe</p>	
<p style="text-align: center;">Commission of Pharmacy (Section 20-572)</p>	<p style="text-align: center;">William J. Summa, Jr.</p>	<p>Stephen F. Beaudin James P. Cangelosi Edith G. Goodmaster Mary E. Inguanti Frederick C. Vegliante</p>	<p style="text-align: center;">Jean C. Mulvihill</p>

State Board of Examiners for Professional Engineers and Land Surveyors (Section 20-300)	Anthony L. D'Andrea	Theodore M. Barbieri John T. DeWolf Robert L. Doane William O. Giel Robert Grossenbacher John Hallisey Rocco V. Laraia, Jr. Terry D. McCarthy Donald Poland Alfred Regina Curtis B. Smith	
Connecticut Real Estate Commission (Section 20-311a)	Barbara Thompson	Joseph B. Castonguay Theodore F. Ells James Hoffman Marilyn L. Keating Joseph H. Kronen Lana K. Ogrodnik Morag L. Vance	
Connecticut Real Estate Appraisal Commission (Section 20-502)	Christopher Italia	Francis Buckley, Jr. Sean T. Hagearty Norris A. Hawkins John Parda Gerald V. Rasmussen Nicholas J. Tetreault	Mario Tolla Kathleen Kelly Zabel

<p>Mobil Manufactured Home Advisory Council (Section 21-84a)</p>	<p>Bennett Pudlin (Acting Chairman)</p>	<p>Mark Berkowitz Leonard S. Campbell Joseph B. Castonguay Myriam Clarkson Erwin Cohen Timothy Coppage George W. Cote Nancy E. Dickal Albert N. Hricz Keith Jensen Michelina Lauzier Jennifer Ponte Marcia L. Stemm</p>	<p>Rose Holebrook</p>
<p>State Board of Examiners of Shorthand Reporters</p>	<p>John C. Brandon</p>	<p>Kathleen Kowalyszyn William Mangini Patricia Masi Walter Rochow Cheryl Stern</p>	<p>Joseph DeFilippo</p>
<p>Home Inspection Licensing Board (Section 20-490a)</p>	<p>Eric Curtis, Jr.</p>	<p>Richard J. Kobylenski James O'Neill Bruce D. Schaefer Daniel Scott David B. Sherwood William Stanley, Jr. Lawrence R. Willette</p>	<p>Susan A. Connors</p>

RÉSUMÉ OF OPERATIONS

General Fund

General Fund receipts of the department were comprised mainly of payments for licenses to render professional services, to engage in skilled trades and certain businesses and for liquor permits. A comparison of receipts for the fiscal years under review and the preceding year follows:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Licenses	\$ 17,994,703	\$ 22,602,827	\$ 26,064,330
Permits	6,582,720	7,769,680	8,309,201
Fees	2,456,790	3,565,493	3,716,629
Fines, Penalties, Forfeitures	850,291	613,943	3,075,195
All Other Receipts	5,660	(118,555)	(169,774)
Total General Fund Receipts	<u>\$ 27,890,164</u>	<u>\$ 34,433,388</u>	<u>\$ 40,995,581</u>

Revenue increased in the 2009-2010 and 2010-2011 fiscal years due to increases in many state fees charged by the Department of Consumer Protection, including application, licensing, and certificate of authorization fees. This was due to the passage of Public Act 09-03 of the June Special Session. In addition, the department collected \$2,300,000 in civil penalties as a result of a settlement with a pharmaceutical distributor.

Comparative summaries of General Fund expenditures for the fiscal years under review and the preceding fiscal year are presented below:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Personal Services and Employee Benefits:	<u>\$ 10,181,082</u>	<u>\$ 9,301,696</u>	<u>\$ 9,126,452</u>
Purchases and Contracted Services:			
Postage	195,682	171,600	183,275
Motor Vehicle Costs	438,948	385,789	393,085
Information Technology	207,462	67,747	49,492
Purchased Commodities	63,516	34,485	42,433
All Other	262,847	212,477	254,845
Total Purchases and Contracted Services	<u>\$ 1,168,455</u>	<u>\$ 872,098</u>	<u>\$ 923,130</u>
Total General Fund Expenditures	<u>\$ 11,349,537</u>	<u>\$ 10,173,794</u>	<u>\$ 10,049,582</u>

General Fund expenditures remained relatively constant during the fiscal years ended June 30, 2010 and 2011, respectively.

