

# STATE OF CONNECTICUT

**AUDITORS' REPORT  
CRIMINAL JUSTICE COMMISSION  
AND  
DIVISION OF CRIMINAL JUSTICE,  
OFFICE OF THE CHIEF STATE'S ATTORNEY  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 2000**

**AUDITORS OF PUBLIC ACCOUNTS  
KEVIN P. JOHNSTON ♦ ROBERT G. JAEKLE**

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February 20, 2002

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FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 2000**

We have made an examination of the financial records of the Criminal Justice Commission and the Division of Criminal Justice for the fiscal years ended June 30, 1999 and 2000.

Financial statements pertaining to the operations and activities of the Criminal Justice Commission (Commission) and the Division of Criminal Justice (Division) for the fiscal years ended June 30, 1999 and 2000, are presented and audited on a Statewide Single Audit basis to include all State agencies and funds. This audit examination has been limited to assessing the Division's compliance with certain provisions of financial related laws, regulations, contracts and grants, and evaluating the internal control structure policies and procedures established to ensure such compliance.

This report on that examination consists of the Comments, Condition of Records, Recommendations and Certification that follow.

**COMMENTS**

**FOREWORD:**

The Commission exists pursuant to Article 23 of the Amendments to the Connecticut Constitution and Section 51-275a of the General Statutes. The Commission is granted authority under Section 51-278 of the General Statutes to appoint the Chief State's Attorney to a five-year term, two Deputy Chief State's Attorneys to four-year terms, and a State's Attorney for each Judicial District to an eight-year term. The Commission also appoints Assistant State's

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Attorneys and Deputy Assistant State's Attorneys. Further, the Commission has authority to remove any of the above officials after due notice and hearing.

The Division was established within the Executive Branch pursuant to Article 23 of the Amendments to the Connecticut Constitution and under the provisions of Section 51-276 of the General Statutes, and is responsible for the investigation and prosecution of all criminal matters in the Superior Court and has all management rights except the appointment of State's Attorneys. Under Article 23, the Chief State's Attorney is the administrative head of the Division.

### **Members of the Commission and Officials:**

Terms of the members of the Criminal Justice Commission, who are nominated by the Governor and appointed by the General Assembly, are coterminous with that of the Governor. Members of the Commission as of June 30, 2000, were as follows:

Honorable William J. Sullivan, Chairman  
Honorable Bernard D. Gaffney  
Charles L. Howard, Esquire  
Garrett Moore, Esquire  
Herbert J. Shepardson, Esquire  
Ann G. Taylor, Esquire

By statute, the Chief State's Attorney also serves as a member of the Commission. John M. Bailey served as Chief State's Attorney for the audited period and Mr. Bailey continues to serve in that position. Members serve without compensation other than for necessary expenses incurred in performing their duties.

### **Legislation During Audited Period:**

Legislation affecting fiscal and administrative matters of the Commission and Division that became effective during the two year audited period is summarized as follows:

Section 7, subsection (7), of Public Act 88-230 of the February 1988 Regular Session of the General Assembly, codified as Section 51-344, subsection (7) of the General Statutes, established the judicial district of New Britain. This Act was to be effective September 1, 1991 however Section 2 of Public Act 90-98 of the February 1990 Regular Session of the General Assembly changed the effective date to September 1, 1993, Section 7 of Public Act 93-142 of the January 1993 Regular Session of the General Assembly changed the effective date to September 1, 1996, and Section 5 of Public Act 95-220 of the January 1995 Regular Session of the General Assembly changed the effective date to September 1, 1998. The Criminal Justice Commission appointed a State's Attorney to conduct prosecutorial business for this district effective November 10, 1998.

Section 2, subsection (g), of Public Act 99-198 of the January 1999 Regular Session of the General Assembly, codified as Section 54-1m, subsection (g) of the General Statutes, requires the Chief State's Attorney to provide for a review of the prevalence and disposition of traffic

stops and complaints in respect to “racial profiling”. A report, including any recommendations, to the Governor and General Assembly on the results of the review is due no later than January 1, 2002. Provisions of this subsection are effective from October 1, 1999 until January 1, 2002. The Chief State’s Attorney issued an interim report on this matter January 24, 2001.

Section 6, subsection (b), of Public Act 99-240 of the January 1999 Regular Session of the General Assembly, codified as Section 54-82t, subsection (b) of the General Statutes, provides that in any investigation or prosecution of a serious felony offense, the prosecutorial official is to review all witnesses to the offense and may identify any witness as a witness at risk of harm. Upon such identification, the prosecutorial official is to determine whether a witness at risk of harm is determined to be critical to an investigation or prosecution, and may (1) certify that the witness receive protective services, or (2) if the prosecutorial official finds a compelling need to temporarily relocate the witness, certify that the witness receive protective services including temporary relocation services. Section 6(c) of the Act, codified as Section 54-82t, subsection (c) provides that the Chief State’s Attorney coordinate the efforts of the State and local agencies to provide protective services. Section 6(i) of the Act, codified as Section 54-82t, subsection (i), states that the costs of providing protective services to witnesses, under this Section, is to be shared by the State and local agencies providing the services pursuant to the witness protection policy established by the Office of the Chief State’s Attorney. Section 7 of the Act, codified as Section 54-82u, subsection (a) provides that in order to receive protective services a witness must enter into a written agreement with the Chief State’s Attorney. The aforementioned Sections took effect October 1, 1999.

