

STATE OF CONNECTICUT



*AUDITORS' REPORT
DIVISION OF CRIMINAL JUSTICE,
OFFICE OF THE CHIEF STATE'S ATTORNEY
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2010*

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

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State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

November 14, 2011

AUDITORS' REPORT DIVISION OF CRIMINAL JUSTICE, OFFICE OF THE CHIEF STATE'S ATTORNEY FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2010

We have made an examination of the financial records of the Division of Criminal Justice (Division) for the fiscal years ended June 30, 2009 and 2010. This report on that examination consists of the Comments, Condition of Records, Recommendations and Certification that follow.

The financial statements pertaining to the operations and activities of the Division of Criminal Justice for the fiscal years ended June 30, 2009 and 2010 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 policies and procedures established to ensure such compliance.

COMMENTS

FOREWORD:

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 State of Connecticut. The Division 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.

The Office of the Chief State's Attorney is responsible for the statewide administrative functions of the Division of Criminal Justice. The Division includes not only the administrative office and bureaus of the Chief State's Attorney, but also the offices of each of the thirteen

State's Attorneys, one for each Judicial District. The Division is responsible for the investigation and prosecution of all criminal matters in the state, including traffic violations, housing court, juvenile issues, and misdemeanor crimes and felony cases. Each State's Attorney is responsible for the operations within his or her respective district. The Chief State's Attorney generally provides administrative oversight, assistance or guidance when it is requested.

The Chief State's Attorney's office also operates the following specialized bureaus within the central office: Appellate Bureau, Asset Forfeiture Bureau, Civil Litigation Bureau, Financial Crimes Bureau, Medicaid Fraud Control Unit, Violent Crimes Bureau and Workers' Compensation Fraud Control Bureau. Program areas include crimes involving elder abuse, violence against women, cold case, witness protection and the nuisance abatement program.

Criminal Justice Commission:

The Criminal Justice Commission (Commission) is an entity separate from the Division of Criminal Justice, and 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 Attorneys and Deputy Assistant State's Attorneys. Further, the Commission has the authority to remove any of the above officials after due notice and hearing.

Terms of the six 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. Appointed members of the Commission as of June 30, 2010, were as follows:

Honorable Richard N. Palmer, Chairman
Honorable Thomas A. Bishop
Maura H. Horan, Esquire
Garrett M. Moore, Esquire
Alfred A. Turco, Esquire
Ann G. Taylor, Esquire

Appointed members serve without compensation other than for necessary expenses incurred in performing their duties. The Chief State's Attorney also serves as a member of the Commission. Kevin T. Kane served as Chief State's Attorney throughout the audited period.

New Legislation:

Public Act 09-7 of the September 2009 Special Session, Section 168, subsection (f) repealed the provision that made the Criminal Justice Commission an autonomous body within the executive department and included it within the Division of Criminal Justice. The Division shall provide staff support for the Commission. This act was effective October 5, 2009.

Public Acts 09-3, Sections 47 and 48 of the September 2009 Special Session, and Public Act 09-7, Section 178 of the September 2009 Special Session, helped to transfer the administration of payments made to medical facilities for collection of evidence in sexual assault examinations

from the Division of Criminal Justice to the Office of Victim Services, effective October 6, 2009 and October 5, 2009, respectively.

Public Act 08-51, Section 3, appropriated \$681,000 to the Division to enhance the prosecution of repeat offenders, administrative coordination and information technology capacity, effective July 1, 2008.

RÉSUMÉ OF OPERATIONS:

General Fund Receipts and Expenditures:

The Division’s General Fund receipts for the audited period, as compared to the period ended June 30, 2008, are summarized below:

	<u>Fiscal Year Ended June 30,</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund Receipts:			
Penalties and Settlements	\$1,252,354	\$3,218,919	\$2,960,727
Bond Forfeitures	2,979,140	2,412,434	2,180,398
Federal Aid – Miscellaneous	768,404	864,930	779,059
All Other Receipts	<u>55,924</u>	<u>66,576</u>	<u>50,955</u>
Total General Fund Receipts	<u>\$5,055,822</u>	<u>\$6,562,859</u>	<u>\$5,971,139</u>

General Fund receipts increased \$1,507,037 then decreased \$591,720 during the fiscal years ended June 30, 2009 and 2010, respectively. The fluctuations were attributable to several factors. There was a large increase then slight decrease in penalties and settlements representing the state’s share of national Medicaid fraud global settlements negotiated by the federal government. There were decreases in bond forfeiture collections during the audited period as there were less criminal defendants failing to appear for court dates. The receipts for Federal Aid - Miscellaneous vary directly to the expenses of the Medicaid Fraud Control Unit, and the expenses increased then decreased during the audited period.