Special Revenue Funds

Federal and Other Restricted Accounts and Special Transportation Funds

The department’s Federal and Other Restricted Accounts receipts totaled \$4,340,469 and \$3,268,739, for the fiscal years ended June 30, 2010 and 2011, respectively. These receipts consist primarily of non-federal restricted revenue, such as fines collected and deposited to the Consumer Protection Enforcement Account, transfers made from the Department of Revenue Services for salaries and expenditures for agents assigned to the casinos, and transfers of surpluses when available from the New Home Construction and Home Improvement Guaranty Funds.

In addition, the department also collected and deposited revenues to the Special Transportation Fund in the amount of \$1,100,780 and \$2,229,833, for the fiscal years ended June 30, 2010 and 2011, respectively. These revenues consisted of registration fees for motor fuel dispensers and weighing or measuring devices collected pursuant to Section 43-3 of the General Statutes.

Comparative summaries of expenditures for the Federal and Other Restricted Accounts Fund for the fiscal years under review and the preceding fiscal year are presented below:

	2008-2009	2009-2010	2010-2011
	<u> </u>	<u> </u>	<u> </u>
Personal Services and Employee Benefits:			
Salaries and Wages	\$2,063,397	\$2,050,291	\$2,068,078
Employee Benefits	1,200,101	1,336,978	1,210,974
All Other	19,937	21,340	12,383
Total Personal Services and Employee Benefits	<u>\$3,283,435</u>	<u>\$3,408,609</u>	<u>\$3,291,435</u>
 Purchases and Contracted Services:			
Information Technology	305,016	318,580	432,653
Indirect Overhead-Federal and Other Projects	220,578	230,309	238,918
All Other	286,528	412,673	226,112
Total Purchases and Contracted Services	<u>812,122</u>	<u>961,562</u>	<u>897,683</u>
 Total Federal and Other Restricted Accounts Expenditures	 <u>\$4,095,557</u>	 <u>\$4,370,171</u>	 <u>\$4,189,118</u>

The Federal and Other Restricted Accounts Fund is used primarily to record expenditures relating to personal services and fringe benefit costs of employees working on specific projects within the department.

In addition to the above expenditures, capital equipment purchases totaling \$7,044 and \$13,634 were paid from the Capital Equipment Purchases Fund during the 2009-2010 and 2010-2011 fiscal years, respectively.

Fiduciary Funds

During the audited period, the department used a pending receipts fund and several expendable trust funds to account for certain financial activities. A description of fiduciary fund activities for the audited period follows:

Funds Awaiting Distribution Fund

The department used the Funds Awaiting Distribution Fund to hold monies in a custodial capacity until final disposition was determined. Three sub-accounts were used within the agency’s pending receipts fund for various purposes. A brief description of pending receipts activity and a schedule of financial transactions for the audited period follows:

1. *Real Estate Licenses* – Section 10a-125 of the General Statutes requires that eight and three-quarters percent of each real estate broker and salesperson licenses and fees be paid to the University of Connecticut (UConn), Center for Real Estate and Urban Economic Studies. Fees collected for real estate salesperson and broker licenses are deposited directly to the General Fund with periodic transfers to a pending receipts account which, in turn, is transferred to UConn.
2. *Federal Appraiser Certification* – This account was used to collect fees from real estate appraisers to pay for federal registration and certification, as required by Section 20-511 subsection (c) of the General Statutes.
3. *All Other* – This account was used for all other transactions that were pending resolution, such as closing out sales, license fees, fines, penalties and settlements.