Section 6 of Public Act 99-247 of the January 1999 Regular Session of the General Assembly, codified as Section 54-82s, of the General Statutes, designates that the program of providing protective services to witnesses under Sections 54-82t and 54-82u of the General Statutes be known as the “The Leroy Brown, Jr. and Karen Clarke Witness Protection Program.” This Section took effect October 1, 1999.

**RÉSUMÉ OF OPERATIONS:**

Comparative summaries of Division receipts by fund for the audited period, as compared to the period ended June 30, 1998, are shown below:

	<b><u>Fiscal Year Ended June 30,</u></b>		
	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>
General Fund:	\$	\$	\$
Fines and Costs – courts	1,155		
Forfeitures	1,789,016	2,592,818	3,488,675
Federal aid – miscellaneous	395,636	421,750	360,293
Restricted contributions	2,711,291	2,942,845	2,967,397
All other receipts	<u>178,406</u>	<u>58,699</u>	<u>47,678</u>
Total General Fund Receipts	5,075,504	6,016,112	6,864,043
Pending Receipts Fund	<u>110,550</u>	<u>56,350</u>	<u>214,633</u>
<b>Total Receipts</b>	<b><u>\$5,186,054</u></b>	<b><u>\$6,072,462</u></b>	<b><u>\$7,078,676</u></b>

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The increase in General Fund receipts for the audit period is primarily attributable to bond forfeiture collections and increases in Federal and State reimbursements for various crime and drug control related programs. In response to our previous review, the Division began depositing various fines and miscellaneous forfeitures awaiting approval and final disposition into the Pending Receipts Fund.

Comparative summaries of Division expenditures for the audited period, as compared to the period ended June 30, 1998, are shown below:

	<b><u>Fiscal Year Ended June 30,</u></b>		
	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Budgeted Accounts:			
Personal services	26,023,716	27,788,283	31,604,417
Contractual services	2,330,400	2,655,605	3,082,358
Commodities	397,830	396,291	453,262
Sundry charges	2,066	2,597	44,931
Equipment			430,835
Total Budgeted Accounts	<u>28,754,012</u>	<u>30,842,776</u>	<u>35,615,803</u>
Restricted Contributions Accounts:			
Federal contributions	1,113,867	1,442,895	1,471,653
Other than Federal contributions	1,395,992	1,525,095	1,471,211
Total Restricted Contributions Accounts	<u>2,509,859</u>	<u>2,967,990</u>	<u>2,942,864</u>
Total General Fund Expenditures	<u>31,263,871</u>	<u>33,810,766</u>	<u>38,558,667</u>
Capital Equipment Purchase Fund	54,371	341,539	659,948
Pending Receipts Fund withdrawals	123,334	56,067	158,217
<b>Totals</b>	<b><u>\$31,441,576</u></b>	<b><u>\$34,208,372</u></b>	<b><u>\$39,376,832</u></b>

Expenditures from General Fund budgeted accounts increased 23.9 percent over the audited period and represented 90.2 percent and 90.4 percent of total expenditures for fiscal years ended June 30, 1999 and 2000, respectively. Personal services expenditures increased by 6.8 percent and 13.7 percent in 1998-1999 and 1999-2000, respectively. These increases were attributable mainly to an increase in staffing levels from 464 filled positions in June 1998 to 521 filled positions in June 2000 as a result of an appropriation increase for additional prosecutorial positions, and to general wage increases for the Division's prosecutors and inspectors. Contractual service expenditures increased 32.3 percent over the audited period primarily due to costs associated with the Leroy Brown, Jr. and Karen Clarke Witness Protection Program, software license fees for new users, and attorney fees in respect to the Dillon v Bailey lawsuit. The bulk of the equipment expenditures, during the 1999-2000 fiscal year, were for the replacement of the Division's automobiles, and computers and related peripheral equipment for the various State's Attorneys' offices.

General Fund, restricted contributions expenditures consisted of Federal contributions that increased 29.5 percent and 2.0 percent during the respective audited years. The increase for fiscal year 1998-1999 was due primarily to additional funding for Federal grants relating to Statewide Drug Control and System Improvements, Violence Against Women and Youthful

Offender related programs. Other than Federal contributions expenditures increased 9.2 percent and decreased 3.5 percent during the respective audited years. The 1998-1999 fiscal year increase was due primarily to funding for the Drug Assets Forfeiture Unit and Hartford Community Court. The decrease for fiscal year 1999-2000 was attributable primarily to the reduction in the State's share for funding various non-federal grants. Restricted contributions expenditures were primarily for personal service costs.

Other funds' expenditures were the result of: Capital Equipment Purchase (1872) Fund expenditures which increased for the audited period and were for motor vehicles and computer related equipment; and, Pending Receipt Fund withdrawals, which decreased for fiscal year 1998-1999 and increased for fiscal year 1999-2000 based on actual activity and represented the final disposition of previously deposited unknown receipts into revenue accounts or returned to payors.

**PROGRAM REVIEW:**

Under the provisions of Section 2-90 of the General Statutes, the Auditors of Public Accounts are authorized to examine the operations of State agencies to determine their effectiveness in achieving legislative directives.

Pursuant to Section 51-279c, subsection (a), of the General Statutes the Chief State's Attorney is to establish a formal training program for all newly appointed prosecuting attorneys consisting of not less than five days and an ongoing training program for all prosecuting attorneys consisting of not less than two days each year. The training programs were to commence January 1, 1998. Per Section 51-279c, subsection (b) of the General Statutes the Chief State's Attorney was to provide a copy of his plan for such training programs to the Judiciary Committee of the General Assembly by November 1, 1997. We have reviewed the Division's efforts in carrying out the aforementioned duties; the results are summarized in the following paragraphs.

The Chief State's Attorney presented a copy of the plan for training programs to the Judiciary Committee of the General Assembly November 14, 1997. The plan anticipated that all newly hired Deputy Assistant State's Attorneys would complete training at the newly opened National Advocacy Center in South Carolina by the end of calendar year 1998. However scheduling delays occurred and the Division was not able to obtain placement of Division prosecutors in appropriate programs during 1998 or 1999. The plan submitted to the Judiciary Committee also stated that the Division planned to offer one-day mandatory Legal Update Programs for all Division prosecutors, however no documentation was on file regarding the program. (We were informed that the Division offered a one-day program on Prosecution and Tactics for "new" prosecutors but no official attendance record was maintained for those prosecutors attending the program.) Therefore, we were unable to determine how many prosecutors met training objectives for 1998 or 1999. In respect to training programs for 2000, we were informed that only approximately 50 per cent of State prosecutors met the two and/or five day training requirement.

We also reviewed administrative controls over prosecutors' training programs to determine if the Division developed adequate records/files for documenting employee compliance with Division and statutory requirements. Our review found that the Division has not established appropriate controls over the recording and tracking of employee compliance; the Division could not provide a comprehensive listing of prosecutors who met or did not meet training requirements for 1998, 1999 and 2000, and the Division did not track certain attributes that would appear necessary for adequate management reviews for those prosecutors attending training such as evidence of program content (provider brochure or course outline); positive attendance reports, (sign-in sheets/certificates); type of training attended, (in-house/consultant); total hours by employee (to review compliance on an on-going basis); or program evaluations of training attended.

In summary, the Division has not established formal training programs for all State prosecutors, required prosecutor participation in available contracted programs, and has not developed adequate administrative controls for verifying compliance with the training requirements of Section 51-279c, subsection (a) of the General Statutes. A finding relating to the aforementioned conditions is presented in the "Condition of Records" and "Recommendations" sections of this report.

## CONDITION OF RECORDS

Our review of the financial records of the Criminal Justice Commission did not reveal any areas that warrant comment. However, our review of the financial records of the Division of Criminal Justice disclosed some areas requiring improvement, which are discussed below.

### **Equipment and Inventory Records:**

*Background:* In our prior auditors' report we recommended that the Division strengthen its controls over fixed assets/supplies and subsequent recordkeeping to ensure accurate reporting and control over assets. The following is a result of our current review.

*Criteria:* Section 4-36 of the Connecticut General Statutes requires agencies to maintain inventory accounts prescribed by the State Comptroller and report annually by August 1 of each year to the State Comptroller the agency's inventory balances as of June 30.

The State of Connecticut's Property Control Manual requires that each State agency establish and maintain an adequate and accurate property control record system to provide for complete accountability and safeguarding of assets. This includes annual physical inventories that are reconciled to property control records, and annual reporting requirements.

*Condition:* The totals recorded on the Annual Fixed Assets/Property Inventory Report/GAAP Reporting Form (CO-59), as of June 30, 2000, were not reconciled to the Division's property control records in all instances. We noted that the Library valuation was overstated by \$175,000 due to inclusion of items assigned to satellite locations. The Furnishings and Equipment category was understated by \$21,816. This amount was the net effect of recording 15 digital portable radios and peripheral items at the wrong component cost of \$1,596, rather than the correct amount of \$3,196 per unit which understated additions by \$24,000; and not deleting \$2,184 of items properly disposed of. The Stores and Supplies category was overstated by \$377,794 due to the reporting of controllable items in error. Also, the additions and ending balance reported for Automobiles, Trucks, etc., was overstated by \$14,500 and \$68,370, respectively. The Division added valuation for radios under optional equipment; these items are more properly classified as controllable items and not included in the reported balances.

A check of equipment items revealed that one of 25 items on the inventory listing could not be located, and one of 25 items on the listing was located at a different location than recorded on the inventory printout and was missing a tag number.

*Effect:* The above conditions resulted in noncompliance with Section 4-36 of the General Statutes and established Division requirements, and represent a weakness in controls over property records that may lead to a misstatement of inventory values or loss.

*Cause:* We were informed that the CO-59 contained incomplete and/or missing detail and incorrect cost determinations due to a misinterpretation of property definitions.

Recent relocations of Division personnel and a lack of sufficient staff to monitor inventory control may have contributed to non-compliance with provisions of the Property Control Manual.

*Recommendation:* The Division should strengthen its controls over fixed assets/supplies and subsequent recordkeeping to ensure accurate reporting and control over assets. (See Recommendation 1.)

*Agency Response:* “In the CO-59 submission for fiscal year 2001 the agency will correct the errors noted in the audit. We will include only the library book values so as not to overstate the books’ valuations. We will not include controllable items in the valuation of Stores and Supplies as we had in previous CO-59’s because of a misinterpretation of the meaning of “perpetual stores and supplies”. However, while we acknowledge, after confirmation with the Comptroller’s Office, that the value of controllable items should not be included in Stores and Supplies, we believe the overstatement is less than \$377,794, which was the total Stores and Supplies June 30, 2000 ending balance, because, on average, purchases of controllable items account for only 20 per cent of all supply purchases annually.”