The Division’s General Fund expenditures for the audited period, as compared to expenditures for the period ended June 30, 2008, are summarized below:

	<u>Fiscal Year Ended June 30,</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund Expenditure Accounts:			
Personal Services and Employee Benefits	\$44,876,391	\$47,482,683	\$44,164,852
Purchases and Contracted Services	2,581,727	3,010,252	1,639,496
Premises and Property Expenses	549,113	543,222	542,212
Employee Expenses, Allowances and Fees	493,603	452,034	327,950
Motor Vehicle Costs	425,327	312,720	291,868
Information Technology	360,695	331,306	257,984
Purchased Commodities	439,844	250,825	203,369
Capital Outlays Equipment	<u>46,251</u>	<u>-0-</u>	<u>17,437</u>
Total General Fund Expenditures	<u>\$49,772,951</u>	<u>\$52,383,042</u>	<u>\$47,445,168</u>

General Fund accounts expenditures increased by \$2,610,091 then decreased \$4,937,874, representing a 5 percent increase and 9 percent decrease during the fiscal years ended June 30,

2009 and 2010, respectively. Personal services and employee benefits and purchases and contracted services accounted for the majority of budgeted account expenditures during the audited period.

Personal services and employee benefits costs increased by 6 percent for cost of living and annual increments for the fiscal year ended June 30, 2009, and then decreased 7 percent because of the reduction in overall employees due to the Retirement Incentive Program for the fiscal year ended June 30, 2010. Purchases and contracted services increased 17 percent then decreased by 46 percent. The increase was due mostly to expert witness expenses incurred in the habeas corpus claim of racial disparity in the disposition of the death penalty. The decrease was due to changes in legislation to transfer the responsibility for making payments to medical facilities for collection of evidence in sexual assault examinations from the Division of Criminal Justice to the Office of Victim Services.

Employment statistics for the Division of Criminal Justice for full-time permanent positions (not including per-diem employees) are as follows:

	<u>2008</u>	<u>June 30,</u> <u>2009</u>	<u>2010</u>
General Fund, Budgeted Accounts	520	517	480
Restricted and Other Accounts	<u>16</u>	<u>14</u>	<u>13</u>
Total Filled Positions	<u>536</u>	<u>531</u>	<u>493</u>

Federal and Other Restricted Accounts Fund:

The Division's federal and other restricted receipts for the audited period, as compared to the period ended June 30, 2008, are summarized below:

	<u>Fiscal Year Ended June 30,</u>		
Federal and Other Receipts:	<u>2008</u>	<u>2009</u>	<u>2010</u>
Federal Grants	\$1,138,355	\$ 842,366	\$1,955,537
Other-than-Federal	642,500	620,457	-0-
Drug Asset Forfeitures	<u>226,141</u>	<u>207,713</u>	<u>182,078</u>
Total Federal and Other Receipts	<u>\$2,006,996</u>	<u>\$1,670,536</u>	<u>\$2,137,615</u>

Federal grants and other-than-federal receipts consisted primarily of federal and state matching reimbursements for programs including DNA Testing, Stop Violence against Women and statewide Driving while Intoxicated Prosecution. Funding received for an information technology upgrade is the cause for an increase of \$1,100,000 in the federal grants receipts. Other-than-federal and drug asset forfeiture receipts decreased due to changes in state grant funding levels and fluctuation in the volume of forfeiture activity, respectively.

The Division's federal and other restricted expenditures for the audited period, as compared to expenditures for the period ended June 30, 2008, are summarized below:

Federal and Other Expenditures:	<u>Fiscal Year Ended June 30,</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Restricted Federal Accounts	\$1,187,462	\$ 806,080	\$1,022,052
Other Restricted Accounts	631,775	602,442	213,566
Drug Asset Forfeitures	<u>239,247</u>	<u>261,159</u>	<u>259,663</u>
Total Federal and Other Expenditures	<u>\$2,058,484</u>	<u>\$1,669,681</u>	<u>\$1,495,281</u>

Federal grant activity was responsible for the majority of the changes in expenditures during the audited period. Expenditures consisted of personal services, related fringe benefits and miscellaneous costs for various federal and state programs, including those noted above. Expenses related to the Workers' Compensation Fraud Unit (see below) were charged directly to the Workers' Compensation Fund beginning in the fiscal year ended June 30, 2009. Previously, these expenditures had been included in Other Restricted Accounts.

Workers' Compensation Fund:

The Division's expenses related to the Workers' Compensation Fund totaled \$0, \$55,336 and \$540,324 for the fiscal years ended June 30, 2008, 2009 and 2010, respectively. The expenses were charged directly to the Workers' Compensation Fund beginning in the fiscal year ended June 30, 2009. Previously, these expenditures had been included in Other Restricted Accounts.

Capital Equipment Purchase Fund:

Capital Equipment Purchase Fund expenditures totaled \$428,086, \$279,435 and \$247,068 during the fiscal years ended June 30, 2008, 2009 and 2010, respectively. These purchases were made primarily for motor vehicles, a security system, computers, and equipment for the Division's training center.

Performance Audit of the Cold Case Unit:

Section 2-90 of the General Statutes authorizes the Auditors of Public Accounts to examine the operations of state agencies to determine their effectiveness in achieving directives. We have conducted such a review of the Cold Case Unit (Unit) within the Division of Criminal Justice which investigates and prosecutes serious crimes that have gone unsolved for a period of time. Our objective was to determine whether results are being achieved considering the limited resources allocated to the Unit.

In accordance with Section 51-277, subsections (a) and (b) of the General Statutes, the Division shall exercise all powers and duties with respect to the investigation and prosecution of criminal matters and offenses against the laws of the state and ordinances. Section 51-277c of the General Statutes requires that the Division give priority to investigation and prosecution of crimes involving physical violence and those involving the possession of a firearm. The Cold Case Unit works mostly on kidnapping and murder crimes because there is no statute of limitations in Connecticut for those crimes. The Unit was created in 1998 and in January 2011 it determined that there were approximately 900 unsolved murders statewide since 1980 (of an estimated total of 4,340 murders during the same time). Since 1998, the Unit has successfully solved the cold case murders of 40 victims.

Two Area Units Established:

The Division established two separate units in Hartford and New London County, which collaborate with municipal police departments, the state Department of Correction, state Department of Public Safety, Connecticut Board of Pardons and Parole, the Judicial Branch's Department of Adult Probation and the Federal Bureau of Investigation, among others. The Hartford Cold Case Unit includes the towns of Hartford, Bloomfield, Milford, Middletown, Windsor, Wethersfield, Farmington, East Windsor, East Hampton and the Department of Corrections. The New London County Cold Case Unit includes Groton (Town and City), New London, Waterford, Stonington, and Norwich. Other municipalities may also join. There are other cold case units within the state, including one in New Haven, but our review was limited to the two units established by the Division of Criminal Justice. A chief inspector oversees the Cold Case Unit, and a supervisory inspector manages the day-to-day operations. The supervisory inspector is responsible for the cold case work of 20 detectives (that are generally assigned on a part-time basis), an employee from the Department of Correction, an analyst from the Division, the offsite facility, equipment, and the assignment of the related work.

A case would qualify for cold case status if the head of a law enforcement unit (Chief of Police, for example) petitions his or her district's State's Attorney, who then petitions the Chief State's Attorney, who would authorize an investigation. A detective from the municipality requesting the investigation is assigned to the case and the supervisory inspector assigns the work and approves all the prepared reports. A state prosecutor is involved in each case from the start, which facilitates later court proceedings and a high conviction rate. Each team member is generally assigned two or three cases at a given time, and all members usually work on several more cases in a collaborative manner.

Cold Case Investigations:

Cold Cases are investigated using information obtained by tip lines, email, anonymous letters, prisoner consent discussions, polygraph testing, grand juries, subpoenas, timeline analysis, warrants and other methods. Genetic code applicability testing, separate from DNA analysis, will be used for the first time during the fiscal year ended June 30, 2011, and is expected to generate the surnames for potential suspects based upon voluntary genetics testing for ancestral research. Another less technological but innovative method includes distributing decks of playing cards with 52 cold cases to prisoners and others that typically have information about violent crimes. In less than six months, arrests were made in two cases for the homicides represented on two of the playing cards. The Division is planning a second set to be printed and posters showing the cards will be displayed in probation and other offices throughout the state. Analysis of evidence through DNA testing is used. However, the priorities of the state's laboratory are to address current violent crimes and court cases, then other cases, including cold cases. Although some delays span years, the Cold Case Unit uses the time to select other cases for review.

Cold Case Successes and Services:

The Cold Case Unit counts its successes in arrests and convictions. In approximately 12 years, 40 homicides have been solved because of the work of the Unit. Suspected killers have been prosecuted with a success rate of 93 percent. Of the 40 cases there have been:

- Two serial killers with three victims each
- Four killers of two victims each
- Two suspected serial killers with ties to seven other homicides
- 23 killers associated with 19 other homicides (some victims had multiple killers)

Each successful arrest and conviction helps to convey to victims' families, criminals, and the general public that if a crime is committed, it will continue to be scrutinized and reinvestigated in a manner in which each victim will receive attention and that there will be continued efforts to bring each suspected killer to justice. Unfortunately, there are more cases than available resources, and delays of up to six months exist when new cases are presented to the Unit for investigation.

The unit collects tips that are vital to the investigations. Each credible piece of information that reaches the Unit is evidence of an effective strategy to collect raw data pertaining to unsolved murders. The Unit has received 170 tips since the playing cards were issued and expects the next round of cards to generate a similar response.

The Unit has obtained grant funds to support its objectives, with federal grants totaling \$97,795 and \$0 during the fiscal years ended June 30, 2009 and 2010, respectively. Without the work of the Unit, there may not be the means to investigate, prosecute, and solve these crimes.

Cold Case Expenditures and Efficiencies:

The direct costs of operating the Cold Case Unit, as reported by the Division of Criminal Justice for the fiscal years ended June 30, 2009 and 2010 were:

	<u>Fiscal Year Ended June 30,</u>	
	<u>2009</u>	<u>2010</u>
Salaries	\$ 99,105	\$102,196
Facility, Task Force and Other Expenditures	<u>96,549</u>	<u>11,398</u>
Total Expenditures	<u>\$195,654</u>	<u>\$113,594</u>

Salaries were for a supervisory inspector, a part-time analyst, and for a partial allocation of a chief inspector's salary. Facility, task force and other expenditures were for the maintenance of the offsite facility and laboratory kits related to a DNA Cold Case Taskforce, which operated during the fiscal year ended June 30, 2009.

The labor cost is shared by municipal, federal and state governments, which keep the costs down for any one governmental unit while helping to further the efforts of each. The state Departments of Correction and Probation devote employee time and efforts to the investigations of the Unit, obtaining consent discussions, tips, and other valuable information. The shared resources help to facilitate the training of newer police officers or detectives to learn from inspectors and prosecutors with decades of experience. Another efficiency is that the Unit works in a paperless environment, which enhances the ability to communicate information and transfer case files in a timely manner. Subsequent to June 30, 2010, a federal grant was forthcoming totaling \$71,000 that will support the creation of the Inspectors' Service Center to consolidate the Violent Crimes Bureau and the Cold Case Unit into one physical working area. It is expected that office furniture, carpentry and electrical services will be paid for using these funds and that overhead expenses will be reduced as the offsite facility will be closed.

Maintaining a level of participation of municipal detectives is a challenge for the Cold Case Unit. Those detectives are often recalled by their municipalities to investigate current homicides. Subsequent to June 30, 2010, the Division was authorized to receive \$150,000 of federal grant funds on behalf of the New London Cold Case Unit to provide monthly stipends per position in the amount of \$2,678 to municipal police departments participating in that area. Stipends were paid to three municipalities as of April 20, 2011. The Cold Case Unit is anticipating more arrests, but believe that with more participation by municipalities and other agencies, there is the potential for even greater success.

Performance Audit Conclusion:

The unit operates in compliance with the provisions contained within Sections 51-277, subsections (a) and subsection (b), and Section 51-277c of the General Statutes. The benefits of the unit are obvious. The successful results being achieved, considering the limited resources allocated are quite remarkable. The Cold Case Unit of the Division of Criminal Justice provides an invaluable service to victims, their families and the residents of the State of Connecticut. It performs this service in a very cost effective manner.

CONDITION OF RECORDS

Our review of the financial records of the Division of Criminal Justice disclosed some areas needing improvement that are discussed below.

Funding Source:

- Criteria:* Section 31-290d, subsection (a), of the General Statutes established the Workers' Compensation Fraud Unit (Unit) within the office of the Chief State's Attorney in the Division of Criminal Justice. Subsection (c) states that the cost of the Unit shall be appropriated by the General Assembly as an expense of the Workers' Compensation Commission and shall be paid from the Workers' Compensation Fund established under Section 31-344a. The Unit shall not engage in nor be assigned any duties or responsibilities other than those authorized by or necessary to carry out the Unit's mission.
- Condition:* Only four of six employees within the Unit were charged to the Workers' Compensation Fund. Expenses for two employees totaling \$216,967 and \$134,678 were charged to the General Fund for the fiscal years ended June 30, 2009 and 2010, respectively.
- Cause:* Management did not charge the Workers' Compensation Fund for personal services provided to it.
- Effect:* The General Fund incurred expenses related to the Workers' Compensation Fund.
- Recommendation:* The Chief State's Attorney's office should appropriately charge the expenses of the Workers' Compensation Fraud Unit to the Workers' Compensation Fund. (See Recommendation 1.)
- Agency Response:* "The Division fully expends the Workers' Compensation Fund appropriation approved by the General Assembly for expenses of its Workers' Compensation Fraud Unit inspectors. The Division will explore with the Workers' Compensation Commissioner and the General Assembly possibilities for increasing the appropriation to the Workers' Compensation Fraud Unit to include expenses for other staff who provide support to the Fraud Unit."

Drug Asset Forfeiture Collection Procedures:

- Criteria:* Section 54-36h, subsections (b) and (f) of the General Statutes, allows for civil forfeiture proceedings and for the resulting cash balances to be deposited into the drug assets forfeiture recovery account, established under Section 54-36i of the General Statutes. The Division's Asset Forfeiture Unit administers collections from municipal and other law enforcement agencies after the forfeiture has been ordered by the court. Section 54-36a, subsection (b)(3)(D)(i), requires payment of seized property within 90 days of receipt of a court order.
- Condition:* Not all amounts are forwarded to the Asset Forfeiture Unit within 90 days of receipt of a court order for deposit into the drug assets forfeiture recovery account. The Division reported to us that as of May 5, 2011, one district and the City of Bridgeport have receivables totaling \$241,338 for 139 cases dating back to 1991.
- Cause:* The Division's collection efforts were not always effective in enforcing Section 54-36a, subsection (b)(3)(D)(i), of the General Statutes.
- Effect:* Revenues associated with this program may not be realized by the intended beneficiaries in a timely manner and the Asset Forfeiture Unit incurs an administrative burden.
- Recommendation:* The Asset Forfeiture Unit within the Division of Criminal Justice should have collection procedures that are effective in enforcing the 90-day provision of Section 54-36a, subsection (b)(3)(D)(i). (Recommendation 2.)
- Agency Response:* "The Division will enhance all collection efforts including notifying municipal chief elected officials and finance officers of outstanding drug asset forfeiture receivables from cases handled in their jurisdictions, and request their assistance in collecting same. In the past only local Police Chiefs received notice of outstanding receivables."

Electricity and Storage Costs:

- Criteria:* Good business practices require periodic reviews of usual services for potential savings and competitive pricing. Contracts negotiated for commodities should include a measure that guards against significant price variations. The Division of Criminal Justice was granted all management rights except appointment of all State's Attorneys in Section 51-276 of the General Statutes.
- Condition:* The Division of Criminal Justice does not appear to be paying competitive electric rates for its Supplier Services Generation Service Charge. The Division was included in a four-year contract that was negotiated on a statewide basis at \$.1197 per kilowatt hour. If the Division was eligible for the lowest current rate of \$.085, as of April 6, 2011, approximately \$26,782

could be saved annually. The contract, which was negotiated for several state facilities, was later amended to add other state facilities at a lower kilowatt-hour charge. The Division of Criminal Justice should be allowed to share in any savings associated with the contract.

We also compared the Division's annual estimated rental fee of \$62,517 for an off-site storage facility with 7,496 square feet of space to a statewide contract for storage services. With the statewide contract, the same square footage would cost approximately \$15,292, or \$47,225 less, annually. In addition, the Division may realize additional savings by allowing the vendor to file, transport, organize and deliver boxes or property.

Cause: The Division relied on the Office of Policy and Management (OPM) to contract for its electricity in accordance with Section 16a-14e of the General Statutes. However, the contract negotiated by OPM did not reserve certain rights to negotiate price points or some other protection against declining energy rates. The Division has indicated that the existing storage would need conversion work to utilize the statewide contracted services.

Effect: The Division is unable to save on its electricity costs when market prices decline and may be overpaying for its storage needs.

Recommendation: The Division of Criminal Justice, with its management rights, should consider implementing reasonable contracting options to reduce its overall electricity and storage costs. (Recommendation 3.)

Agency Response: "OPM has advised the Division that it is the sole responsibility of DAS/OPM to procure electricity for state operations per CSG 16a-14e in a response made available to the auditors. The Division does not believe it has the expertise or personnel to procure or contract for electricity on its own and participates in the DAS/OPM procurement process for electricity.

The lease for space used to store criminal records was procured by the Department of Public Works on behalf of the Division according to established state procedures. The lease, with renewals, has been in existence since 1999. The Division has unsuccessfully sought funds in several past budget cycles (including the most recent) to contract with the state records storage and retrieval vendor in an effort to pilot a records storage alternative to its current system. If funding should become available in the future, the Division would pursue this alternative prospectively, using the existing storage space until human resources were available to re-label and codify in a central database all 10,000 boxes currently stored in the leased facility. The Division is unable to determine potential cost savings until there is experience with this option."

Prosecutor Training and Monitoring of Employees:

Criteria: Pursuant to Section 51-279c of the General Statutes, the Chief State's Attorney is to establish an ongoing training program for all prosecuting attorneys consisting of not less than two days each year.

Proper monitoring of employee work schedules, overtime, attendance and work habits, including internet usage, should be enforced using effective internal controls, including filtered internet access. The Department of Information Technology's Acceptable Use of State Systems policy states that systems are provided at state expense and are to be used solely to conduct state business.

Section 5-247-3 of the Regulations of State Agencies states that employees may be granted paid sick leave if they are incapacitated for duty, and Section 5-247-11 of the regulations requires medical certificates be submitted for any duration of sick leave if absence from duty recurs frequently or habitually.

Condition: According to the Division's report, 49 and 54 percent of prosecutors did not meet the full training requirements for the fiscal years ended June 30, 2009 and 2010, respectively.

The Division does not require that employee work-schedule forms be documented, card-key access to be used, certain supervisor timesheets be approved, or employee work habits, including internet usage to be monitored adequately. Two clerical staff we observed with downtime had online banking, bill paying and other internet usage that was unrelated to their state job duties.

One district employee was absent frequently and a medical certificate was not requested. The employee used 248 hours of sick time, of which 225 were used in conjunction with weekends and holidays during eight months prior to the employee's retirement. The employee was paid for \$6,020 of sick time during this period, of which only 25 percent, or \$1,505 would had been due to her if she had retired without using the sick time. Although excessive use of sick time does not necessarily indicate abuse, management should take appropriate action to ensure any potential abuse is detected.

Cause: The Division does not appear to enforce the training requirements for prosecutors and employees may not be monitored effectively.

Effect: Statutory training requirements are not met by prosecutors, employees may be receiving pay for benefits, including \$4,515 of sick time benefits that they may or may not be eligible to receive.

Recommendation: The Chief State's Attorney of the Division of Criminal Justice, along with the State's Attorneys representing the 13 district offices, should enforce compliance with the training requirements under Section 51-279c of the General Statutes, should monitor employee work schedules and habits effectively and should not grant sick pay to employees without the documentation required by Section 5-247-11 of the Regulations of State Agencies. (See Recommendation 4.)

Agency Response: "In FY11 80.5% of prosecutors fully met their training requirements and 95.5% of all prosecutors had at least partial training. The Division will include compliance with the training requirements under Section 51-279c of the General Statutes in performance evaluations for prosecutors in the future. The General Assembly approved a Training Coordinator position for the Division for FY12, which would have enhanced the agency's ability to plan, coordinate and track training, but the position may be lost as a result of the required budget reductions.

The Division will monitor work schedules and habits of employees more closely. In addition, Supervisory Assistant State's Attorneys will be directed to submit their own time and attendance to their State's Attorneys for approval. The Division of Criminal Justice adheres to the Department of Information Technology's policies regarding the use of electronic communications devices and internet usage. All Division employees will be reminded of these policies and, specifically, will be advised that the Division will monitor usage of all state-issued equipment to ensure compliance with applicable policy restrictions, and will provide appropriate discipline if warranted.

The Division requires medical documentation for employee sick absences of five (5) or more consecutive days. The auditors reviewed the time and attendance of an employee who retired in 2008 and found that the employee had used sick time (never in excess of five consecutive sick days) in the months before her retirement, which appeared to indicate a pattern. The absences were never brought to the attention of the Division's central administrative staff by the employee's supervisor. Supervisors will be reminded to carefully review attendance of their subordinates to identify any potential abuse of sick time. The Payroll Office will provide quarterly leave usage reports to supervisory personnel to help them identify any pattern of absences that should be addressed."

Inventory Records:

Criteria: Section 4-36 of the General Statutes requires each state agency to establish and keep inventory records in the format prescribed by the Office of the State Comptroller's Property Control Manual. Amounts reported to the State Comptroller should be accurate and an inventory of software must be updated appropriately.

- Condition:* The Division of Criminal Justice overstated its equipment inventory within its annual report to the State Comptroller by \$106,878 and \$297,836 during the fiscal years ended June 30, 2009 and 2010, respectively. Also, an inventory of software was not updated by the Division.
- Cause:* Internal controls did not prevent or detect an error and the Division indicated it did not have enough staff to account for its software consistently.
- Effect:* Inventory reported to the State Comptroller was inaccurate, and it is difficult to manage a software inventory if an accurate record is not maintained.
- Recommendation:* The Division of Criminal Justice should ensure that its inventory and software records are updated and reported in accordance with the State Property Control Manual. (See Recommendation 5.)
- Agency Response:* “The Division has submitted corrected copies of the FY 2009 and FY 2010 CO-59 Inventory Reports to the Comptroller’s Office. The Division’s software inventory will be updated when the Division implements its IT infrastructure upgrade in FY12.”

Internal Controls over Petty Cash:

- Criteria:* The State Accounting Manual established guidelines for safekeeping of all the Petty Cash Fund receipts and disbursements, including that:
- Cash should not exceed 10 percent of the total authorized amount.
 - The cash control amount should be fixed to assist with the reconciliation.
 - A periodic detailed examination of petty cash should be made by the Chief Fiscal Officer in the presence of each custodian to verify that the cash on hand, cash in the bank, advances and outstanding vouchers balance with the authorized amount.
 - Cash advances and reimbursements for employees required to travel in order to conduct official state business should be processed in accordance with the Division’s designed travel policy.
- Condition:* We found during our review of petty cash that:
- Cash on hand was not maintained at 10 percent of the authorized balance at the New London and Stamford district field offices.
 - There is no fixed control amount for the cash on hand, which makes it difficult to account accurately for all of the transactions through the reconciliation process.
 - The Division does not perform periodic detailed examinations of the Petty Cash Funds at the field offices.
 - The Division did not establish a policy for processing cash advances or travel reimbursements for employees needing to travel to conduct official business.
- Cause:* Proper internal controls were not designed and followed.

Effect: The risk of loss is not minimized.

Recommendation: The Division of Criminal Justice should design and follow proper internal controls over petty cash. (Recommendation 6.)

Agency Response: “The Division has reminded all State’s Attorney’s and field office petty cash custodians that cash on hand should be kept to the lowest level possible, not to ever exceed 10% of their authorized level. The petty cash custodian for the Division’s central account has been instructed to review the balances on each office’s monthly status report and advise the Director of Financial Services of any violations of this policy for follow-up action. The Division will perform periodic detail examinations of the petty cash funds at the field offices as time permits. The only time the cash control amount for individual offices is adjusted is when the central office receives a request from the jurisdiction for a temporary increase in its petty cash authorization level because a trial is, or will be, underway that will require disbursement of witness expenses which are expected to exceed their authorized level. Offices process cash advances and reimbursements consistent with the state travel regulations and bargaining unit contract provisions.”

RECOMMENDATIONS

Our prior report on the Criminal Justice Commission and the Division of Criminal Justice contained two recommendations. Of these prior recommendations, one is restated as a current audit recommendation.

Status of Prior Audit Recommendations:

- The Division should continue its efforts in establishing formal training programs for new prosecutors and monitor all prosecutors' training to ensure compliance with statutory and collective bargaining requirements. While it appears a training program has been established, not all prosecutors are obtaining the required training. This matter was restated as a personnel issue in Recommendation 4.
- The Division should improve its controls over accounts receivable for bond forfeitures to ensure that records are complete and that collection efforts are made in a timely manner. While there was a delay in requesting the appropriate authorization from the Office of Policy and Management during our audit, there were other substantial improvements made in this area and we will not be repeating this recommendation.

Current Audit Recommendations:

- 1. The Chief State's Attorney's Office should have all of the expenses of the Workers' Compensation Fraud Unit paid for by the Workers' Compensation Fund.**

Comment:

Two employees' expenses are being paid from the General Fund instead of the Workers' Compensation Fund.

- 2. The Asset Forfeiture Unit within the Division of Criminal Justice should have collection procedures that are effective in enforcing the 90-day provision of Section 54-36a, subsection (b)(3)(D)(i).**

Comment:

If the rules of the program are enforced, the program will operate more efficiently and effectively and become less of an administrative burden for the Division.

- 3. The Division of Criminal Justice, with its management rights, should consider implementing reasonable contracting options to reduce its overall electricity and storage costs.**

Comment:

The Division has certain management rights in accordance with Section 51-276 of the General Statutes and should consider whether it can reasonably reduce its costs in these areas.

- 4. The Chief State's Attorney of the Division of Criminal Justice, along with the State's Attorneys representing the 13 district offices, should enforce compliance with the training requirements under Section 51-279c of the General Statutes, should monitor employee work schedules and habits effectively and should not grant sick pay to employees without the documentation required by Section 5-247-11 of the Regulations of State Agencies.**

Comment:

During the fiscal year ended June 30, 2010, more than half of the prosecutors did not meet the statutorily-required training requirements. We also observed certain employees located near our field audit site in the Chief State's Attorney's spending a noticeable amount of time on non work-related activities, among other issues.

- 5. The Division of Criminal Justice should ensure that its inventory and software records are updated and reported in accordance with the State Property Control Manual.**

Comment:

Errors that were made were not prevented or detected by internal controls.

- 6. The Division of Criminal Justice should design and follow proper internal controls over petty cash.**

Comment:

The Division should consult the State Comptroller's State Accounting Manual and follow the guidelines set forth for proper internal controls over petty cash.

INDEPENDENT AUDITORS' CERTIFICATION

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Division of Criminal Justice complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grant agreements, and to obtain a sufficient understanding of the internal controls to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

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

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

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

Our consideration of internal control over financial operations, safeguarding of assets, and compliance with requirements was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the Division's financial operations, safeguarding of assets, or compliance with requirements that we consider to be material weaknesses, as defined above. However, we consider the following deficiencies, described in detail in the accompanying Condition of Records and Recommendations sections of this report, to be significant deficiencies. Recommendation 1 – inappropriate funding source charged; Recommendation 2 - ineffective collection efforts for the drug asset forfeiture account; Recommendation 4 – inadequate monitoring of prosecutor's training requirements, employees' work habits and sick time usage; Recommendation 5 – recording inventory incorrectly; Recommendation 6 – failing to design and follow petty cash internal controls. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Division of Criminal Justice complied with laws, regulations, contracts and grant agreements, 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 Division's financial operations, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which we reported to Division management in the accompanying Condition of Records and Recommendations sections of this report.

The Division of Criminal Justice's response to the findings identified in our audit are described in the accompanying "Condition of Records" sections of this report. We did not audit the Division of Criminal Justice's response and, accordingly, we express no opinion on it.

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

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Division of Criminal Justice during the course of our examination.

Maura F. Pardo

Maura F. Pardo
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts

Robert M. Ward

Robert M. Ward
Auditor of Public Accounts