		Federal		
	Total	Real Estate Licenses	Appraiser Certification	All Other
Cash Balance – July 1, 2009	\$ 323,810	\$ 107,065	\$ 19,799	\$ 196,946
Receipts	814,243	688,515	38,720	87,008
Disbursements:				
University of Connecticut	(645,185)	(645,185)	-	-
All others	(143,819)	-	(36,900)	(106,919)
Cash Balance – June 30, 2010	\$ 349,049	\$ 150,395	\$ 21,619	\$ 177,035
Receipts	894,268	670,046	37,206	187,016
Disbursements:				
University of Connecticut	(679,825)	(679,825)	-	-
All others	(233,701)	-	(37,275)	(196,426)
Cash Balance – June 30, 2011	\$ 329,791	\$ 140,616	\$ 21,550	\$ 167,625

Guaranty Funds

The department used five guaranty funds during the audited period to receive deposits and pay claims in accordance with statutory provisions. A schedule of financial transactions for the audited period is presented below along with a brief description of guaranty fund operations.

	Guaranty Trust Funds				
	Health Club	Real Estate	Home Improvement	Itinerant Vendor	New Home Construction
Cash Balance - July 1, 2009	\$ 350,574	\$ 497,530	\$ 225,629	\$ 14,700	\$ 277,663
Total Receipts	105,964	151,243	3,184,075	3,700	1,348,717
Transfers - Special Revenue Fund			(400,000)		(300,000)
Transfers - General Fund	(84,195)	(115,474)	(97,207)		(31,892)
Net Receipts	\$22,739	\$37,127	\$ 2,688,000	\$ 3,700	\$ 1,018,697
Disbursements	(47,021)	(34,657)	(2,787,454)		(991,935)
Cash Balance - June 30, 2010	\$ 326,292	\$ 500,000	\$ 126,175	\$ 18,400	\$ 304,425
Total Receipts	140,625	269,204	3,123,880	4,200	170,406
Investment Income	880	1,304	1,003	-	480
Transfers - Special Revenue Fund			(400,000)		
Transfers - General Fund	(104,216)	(198,986)		-	-
Net Receipts	37,289	71,522	2,724,883	4,200	170,886
Disbursements	(15,393)	(50,000)	(2,614,260)	-	(453,418)
Cash Balance - June 30, 2011	\$ 348,188	\$ 521,522	\$ 236,798	\$ 22,600	\$ 21,893

Note: Guaranty Trust Fund cash balances presented above include both cash with the State Treasurer and amounts invested in the State Treasurer's Interest Credit Program.

Health Club Guaranty Fund

This guaranty fund operated under the provisions of Section 21a-226 of the General Statutes and was used to reimburse members of registered health club facilities for unused paid contract balances when health clubs ceased operations and had no resources available to issue refunds. Receipts consisted of annual fees paid by health clubs of either \$500 or \$100, depending on the nature of the facility and investment earnings. The authorized balance of this fund is \$350,000. The fund balance of \$348,188, at June 30, 2011, was below the authorized limit of \$350,000.

Real Estate Guaranty Fund

This guaranty fund operated under the provisions of Sections 20-324a through 20-324j of the General Statutes and was used to compensate, up to \$25,000, any person aggrieved by actions of registered real estate brokers and salespersons. Receipts consisted of a one-time fee of \$20, paid by real estate brokers and salespersons when registering for the first time and a \$3 annual renewal fee. Investment earnings of this fund were credited to the General Fund. The authorized balance of this fund is \$500,000 and amounts in excess of this limit are required to be transferred to the General Fund. At June 30, 2011, the fund balance of \$521,522 exceeded the authorized limit of \$500,000. Fund transfers were completed in July 2011.