“We will not include the value of the older-style radios installed in Division issued automobiles as we had on several previous CO-59 submissions which had passed audit reviews. The new automobile radios purchased in fiscal year 2000 and fiscal year 2001 are capital items and so will be included in the capitalized furnishing and equipment inventory on the fiscal year 2001 CO-59.”

“The one item of inventory that could not be located was a \$319 tape recorder assigned to an inspector who, along with his partner, was on special assignment to a federal grand jury task force and working away from his normal duty station at the Chief State’s Attorney’s Office at the time of the audit. During the fiscal year 2001 physical inventory conducted this spring, after the two inspectors had returned to their normal duty stations, the item was reported in the possession of the inspector’s partner. The inventory records were adjusted accordingly. The inventory record for the video monitor, valued at \$1,045, was corrected to include a new tag number since the original tag had fallen off. The location

identification in the inventory record for this unit was amended to read “Witness Support Video Room” instead of “Video Room”.”

**Administrative Controls:**

*Background:* In our prior auditors’ report we recommended that the Division should complete a comprehensive Administrative Policies and Procedures Manual (or Manuals) inclusive of accounting systems control processes and procedures. The following is a result of our current review.

*Criteria:* Pursuant to Section 51-279, subsection (a) (3), of the Connecticut General Statutes, the Chief State's Attorney is to "... establish guidelines, policies and procedures for the internal operation and administration of the division which shall be binding on all division personnel ...”.

*Condition:* The Division has not developed adequate written procedures that document the Division's control environment. The current Policies and Procedures Manual (which primarily describes operational criteria) is dated 1994; however, 53 of the 77 policies and procedures are dated prior to 1990. During fiscal year 1999 the Division attempted to complete an “Administrative & Operations Policies and Procedures Manual” [draft dated November, 1999] which includes guidelines, policies and procedures for the internal operation and administration of the Division, however our review of that draft disclosed that the Division had not adequately addressed accounting systems control processes and procedures. During fiscal year 2001 the Financial Services Unit began developing sections of the “Manual” relative to the Division’s accounting systems, however as of June 21, 2001 only two components were in draft form.

*Effect:* Administrative controls over Division procedures are weakened.

*Cause:* According to Division officials, the Policies and Procedures Manual was not completed due to limited staff and time constraints.

*Recommendation:* The Division should complete a comprehensive Administrative Policies and Procedures Manual. (See Recommendation 2.)

*Agency Response:* “The Division is nearing completion of a draft comprehensive policies and procedures manual. In addition, work has begun on a draft manual of accounting systems control processes and procedures. The completed accounting drafts address property control and cash receipts. Other planned sections include disbursements (including petty cash), general ledger, purchasing, payables, payroll, receivables and revenues. We will make every effort to complete both the comprehensive manual and the accounting systems control manual within the next six months.”

**Drug Assets Forfeiture Revolving Account – Operational and Accounting Controls:**

*Background:* Pursuant to Section 54-36i, subsection (a), of the General Statutes, the drug assets forfeiture revolving account is a General Fund account established for the purpose of providing funds for substance abuse treatment and education programs; and for use in detection, investigation, apprehension and prosecution of persons for the violation of the laws pertaining to the illegal manufacture, sale, distribution, or possession of controlled substances.

*Criteria:* Section 54-36a, subsection (b), of the General Statutes, provides that any law enforcement agency seizing property, including cash, as the result of an arrest or a search warrant shall file an inventory report of the property with the Clerk of the court in the geographical area where the offense was alleged to have been committed and subsection (i) requires that upon disposition of the seized property by court order, the law enforcement agency shall submit a return of compliance form to the same Clerk. (The form certifies that the property has been disposed of in accordance with the court order.)

Section 54-36i, subsection (b), of the General Statutes, provides that the drug assets forfeiture revolving account consist of proceeds from the sale of property and moneys received and deposited pursuant to court ordered forfeitures in drug related cases petitioned by Division attorneys.

An effective internal control system is designed to provide reasonable assurance regarding the achievement of objectives in respect to reliability of financial reporting; effectiveness and efficiency of operations; and compliance with laws and regulations. Establishing and maintaining an internal control system is a managerial responsibility.

The Division has a fiduciary responsibility to account for monies ordered forfeited to the drug assets forfeiture revolving account.

In order to properly identify, process and account for seized property due to the drug assets forfeiture revolving account, cooperation of the Division, Judicial Department, and law enforcement agencies is required.

*Condition:* The Division has not developed adequate procedures for recording, tracking, and collecting court ordered forfeitures owed by police departments and/or other State law enforcement agencies. We noted the following:

- As of June 30, 2000, outstanding orders due to the drug assets forfeiture revolving account (DAF) totaled \$1,398,830 per agency records; the bulk of the outstanding balance exceeded one year. Division records indicated that no formal collection effort had been

undertaken from March 1995 through August 2000 except for two direct reports to Hartford (February 22, 1999 and May 25, 2000) and one to New Britain (September 30, 1999) requesting the status of balances owed.

- Additionally, the databases used to record and track forfeiture transactions, e.g. Asset Forfeiture Bureau's case management files and Financial Services' accounting files, are not easily converted to a consolidated report of account detail. The consolidated reports are used to follow-up on outstanding balances owed by law enforcement agencies. The conversion of DAF files to a new system, wherein all DAF detail would be entered into a single database, had been identified in January 1997 as a necessary requirement to adequately track/account for drug assets forfeitures. However, as of June 21, 2001 management has not approved a development project for integrating DAF records.
- The Division has identified certain Judicial Department policies and/or procedures that affects the DAF account including: court delays in sending orders to police departments directing property officers to submit forfeited assets owing to the DAF; that property is being disposed of in criminal cases, despite being eligible for forfeiture and due to the DAF; certain procedures in Clerk's Offices slow or complicate the forfeiture process; and the Division does not receive copies of judicial actions affecting court ordered forfeitures in all instances. We were informed that these issues were discussed with the Judicial Department's Court Operations in August 2000, but remained unresolved. On May 3, 2001 representatives from the Division and the Judicial Department met to discuss forfeiture operations. As a result of that meeting, we were informed that protocols for drug assets forfeitures are being developed.
- The Division also identified certain police departments' policies and/or procedures that affect the DAF account including: in certain instances no information relative to the seizure of drugs is recorded on arrest/incident reports, without timely notification that assets may be subject to forfeiture, Division prosecutors can not meet the 90 day filing requirement for petitioning the court; delays in forwarding seized property/inventory reports causes entry date conflicts (i.e. if criminal petition is filed first, forfeitures are directed to the General Fund, if civil petition is filed first, assets should be directed to the DAF barring a sitting judge's alternative order); and some instances where seized cash (retained as evidence) was missing from property rooms, as a result DAF receipts are reduced. We were informed that as a result of the collection effort begun in August 2000, the Division and certain police departments have met formally and/or informally to discuss procedures affecting filings for forfeiture of property in drug

related cases. However, there is no standard written policy for establishment of police property rooms.

*Effect:* Failure to monitor and pursue outstanding forfeiture balances may lead to a loss of revenues owing to the drug assets forfeiture revolving account.

Computerized records and reports may not be reliable.

Lack of coordination between the Division and Judicial Department lessens controls over forfeited assets.

Assets seized in connection with drug related arrests/incidents may not be properly identified and petitioned for forfeiture.

*Cause:* Collection efforts for drug assets forfeitures had been suspended because Division records were incomplete.

The Division did not consider the drug assets forfeitures data processing project a high priority.

The Division, Judicial Department (i.e. Court Operations, Clerk's of the Court, Examiner of Seized Property) and law enforcement agencies (police property room officers) have not developed integrated policies and procedures for drug assets forfeitures.

*Recommendation:* The Division, in cooperation with the Judicial Department and law enforcement agencies, should seek to improve accounting and operational controls for the drug assets forfeiture revolving account. (See Recommendation 3.)

*Agency Response:* "The Division believes it has adequate procedures in place for recording and tracking court ordered forfeitures owed by police departments and/or State law enforcement agencies where proper documentation is on file. The Asset Forfeiture Bureau has written procedures that have been adopted by the State's Attorneys, updated periodically, and passed previous review by the auditors. ... These procedures and records accurately document the vast majority of forfeitures. There have been some documentation problems on the few forfeiture cases disposed of locally by other prosecutors, despite the written policy governing these, and the Division will again remind the offending offices (primarily GA #14) [Hartford] of the policy."

"... . However, because of the volume of records, with files dating back to 1989, it has become cumbersome and time consuming to query and develop summary reports drawing data from the multiple LOTUS files. Once the utility of the program was questioned, meetings were scheduled with the Department of Information Technology (DOIT) this spring. The

Division identified as its first data technology priority the development of a new application to store and retrieve asset forfeiture information. It is our expectation that a new application will be developed within the next three months, depending on DOIT's analysis that will permit easier access and retrieval of information for appropriate Division staff. It will also facilitate the timely release of receivable reports to local and state law enforcement agencies.”

“Problems encountered with the Judicial Department procedures that affect DAF accounting appear to be confined to the Hartford Judicial District, and involved departures from written procedures agreed upon over a decade ago. The process has been subject to a continuous, successful, dialog with the Court Clerks and police departments since the spring of 2000, and has broadened to include Court Operations, with a view to adopting revised, streamlined forfeiture procedures across the State.”

“The Division has provided police departments with clear written procedures and forms regarding forfeiture and remitting funds to the DAF account. The agency also led the successful effort to revise the statute on seized currency in police custody. General supervision of police property rooms lies with the Examiner of Seized Property.”

*Auditors' Concluding Comments:*

Our review of the drug assets forfeiture revolving account disclosed significant deficiencies in the operation of the account, including inadequate procedures for recording, tracking and collecting court ordered forfeitures. These deficiencies demonstrate that the Division has not developed adequate procedures.

**Drug Assets Forfeiture Revolving Account – Accounts Receivable Records:**

*Background:*

Pursuant to Section 54-36i of the General Statutes, the drug assets forfeiture revolving account is a General Fund account established for the purpose of providing funds for substance abuse treatment and education programs; and for use in detection, investigation, apprehension and prosecution of persons for the violation of the laws pertaining to the illegal manufacture, sale, distribution, or possession of controlled substances.

The account consists of proceeds from the sale of property and moneys received and deposited pursuant to court ordered forfeitures in drug related cases petitioned by the Division. Allocation of moneys in the account are to be distributed 70 percent to the Department of Public Safety and local police departments; 20 percent to the Department of Mental Health and Addition Services; and 10 percent to the Division.

*Criteria:* The State Accounting Manual prescribes policies and procedures for accounts receivable records management, including that records should be accurate, complete and maintained in a manner to indicate the length of time the debt has been outstanding.

Section 3-7, subsection (a) of the General Statutes, states that any uncollectible claim for an amount of one thousand dollars or less may be cancelled with the authorization of the department or agency head.

The State Comptroller's Office annually requires each State agency to submit GAAP Closing Packages to enable the State Comptroller to prepare accurate financial reports in accordance with generally accepted accounting principles (GAAP). The GAAP Reporting Form – Due from Other Governments should include receivables as of June 30, estimated uncollectibles if applicable, and amounts collected through August 31.

*Condition:* The Division reported amounts owed to the drug assets forfeiture revolving account (DAF) from local law enforcement agencies (e.g. town police departments) on the GAAP Reporting Form – Receivables, as of June 30, 2000; however, these amounts should have been reported on the GAAP Reporting Form – Due from Other Governments. The Forms request similar data. Our review of these reported balances disclosed that amounts recorded did not agree with the subsidiary records; outstanding receivables totaled \$1,398,830, and collections \$371,669, the Division reported \$419,272 and \$110,514, respectively. However, even this reported balance was understated by \$15,326 and \$8,274, respectively, due to a programming error in the calculation of the fiscal year 2000 file. We also noted that certain State's Attorneys' Offices petition their own drug assets forfeiture cases; amounts ordered forfeited are reported to the Division upon payment and entered into the system at that time. As a result, applicable year-end receivables would not be included in the Division's database and thus not subject to reporting.

However, we additionally noted that the composition of the reported receivables balance for drug assets forfeitures contained items that were previously paid to the State but were not applied to the correct restricted General Fund account (DAF) by the Judicial Department in some instances. While these amounts are no longer due to the State per se, they may represent amounts owing the Division's drug assets forfeiture account for subsequent transfer to other State agencies. We also noted amounts carried as receivable which were apparently ordered returned to the defendant or his/her attorney, ordered to the General Fund in criminal case matters, or other dispositions unknown by the Division at the time of action. The Division is currently reviewing the status of outstanding balances and has not determined the total amounts previously paid to the State, but owing to the DAF account, and/or disposed of by other judicial action. A case by case determination may disclose that certain balances

will have to be adjusted or written-off and therefore not subject to transfer to other State agencies. Additionally, it appears that some receivables listed as outstanding have been received/transferred to the Division, but due to programming and/or data entry errors, have not been credited to the correct accounts.

Our review also disclosed that many accounts have been outstanding for over six years and the collectibility of these forfeitures appear questionable. Also, the Division does not have a formal write-off policy for accounts receivable.

*Effect:* The Division's financial reporting of GAAP receivables, uncollectible balances and amounts collected were inaccurately reported for the DAF.

The composition and collectibility of several balances listed as outstanding within the DAF may not be valid receivables.

A weakness in controls over receivable records may lead to a loss of revenues.

*Cause:* The Division reported only that portion of the total DAF receivable balance and collections for amounts ultimately owing the Division (10 percent) and Department of Mental Health and Addition Services (20 percent). The 70 percent distribution due to the Department of Public Safety was not included in the report. The reported amounts also contained a programming error in the calculation of the fiscal year 2000 file. The Division's review process did not detect this error. The cause was not determined for omission of forfeiture receivables processed by certain State's Attorneys' Offices.

We were informed that certain balances contained in the drug assets forfeitures account have not been verified as to the proper court disposition of the amounts forfeited.

The Division could not reach a consensus as to an appropriate date that forfeiture receivables should be considered uncollectible.

*Recommendation:* The Division should ensure that financial reporting of receivables and collected balances are accurately reported to the State Comptroller; that receivable balances reflect verifiable amounts owing to the Division, and the Division should develop a formal write-off policy for receivables. (See Recommendation 4.)

*Agency Response:* "In its GAAP Report for the period ending June 30, 2001 the Division will report all amounts owed to the DAF, including the 70 percent share of drug forfeiture assets that are deposited into a Department of Public Safety account for distribution to the local police departments. ... ."

“In the GAAP reporting package for 2001 there is no longer a “Due from Other Governments” form. After discussion with the Comptroller’s accounting staff, it was determined that all receivables owed would be reported on the “Receivables” form, and the 70 percent share that would be returned to the local law enforcement agencies would be reported on the “Other Liabilities” form to accurately reflect the financial status of the Fund at year-end. The Division will improve its review of the GAAP report prior to submission so as to prevent future calculation errors.”

“As noted above, the Division will remind offices which prosecute their own drug asset forfeiture cases to submit documentation to the Asset Forfeiture Bureau as soon as a case is disposed of to ensure the inclusion of these receivables in the Division’s database. . . . The expanded, ongoing dialog between Division and Judicial staff should assure that the proper steps will be taken to identify which cases have been the subject of overlapping civil and criminal actions and either remove from the DAF database receivables which have been transmitted to the General Fund appropriately, or retrieve from the General Fund any monies which are owed to the DAF.”