Home Improvement Guaranty Fund

This guaranty fund operated under the provisions of Section 20-432 of the General Statutes and was used to reimburse homeowners up to \$15,000 for losses or damages per contract caused by actions of registered home improvement contractors. Receipts consisted of a \$100 annual fee paid by home improvement contractors and a \$40 annual fee paid by salespersons, investment earnings, and repayments from contractors ordered by the department as restitution. The authorized balance of this fund is \$750,000. On an annual basis, any amounts in excess of this limit are first credited up to \$400,000 to the Enforcement Account, a special revenue fund account used for home improvement and construction enforcement purposes. Any amounts over these thresholds are transferred to the General Fund. At June 30, 2011, the fund balance of \$236,798 was well below the authorized limit of \$750,000.

Itinerant Vendor Guaranty Fund

This guaranty fund operated under the provisions of Section 21-33b of the General Statutes and was used to satisfy consumer claims of up to \$500 against a registered itinerant vendor. An itinerant vendor is one who engages in a temporary or transient business in this state, either in one locality or traveling from place to place. Receipts consisted of an annual fee of \$200, paid by itinerant vendors. If invested, earnings are to be retained by this fund. The authorized balance of this fund is \$50,000, and any amounts over this balance are to be credited to the General Fund. At June 30, 2011, the fund balance of \$22,600, was well below the authorized limit of \$50,000.

New Home Construction Guaranty Fund

This guaranty fund operates under Section 20-417i of the General Statutes and was used to reimburse new construction homeowners up to \$30,000, for losses or damages caused by actions of a registered new home construction contractor. Receipts consisted of a biennial fee of \$480 paid by new home construction contractors and investment earnings. The authorized balance of this fund is \$750,000. Amounts in excess of \$750,000, are first credited up to \$300,000, to the Enforcement Account, a special revenue fund account and any excess amounts are transferred to the General Fund. At June 30, 2011, the fund balance of \$21,893 was well below the authorized limit of \$750,000.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the records of the Department of Consumer Protection revealed certain areas requiring improvement or attention, as discussed in this section of the report.

Late Deposit of Receipts and Retention of Records

Criteria: Section 4-32 of the General Statutes requires that receipts of \$500 or more be deposited and accounted for within 24 hours of receipt. Individual receipts under \$500, may be held until the total sum of all receipts reaches \$500; however, individual receipts may not be held for longer than seven calendar days before being deposited and accounted for.

Supporting documentation should be retained in accordance with the state's records retention schedule. Retained records are subject to audit.

Condition: The Department of Consumer Protection received a deposit waiver of two business days. This waiver extends the requirement for depositing receipts within 24 hours.

Our test of receipts consisted of an examination of 35 receipts collected by the License Services Division. Two receipts totaling \$760 were deposited two days late.

In addition, we tested the application or renewal forms related to 35 receipts collected by the License Services Division. Application or renewal forms for two out of 35 receipts could not be located. As a result, we could not verify the records.

Effect: Late receipt deposits indicate noncompliance with statutory requirements, which could result in receipts being lost, stolen, or not properly recorded.

Cause: We were not able to determine the cause.

Recommendation: The Department of Consumer Protection should comply with Section 4-32 of the General Statutes and deposit receipts in a timely manner. Supporting documentation should be retained in accordance with the state's records retention schedule and kept available for audit. (See Recommendation 1.)

Agency Response: "The agency has clear protocols and processes in place for the depositing of receipts. The agency will continue to train all personnel so these occasional lapses do not occur."

Confidentiality of Information

Background: State statutes make all records of state agencies available to the auditors and their representatives. All statutory provisions requiring confidentiality of the information in any state records apply to the auditors.

Criteria: Section 2-90 subsection (h) of the General Statutes states, “Where there are statutory requirements of confidentiality with regard to such records and accounts or examinations of nongovernmental entities which are maintained by a state agency, such requirements of confidentiality and the penalties for the violation thereof shall apply to the auditors and to their authorized representatives in the same manner and to the same extent as such requirements of confidentiality and penalties apply to such state agency.”

Condition: The Department of Consumer Protection did not provide to the auditors a listing of records it considers to be confidential.

Effect: When a listing of confidential records is not provided, there is a risk that confidential information will be disclosed; the individuals in possession of such records, including the auditors, may not be aware of special requirements regarding the handling and safeguarding of the information.

Cause: We were not able to determine the cause.

Recommendation: The Department of Consumer Protection should formally notify its staff and the auditors which records and/or accounts it deems to be confidential. (See Recommendation 2.)

Agency Response: “Confidentiality attaches to information rather than specific records. Each division within the department maintains track of confidential information and statutory requirements. We will explore various tools to improve training on recognizing confidential information, including the creation of a comprehensive agency-wide listing.”

Auditors’ Concluding

Comment: To prevent disclosure of confidential information contained in the records and accounts of the Department of Consumer Protection, it is necessary for the department to formally notify staff and the auditors of the location of the confidential information.

Board Vacancies

Criteria: Section 20-331 of the General Statutes states in part, “There shall be in the Department of Consumer Protection separate examining boards for each of the following occupations: (1) electrical work; (2) plumbing and piping work; (3) heating, piping, cooling and sheet metal work; (4) elevator installation, repair and maintenance work; (5) fire protections sprinkler systems work; and (6) automotive glass work and flat glass work.” Subsections (b) through (h) of the statute set forth the requirements for the number of members to serve on each board.

Sections 20-368, 20-502, and 21-84(a) of the General Statutes set forth the membership requirements of the State Board of Landscape Architects, Real Estate Appraisal Commission, and the Mobile Manufactured Home Advisory Council.

Condition: The separate examining boards for each of the following occupations and the council did not maintain the number of members as required by Sections 20-331; 20-368, 20-502, and 21-84(a) of the General Statutes.

- electrical work
- elevator installation
- repair and maintenance work
- fire protections sprinkler systems work
- automotive glass work and flat glass work
- heating, piping, cooling and sheet metal work
- State Board of Landscape Architects
- Real Estate Appraisal Commission
- Mobile Manufactured Home Advisory Council

Effect: Boards, commissions, and councils that do not have a full contingent are not fully represented by all types of public and private sector members and may experience difficulties in obtaining quorums for meetings.

Cause: We were not able to determine the cause.

Recommendation: The Department of Consumer Protection should fill board, commission and council vacancies in accordance with statutory requirements. (See Recommendation 3.)

Agency Response: “We agree that board vacancies should be filled in accordance with statutory requirements.”

Leave Records, Compensatory Time, Medical Certificates

- Criteria:*
1. Leave Requests – The Department of Consumer Protection handbook for supervisors states that employees must request time off in advance from their supervisor prior to taking the leave. A copy of the approved form is to be submitted with the employee’s biweekly timesheet.
 2. Compensatory Time – Guidelines for the earning and use of compensatory time are set by collective bargaining agreements and the DAS Manager’s Guide. Such guidelines include supervisory approval in advance of earning compensatory time and the periodic expiration of unused compensatory time balances.
 3. Medical Certificates – DAS requires (1) the submission of certain documents for those taking sick leave under the Family Medical Leave Act (FMLA) and (2) the completion of the workers’ compensation claim reporting packet, which includes a physician’s worker status report to document the facts of a reported claim.

- Conditions:*
1. Leave Requests – Requests to use leave time were either not dated or were signed late for two out of 13 employees in our sample.
 2. Compensatory Time –
 - a) We were not able to verify preapproval of earned or used compensatory time for three out of ten employees because the request either was not dated or was dated after the leave date.
 - b) The date of two requests to earn compensatory time was changed to give the appearance that the requests were approved prior to being earned.
 - c) Compensatory time was not used in accordance with contracts. Time should have been paid out or used in the next period.
 - d) Documentation to support the hours of compensatory time used for three of ten employees was not on file.
 - e) The date entered into the permanent record of attendance for one item in the sample does not agree with the actual date the compensatory time was used.
 3. Medical Certificates – We selected seven employees for our review. We noted incomplete documentation on file to support two employees’

leave; one employee charged FMLA sick leave and the other employee charged workers' compensation leave.