“The Division has developed a draft formal write-off policy for receivables which will be finalized upon completion of a Memorandum of Understanding with the Judicial Department regarding the role of Clerks of the Court in resolving overlapping criminal and civil court orders for drug asset forfeitures. We hope to have the MOU in place late this fall.”

“We continue to pursue collections of receivables on record, as we have since early 1999 when a physical review of all asset forfeiture files dating back to the inception of the program in 1989 was completed, and information reconciled to the central database. However, we have recently formalized our approach to collections and have developed a collections strategy which includes dissemination of regularly scheduled reports of receivables our agency has on record to local and state law enforcement agencies. . . .

### **Prosecuting Attorneys Training Program:**

*Background:* In evaluating the Division’s performance in respect to the establishment of a formal training program for prosecutors we noted the following:

*Criteria:* Pursuant to Section 51-279c, subsection (a), of the General Statutes the Chief State’s Attorney is to establish a formal training program for all newly-appointed prosecuting attorneys consisting of not less than five days, and an ongoing training program for all prosecuting attorneys consisting of not less than two days each year. Training programs were to begin January 1, 1998.

*Condition:* Our review disclosed that the State’s prosecutors did not attend formal training programs pursuant to Section 51-279c, subsection (a) of the General Statutes for 1998 and 1999, and in respect to year 2000, we were informed that less than 50 percent of prosecutors met the two and/or five-day training requirement.

Administrative controls have not been established for verifying prosecutors’ compliance with annual training requirements. (The Division could not readily provide a listing of prosecutors who have/have not completed annual training.) Additionally, program participation has not been documented for those prosecutors’ that attended training programs during the period reviewed. The Division has not tracked certain attributes necessary for management review of employee compliance such as evidence of program content (provider brochure or course outline); positive attendance reports, (sign-in sheets/certificates); type of training attended, (in-house/consultant); total hours (to review compliance on an on-going basis); or program evaluations of training attended.

*Effect:* The Division is not in compliance with Section 51-279c of the General Statutes.

*Cause:* According to Division officials, there was a limited number of adequate training programs for prosecutors to attend (locally or on a national level) that met program objectives during the period reviewed, and the Division lacked resources for development of in-house training courses. Additionally, we were informed that there was reluctance on the part of certain prosecutors to participate in any training program due to their commitment to court matters.

*Recommendation:* The Division should comply with Section 51-279c, subsection (a), of the General Statutes in respect to establishing formal training programs for all State prosecutors, monitor program objectives and participation, and formally document prosecutors’ compliance with the Division’s training requirements. (See Recommendation 5.)

*Agency Response:* “The Division has made substantial progress in recent years in providing expanded training opportunities to prosecutors, despite the lack of a full time dedicated training officer. The number of training sessions attended by prosecutors grew from 20 in 1998 to 46 in 1999 to 51 in 2000 – and this is exclusive of diversity and sexual harassment prevention training. Each year the Division has reported its progress on prosecutors’ training to the General Assembly’s Appropriation’s Committee.”

“When Section 51-279 of the Connecticut General Statutes was passed, the National District Attorneys Association (NDAA) was in the process of establishing the National Advocacy Center in Columbia, South Carolina. It was initially envisioned that newly hired prosecutors would be sent to its

one-week Trial Advocacy course. This has happened, with 150 prosecutors having attended this course between July 1998 and July 2001. ... the Center has limited the acceptance rate to one prosecutor per course from Connecticut, ... . The Division is currently investigating the possibility of offering the [NDAA Prosecutor Bootcamp] program in Connecticut during the summer, 2002.”

“In 1999 the Division developed and disseminated a “New Prosecutors Training Manual” specific to Connecticut, which is a comprehensive guide for new prosecutors on how to handle day-to-day matters that arise in court. ... .”

“The Division also has been very active in joint training endeavors in death penalty cases with the State of New York. This joint training has provided immeasurable benefit to the Division’s prosecutors.”

“Article 28, Section 8 of the Prosecutors’ Labor Agreement was adopted on July 1, 1999 and mandates that each member of the union participate in 14 hours of continuing education each year. However, there are often logistical constraints in meeting both this mandate and that of CGS 51-297 (c), which was adopted without any input from or consultation with the Division and was modeled after the Judicial Department’s judge training program which has 5 full time staff members assigned to it. ... . To create a program such as the “judges’ school” for one new prosecutor at a time is not practical or financially feasible. Other constraints in meeting any mandates for continuing prosecutor training are fairly static training budgets, and court schedules, ... .”

“At present, information and documentation regarding training is not contained in a common file or format. The Division is working on developing a central application for the collection of all Division training data that will facilitate tracking and reporting in the future. ... .”

## RECOMMENDATIONS

Our prior auditors' report on the Criminal Justice Commission and the Division of Criminal Justice (Division) contained two recommendations pertaining to the Division. The two recommendations have not been resolved and are therefore repeated herein as current audit recommendations.

### *Status of Prior Audit Recommendations:*

- The Division should strengthen its controls over fixed assets/supplies and subsequent recordkeeping to ensure accurate reporting and control over assets. Testing again disclosed that the Annual Fixed Assets/Property Inventory Report/GAAP Reporting Form (CO-59) was inaccurate, and that a check of equipment items revealed that new purchases were not recorded accurately and some items could not be located. Therefore this recommendation will be repeated as Recommendation 1.
- The Division should complete a comprehensive Administrative Policies and Procedures Manual. The Division has prepared a draft "Administrative & Operations Policies and Procedures Manual", dated November 1999, however our review of the draft disclosed that the Division has not adequately addressed accounting systems control processes and procedures. During fiscal year 2001 the Financial Services Unit began documenting the control processes applicable to the Agency's accounting systems, however only two sections were in draft form as of June 21, 2001. Therefore this recommendation will be repeated as Recommendation 2.

The following five recommendations include two recommendations that have been repeated from our prior auditors' report, and three have been developed as a result of this examination.

### *Current Audit Recommendations:*

- 1. The Division should strengthen its controls over fixed assets/supplies and subsequent recordkeeping to ensure accurate reporting and control over assets.**

#### Comment:

There were various problems with the Division's inventory system. The annual fixed assets report was not reconciled to the Division's computerized property control records. One item recorded on the master inventory listing could not be located, one item was located at a different office/location than recorded on the inventory printout (and untagged), and new purchases were not added to the inventory control listing at the correct cost.

- 2. The Division should complete a comprehensive Administrative Policies and Procedures Manual.**

Comment:

The Division has not completed a comprehensive Administrative Policies and Procedures Manual (or manuals) inclusive of accounting systems control processes and procedures, and their relationship to operational phases of the Division.

- 3. The Division, in cooperation with the Judicial Department and law enforcement agencies, should seek to improve accounting and operational controls for the drug assets forfeiture revolving account.**

Comment:

The Division has not developed adequate policies and procedures for recording tracking and collecting amounts owed to the drug assets forfeiture revolving account. Collection efforts for amounts owing to the drug assets forfeiture revolving account were inadequate; case management and accounting files have not been integrated in order to accurately report the status of forfeiture orders; and there has been a lack of coordination of effort between agencies responsible for processing drug assets forfeitures.

- 4. The Division should ensure that financial reporting of receivables and collected balances are accurately reported to the State Comptroller; that receivable balances reflect verifiable amounts owing to the Division, and the Division should develop a formal write-off policy for receivables.**

Comment:

The Division reported inaccurate receivable and collection amounts on the fiscal year 2000 GAAP report submitted to the State Comptroller for receivables due to the drug assets forfeiture revolving account. Additionally, the reported receivable balance for the drug assets forfeiture revolving account contained several accounts which do not appear to be valid receivables. And the Division has not established a formal write-off policy for receivables.

- 5. The Division should comply with Section 51-279c, subsection (a), of the General Statutes in respect to establishing formal training programs for all State prosecutors, monitor program objectives and participation, and formally document prosecutors' compliance with the Division's training requirements.**

Comment:

The Division has not established formal training programs for all State prosecutors, required prosecutor participation in available contracted programs, and has not developed administrative controls for verifying compliance with the training requirements of Section 51-279c, subsection (a) of the General Statutes.

## INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Criminal Justice Commission and the Division of Criminal Justice for the fiscal years ended June 30, 1999 and 2000. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants, and to understanding, and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the Criminal Justice Commission and the Division of Criminal Justice for the fiscal years ended June 30, 1999 and 2000, 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 generally accepted auditing standards and the standards applicable to financial-related 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 Criminal Justice Commission and the Division of Criminal Justice complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grants and to obtain a sufficient understanding of the internal control to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

### **Compliance:**

Compliance with the requirements of laws, regulations, contracts and grants applicable to the Criminal Justice Commission and the Division of Criminal Justice is the responsibility of the Criminal Justice Commission and the Division of Criminal Justice's management.

As part of obtaining reasonable assurance about whether the Agency complied with laws, regulations, contracts and grants, 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 Agency's financial operations for the fiscal years ended June 30, 1999 and 2000, we performed tests of its compliance with certain provisions of the laws, regulations, contracts and grants. However, providing an opinion on compliance with these 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial or less than significant instances of noncompliance, which are described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

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

The management of the Criminal Justice Commission and the Division of Criminal Justice is responsible for establishing and maintaining effective internal control over its financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts and grants applicable to the Agency. In planning and performing our audit, we considered the Agency's internal control over its financial operations, safeguarding of assets, and compliance with requirements that could have a material or significant effect on the Agency's financial operations in order to determine our auditing procedures for the purpose of evaluating the Criminal Justice Commission and Division of Criminal Justice's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the internal control over those control objectives.

However, we noted certain matters involving the internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that, in our judgment, could adversely affect the Agency's ability to properly record, process, summarize and report financial data consistent with management's authorization, safeguard assets, and/or comply with certain provisions of laws, regulations, contracts and grants. We believe the following findings represent reportable conditions: the lack of control over fixed assets/supplies and subsequent recordkeeping; accounting and operational control deficiencies for the drug assets forfeiture revolving account; and inaccuracies in reporting GAAP receivables.

A material or significant weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with certain provisions of laws, regulations, contracts and grants or the requirements to safeguard assets that would be material in relation to the Agency's financial operations or noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions to the Agency being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over the Agency's financial operations and over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material or significant weaknesses. However, we believe that none of the reportable conditions described above is a material or significant weakness.

We also noted other matters involving internal control over the Agency's financial operations and over compliance which are described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

This report is intended for the information of 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**

We wish to express our appreciation for the courtesies and cooperation extended to our representatives by the Criminal Justice Commission and the Division of Criminal Justice personnel during the course of our audit.

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Associate Auditor

Approved:

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Auditor of Public Accounts

Robert G. Jaekle  
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