Effect: The conditions noted above indicate a weakness in controls that could result in employees being incorrectly paid based on inaccurate information that has not been properly reviewed or monitored.

Cause: It appears that there was a lack of administrative oversight of leave requests, compensatory time and medical certificates.

Recommendation: The Department of Consumer Protection should improve its documentation and maintenance of employee leave records and medical certificates. In addition, compensatory time balances should be monitored to ensure balances are properly earned, used, and lapsed. (See Recommendation 4.)

Agency Response: "We agree with the findings during the audited period. Significant improvements have been in place since 2012."

RECOMMENDATIONS

Our prior report on the Department of Consumer Protection covered the fiscal years ended June 30, 2008 and 2009, and contained six recommendations. As indicated below, four of those recommendations have been resolved. Two of the recommendations have not been fully resolved and are therefore being repeated. Two additional recommendations are being presented as a result of our current examination.

Status of Prior Audit Recommendations:

- The department should comply with Section 4-32 and deposit receipts in a timely manner. Our current review found late deposits of receipts. This recommendation is being repeated. (See Recommendation 1.)
- Licensing receipts should be recorded in the correct general ledger accounts with the correct amounts. Our follow-up testing of this prior audit recommendation determined that this condition was no longer present. This recommendation is not being repeated.
- The department should establish procedures to clearly document the separation of duties for the write-off of Guaranty Fund receivables. We determined that the department established procedures that document the separation of duties. This recommendation is not being repeated.
- The department should comply with statutory limits for guaranty fund compensation payments. Our follow-up testing of this prior audit recommendation determined that the department complied with statutory limits for guaranty fund compensation payments. This recommendation is not being repeated.
- The department should comply with statutory requirements regarding the approval of requests from public charities to extend the time required to submit an annual financial report. The department sought and received a change in legislation that eliminated the need for public charities filing extensions. This recommendation is not being repeated.
- Documentation of attendance and leave records for department employees needs improvement and compensatory time balances should be monitored to ensure balances are properly used and lapsed. Our current review revealed deficiencies in the maintenance of employee leave records and medical certificates. In addition, compensatory time was not effectively monitored. This recommendation is being repeated. (See Recommendation 4.)

Current Audit Recommendations:

- 1. The Department of Consumer Protection should comply with Section 4-32 of the General Statutes and deposit receipts in a timely manner. Supporting documentation should be retained in accordance with the state's records retention schedule and kept available for audit.**

Comment:

We noted that receipts were deposited late and that supporting documentation was not available for examination.

- 2. The Department of Consumer Protection should formally notify its staff and the auditors of which records and/ or accounts it deems to be confidential.**

Comment:

The Department of Consumer Protection did not provide the auditors a listing of records it considers to be confidential. To ensure that strict adherence to confidentiality requirements is maintained, the auditors should be notified of which records are to be kept confidential.

- 3. The Department of Consumer Protection should fill board, commission, and council vacancies in accordance with statutory requirements.**

Comment:

Our review showed that several examining boards and the council did not have the required number of members.

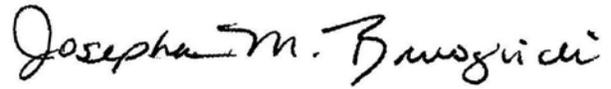
- 4. The Department of Consumer Protection should improve its documentation and maintenance of employee leave records and medical certificates. In addition, compensatory time balances should be monitored to ensure balances are properly earned, used, and lapsed.**

Comment:

Our review found insufficient documentation concerning leave requests, timesheets and medical certificates. Also, compensatory time balances were not consistently monitored to ensure time was properly used and/or lapsed.

CONCLUSION

We wish to express our appreciation for the cooperation and courtesies extended to our representatives by the officials and staff of the Department of Consumer Protection during the course of our examination.



Josepha M. Brusznicki
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts