

STATE OF CONNECTICUT



*AUDITORS' REPORT
DIVISION OF CRIMINAL JUSTICE
FISCAL YEARS ENDED JUNE 30, 2013 AND 2014*

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

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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April 27, 2016

AUDITORS' REPORT DIVISION OF CRIMINAL JUSTICE FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2014

We have audited certain operations of the Division of Criminal Justice, including the Criminal Justice Commission, in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2013 and 2014. The objectives of our audit were to:

1. Evaluate the division's internal controls over significant management and financial functions;
2. Evaluate the division's compliance with policies and procedures internal to the division or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient,

appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in our audit of the division. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Division of Criminal Justice.

COMMENTS

FOREWORD

The Division of Criminal Justice 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, misdemeanor crimes, and felony cases. Each state's attorney is responsible for the operations within their respective district. The chief state's attorney generally provides administrative oversight, assistance or guidance when it is requested.

The Office of the Chief State's Attorney also operates the following specialized bureaus within the central office: Appellate Bureau, Asset Forfeiture Bureau, Civil Litigation Bureau, Statewide Prosecution Bureau, Medicaid Fraud Control Unit, Cold Case/Shooting Task Force Bureau, and Workers' Compensation Fraud Control Bureau. Program areas include crimes involving elder abuse, violence against women, cold case, witness protection, and nuisance abatement.

Criminal Justice Commission

The Criminal Justice 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 eight-year terms. The commission also appoints assistant state’s attorneys and deputy assistant state’s attorneys. Furthermore, the commission has the authority to remove any of the state’s attorneys after due notice and hearing. The division provides staff support for the commission.

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, 2014, were as follows:

- Honorable Richard N. Palmer, Chairman
- Honorable Juliett L. Crawford
- Mary M. Galvin, Esquire
- Maura H. Horan, Esquire
- Moy N. Ogilvie, Esquire
- Ann G. Taylor, Esquire

Appointed members serve without compensation, except 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.

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, 2012, are summarized below:

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Penalties and Settlements	\$1,923,621	\$5,762,629	\$5,426,072
Bond Forfeitures	1,087,530	831,305	887,993
Federal Aid – Miscellaneous	806,295	1,090,778	1,299,516
All Other Receipts	55,642	29,948	98,047
Total General Fund Receipts	<u>\$3,873,088</u>	<u>\$7,714,660</u>	<u>\$7,711,628</u>

General Fund receipts increased by \$3,841,572 and decreased by \$3,032 during the 2012-2013 and 2013-2014 fiscal years, respectively. The fluctuations were attributed primarily to national Medicaid settlements with pharmaceutical companies received in August and October 2012 and December 2013. Bond forfeitures decreased by \$256,225 for the 2012-2013 fiscal year. These receipts vary due to the amount of the initial bond, the number of defendants who fail to

appear, and the amount of bondsmen who file motions to release bonds. The receipts for Federal Aid – Miscellaneous relate directly to the activities of the Medicaid Fraud Control Unit (MFCU). The division receives quarterly reimbursements from the federal government for 75% of actual expenditures of the unit. The MFCU increased the number of positions over the 2012-2013 and 2013-2014 fiscal years, which increased the amount of federal reimbursement for salary and fringe benefit expenditures.

The division's General Fund expenditures for the audited period, as compared to expenditures for the period ended June 30, 2012, are summarized below:

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Personal Services and Employee Benefits	\$46,158,288	\$43,938,337	\$46,521,936
Purchases and Contracted Services	1,511,496	1,770,790	1,597,738
Premises and Property Expenses	496,080	545,883	519,381
Motor Vehicle Costs	409,749	409,578	452,727
Information Technology	257,277	266,941	340,740
Purchased Commodities	199,437	242,230	274,306
Capital Outlays Equipment	37,323	94,975	172,714
OSC Adjusting Entries – GAAP Exp.	-	52	121,286
Total General Fund Expenditures	<u>\$49,069,650</u>	<u>\$47,268,786</u>	<u>\$50,000,828</u>

General Fund expenditures decreased by \$1,800,864 and increased by \$2,732,042 for the 2012-2013 and 2013-2014 fiscal years, respectively. Personal services and employee benefits accounted for the majority of budgeted account expenditures. Changes in the number of authorized positions and related employment expenditures are responsible for the fluctuations experienced during the audited period. Fluctuations in the purchases and contracted services category are directly related to the number and complexity of cases and the need for professional services, which can vary from year to year. Capital outlays increased by \$57,652 and \$77,739 for the 2012-2013 and 2013-2014 fiscal years, respectively. The increases were due to the installation of specialized equipment for inspector vehicles.

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, 2012, are summarized below:

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Federal Grants	\$1,764,772	\$2,255,094	\$843,714
Other-than-Federal	242,970	311,558	386,036
Drug Asset Forfeitures	319,761	110,031	168,310
Total Federal and Other Receipts	<u>\$2,327,503</u>	<u>\$2,676,683</u>	<u>\$1,398,060</u>

Federal grant revenue increased by \$349,180 from the 2012-2013 fiscal year and then decreased by \$1,278,623 in the 2013-2014 fiscal year. The fluctuations can be attributed to one-time grant funding received primarily from the Office of Policy and Management for various criminal justice purposes, including domestic violence, cold case research, and information

technology. The increase in other-than-federal receipts was primarily due to the creation of the new Unemployment Compensation Fraud Control Unit in the 2012-2013 fiscal year, and which is funded by the Department of Labor. The drug asset forfeitures revenue fluctuates year to year based upon the number of cases and their dollar amount.

The division's federal and other restricted expenditures for the audited period, as compared to expenditures for the period ended June 30, 2012, are summarized below:

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Personal Services and Employee Benefits	\$1,188,305	\$1,293,512	\$1,162,919
Capital Outlays – Equipment	533,711	585,045	298,064
Information Technology	294,875	287,391	291,787
All Other Expenditures	386,735	92,538	385,639
Total Federal and Other Expenditures	<u>\$2,403,626</u>	<u>\$2,258,486</u>	<u>\$2,138,409</u>

The division received various one-time federal grants from the Office of Policy and Management, which resulted in expenditure fluctuations for the audited period. Other expenditures decreased by \$294,197 and then increased by \$293,101 for the 2012-2013 and 2013-2014 fiscal years, respectively. The decrease can be attributed to the expiration of one-time funds the division received in the 2011-2012 fiscal year for the DNA Testing Program, Cold Case Unit, and other grant programs. Due to budget restrictions, grant funding for the 2012-2013 fiscal year decreased; however, new awards were received for the 2013-2014 fiscal year.

Workers' Compensation Fund

The division's workers' compensation expenditures for the audited period, as compared to expenditures for the period ended June 30, 2012, are summarized below:

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Personal Services and Employee Benefits	\$452,913	\$528,960	\$594,712
Motor Vehicle Costs	7,673	4,418	8,198
All Other Expenditures	994	856	6,979
Total Workers' Compensation Fund Expenditures	<u>\$461,580</u>	<u>\$534,234</u>	<u>\$609,889</u>

The division's expenses related to the Workers' Compensation Fund increased by \$72,654 and \$75,655 for the 2012-2013 and 2013-2014 fiscal years, respectively. The expenses were charged directly to the Workers' Compensation Fund and represent the division's expenses related to the investigation and prosecution of workers' compensation crimes.

Capital Equipment Purchase Fund

Capital Equipment Purchase Fund expenditures totaled \$552,528 and \$399,955 during the fiscal years ended June 30, 2013 and 2014, respectively. The increase in expenditures can be attributed to purchases and repairs of motor vehicles, new body armor for inspectors, and replacement of the telecommunication system.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the records of the Division of Criminal Justice disclosed certain matters requiring division attention.

Annual Service Ratings

- Criteria:* Bargaining unit contracts for division employees state that annual service ratings must be completed approximately three months, but no less than two months prior to an employee's annual increase date.
- Condition:* Annual service ratings were not completed in a timely manner for 12 of the 28 employees reviewed, yet nine of those employees were awarded annual increases prior to having the proper documentation in place.
- Annual service ratings for one or more of the periods were missing for 11 of the 28 employees reviewed, yet ten of those employees were awarded annual increases without documentation certifying satisfactory performance.
- Effect:* Annual service ratings were not completed in accordance with bargaining unit contracts. We could not verify that employee performance was rated satisfactory prior to them being granted annual increases.
- Cause:* There appears to be a lack of management oversight regarding the completion of annual service ratings and awarding of annual increases.
- Recommendation:* The Division of Criminal Justice should ensure annual service ratings are completed in accordance with bargaining unit contracts.
- Division Response:* "During this audit's review period, the Human Resources Unit staff was reduced to one employee owing to budgetary cuts. The now retired personnel officer did a yeoman's job of performing the work previously done by three employees. Notices for annual performance reviews were sent on a timely basis to all supervisors/state's attorneys and reminders followed before the end of the April/October timeframe to ensure compliance. By and large, there is overall compliance, albeit not within the strict timeframe currently provided for in the soon to expire bargaining unit contracts. We agree that the selected files reviewed did not have the requisite performance reviews and that verification of

satisfactory employee performance prior to receiving annual increases was not possible. However, a number of the files reviewed for this audit were from a single unit and not representative of the division as a whole. Notwithstanding the current language on timeframes for completion of the annual reviews, the withholding of an annual increment (or in the instance of one at maximum step of the salary range, the lump sum payment), for an employee with unsatisfactory performance would be a rarity. Employees who would otherwise be rated overall unsatisfactory, are given the requisite attention as performance deficiencies are noticed with improvement plans developed and retooled on an ongoing basis. Recently added staffing to the Human Resources Unit will allow for a renewed commitment to provide notifications, reminders, and follow-up regarding due dates for completion of performance evaluations in a timely manner.”

Medical Leave

Criteria:

Division policy states that supervisors are responsible for ensuring that employees are using sick leave properly. Employees should report an absence due to illness or injury as soon as possible. An acceptable medical certificate is required for an absence of more than five consecutive work days and should be brought to the attention of the Human Resources Unit.

The federal Family Medical Leave Act (FMLA) guidelines require that specific documentation be on file to substantiate leave taken for FMLA purposes. Qualifying employees are entitled to twelve weeks of FMLA leave every twelve months.

Condition:

We reviewed five employees with medical leave and one employee with leave coded to FMLA and noted the following conditions:

1. Documentation to justify medical leave for three employees was lacking. One employee submitted a medical note one week after returning to work; the note did not reference the period of absence. Additionally, the employee’s time was inappropriately coded as unpaid sick leave when the employee had sufficient leave balances. For a second employee, the documentation on file to support the four-week medical leave consisted of a personal letter from the employee. A third employee submitted medical documentation after returning to work following a scheduled procedure and absence of 13 days. Human Resources Unit was not notified of the employee’s absence until their return.

2. One employee using sick leave under FMLA did not have the required documentation in place. We also noted that the absence coded to FMLA exceeded the amount allowed; in one year, a total of 22 weeks was coded as FMLA.

Effect: Medical leave was not processed in accordance with division and FMLA policies.

Cause: It appears as though medical leave was not adequately monitored. There was no evidence that the Human Resources Unit requested medical documentation or filed the necessary FMLA forms.

Recommendation: The Division of Criminal Justice should monitor employee medical leave to ensure absences are reported timely, are appropriately coded, and adequately documented in accordance with division policies and FMLA guidelines.

Division Response: “The Human Resources Unit, now with a full staff, has increased ability to follow-up on instances of absences requiring documentation in accordance with Section 5-247-11 of the State Regulations, applicable bargaining unit language, division policy, and FMLA guidelines. There is a two-week delay before absences are reported via manual time and attendance reports to payroll. Since July 2015, the payroll staff has produced bi-weekly reports to identify employees who have used more than five consecutive leave days and, effective February 2016, the reports have been expanded to capture instances of pattern usages of sick time. This is one of the tools being utilized to inform division supervisors, timekeepers, and employees of responsibilities including the need to self-report medical issues requiring time away from work and the need to comply with federal and state FMLA. Emails, updates in the quarterly division publication “The Brief”, and one-to-one conversations with time-keepers are all methods of communication being used in our new initiative to disseminate information to employees to encourage and promote compliance. An FMLA training module was developed and presented at the Supervisory Assistant State’s Attorneys’ annual training in September 2015 and inspectors were provided with an information session on FMLA in November 2015. Clerical and administrative staff will receive training beginning in the Spring of 2016 when both the human resources director and human resource specialist plan to visit offices individually. Compliance with Federal and State FMLA and division guidelines on a timely basis, adequately documented, will be achieved through early intervention, increased oversight,

monitoring of leave time used, and regular communication with personnel responsible for time and attendance reporting.”

Drug Asset Forfeiture Receivables

Background: Property related to illegal sale or exchange of controlled substances or money laundering is subject to forfeiture to the state pursuant to Section 54-36h of the General Statutes. In accordance with subsection (b) of this section, not later than 90 days after the seizure of money or property subject to forfeiture, any prosecutor of the Division of Criminal Justice may petition the court in the nature of a proceeding in rem to order forfeiture of said money or property. At such hearing, the court shall hear evidence, make findings of fact, enter conclusions of law, and shall issue a final order, from which the parties shall have such right of appeal as from a decree in equity. Upon judgment, custodial police departments are required to convert currency forfeitures into certified checks that must be forwarded to the Division of Criminal Justice for deposit into the drug asset forfeiture revolving account.

In accordance with Section 54-36i of the General Statutes, monies deposited into the drug asset forfeiture revolving account are to be distributed to the Department of Emergency Services and Public Protection, the Department of Mental Health and Addiction Services, the Division of Criminal Justice, and local police departments.

Criteria: Sound internal controls require that documentation be maintained to support the underlying transaction that gave rise to a receivable.

In accordance with Chapter 4.0 of the Management of Receivables section of the State Accounting Manual, it is the responsibility of each state agency to collect amounts owed to the state in the most effective and efficient manner.

Condition: We reviewed five drug asset forfeiture receivables outstanding during the audited period and noted the following conditions:

1. One drug asset forfeiture receivable totaling \$1,845 was not supported by a judgment. The division contacted the custodial police department and while the police department could not locate the judgment either, it is currently in possession of the funds. Therefore, an order to deposit the funds into the drug asset forfeiture revolving account needs to be re-signed by a judge in order for the receivable to be collected.

2. Three drug asset forfeiture receivables totaling \$5,354 have been outstanding since 1997, 2000, and 2007. Upon further review, we found that, as of June 30, 2014, the division reported 199 drug asset forfeiture receivables totaling \$298,642. Of the 199 receivables, 70 (or 35 percent) have been outstanding for more than ten years, 26 (or 13 percent) have been outstanding for more than five years, and 54 (or 27 percent) have been outstanding for more than one year. It appears that the division's past efforts to collect drug asset forfeiture receivables were ineffective and have resulted in a significant number of outstanding receivables.

Effect: A drug asset forfeiture receivable totaling \$1,845 was not adequately supported. The additional procedures that need to be taken in order to collect the unsupported receivable appear to be an inefficient use of state and municipal resources.

Given the length of time that drug asset forfeiture receivables have been outstanding, there is an increased risk for receivable balances to be misstated and receivables to be uncollectible.

Cause: The length of time drug asset forfeiture receivables have been outstanding has made it very difficult for current employees to address receivables due to numerous factors. Those factors include the disposal of records, changes in personnel at local police departments, and the lack of compliance by local police departments. Additionally, it appears that the division has not had the staffing and resources necessary to address the outstanding receivables. We note that with recent personnel changes, the division has made progress in addressing outstanding drug asset forfeiture receivables and plans on continuing such efforts.

Recommendation: The Division of Criminal Justice should review its collection procedures for drug asset forfeiture receivables to ensure that receivables are adequately supported and outstanding receivables are being properly addressed by the division.

Division Response: "The Division of Criminal Justice appreciates the auditors' recognition of the current progress that has been made in addressing drug asset forfeitures, including the collection of current receivables, as well as a slight reduction in the amount of older receivables. The Finance Unit will be looking at re-engineering its accounts receivable reporting and aging processes as well as reviewing its collection procedures, with particular attention to the oldest of outstanding receivables. In addition, the

Finance Unit has recently added a staff position, alleviating some of the past issues related to prolonged staff shortages.”

Software Inventory

- Criteria:* In accordance with Chapter 6 of the State Property Control Manual, a software inventory must be established to track and control all software media and licenses; a software inventory report must be produced on an annual basis; agencies must have an inventory record for all licensed, owned, and agency-developed software; and an annual physical inventory of the software library should be conducted.
- Condition:* The Division of Criminal Justice does not conduct an annual physical inventory of its software library, does not maintain a complete and accurate listing of its software inventory, and software control records do not contain all of the information required by Chapter 6 of the State Property Control Manual.
- Cause:* The division did not follow the directives for software set forth in the State Property Control Manual.
- Effect:* Software records are not properly maintained, increasing the risk that software purchases are not properly accounted for or reported.
- Recommendation:* The Division of Criminal Justice should ensure that its software inventory records are maintained and reported in accordance with the State Property Control Manual.
- Division Response:* “Agreed. The Division of Criminal Justice will compile and maintain a complete software inventory listing as prescribed by the State Property Control Manual. The Fiscal Office and the IT Unit are working jointly to create an inventory database that lists the software in the format that the auditors requested.”

Vehicle Usage

- Criteria:* Section 407 of the division’s Administrative Policies and Procedures Manual requires monthly usage reports for assigned vehicles to be submitted no later than the 15th of the following month.
- Monthly usage reports for assigned vehicles require the signature of the operator and the operator’s supervisor.
- Operation of state-owned or leased vehicles is restricted to division employees for the official business of the state. The Administrative

Services Unit of the Office of the Chief State's Attorney oversees the assignment, use, and maintenance of motor vehicles owned or leased by the division.

According to Chapter 8 of the State Property Control Manual, each agency should continuously survey its property to determine what is excess to its needs, reassign property among its activities when it is determined to be no longer required for its current use, and report personal property that becomes surplus to agency needs.

The monthly usage reports for pool vehicles require operators to document the month, vehicle marker number, name of operator, beginning mileage, ending mileage, and total monthly mileage. Additionally, operators are required to input daily entries that document their starting town, towns traveled to on official business, and total daily mileage.

Condition:

At the time of our review, the division had a fleet of 143 vehicles; 118 assigned to specific employees, 14 pool vehicles, and 11 that were being processed for surplus. We selected five assigned vehicles and nine pool vehicles for testing and noted the following conditions:

1. The monthly usage reports for assigned vehicles do not have a date submitted field; therefore, we were unable to determine the timeliness of seven of the 10 reports reviewed.
2. Two of the 10 monthly usage reports reviewed for assigned vehicles were not properly approved and the reports were not signed by the operator's supervisor.
3. It appears that pool vehicles are not being managed effectively to ensure the most efficient use of state resources.
 - a) We reviewed 86 months of usage for nine pool vehicles and found no reported usage for 63 of the 86 months.
 - b) We noted an overall failure to oversee the proper completion of monthly usage reports for pool vehicles. Due to incomplete and/or inaccurate reports, 10,541 of the 17,714 miles driven were either unsupported or unaccounted for.

Effect:

It appears the division was not in compliance with its established policies and procedures regarding state-owned vehicles.

Additionally, we were unable to determine whether vehicles are being efficiently managed.

Cause: There appears to be an overall lack of oversight over the monitoring of state-owned vehicles.

Recommendation: The Division of Criminal Justice should strengthen its internal controls over state-owned vehicles to ensure compliance with established policies and procedures and make certain that state resources are being used efficiently.

Division Response: “Based on recommendations provided by the auditors, the division has strengthened internal controls for all fleet vehicles.

Two separate monthly vehicle forms were revised to include dates and signatures for the vehicle operator and a supervisor. Additional controls include sending emails to employees directing them to complete these forms, posting similar notices at the Fleet Office sign-out area, and placing spare forms and additional notices in each spare vehicle. At the end of each month, division administrative staff will review these forms to ensure compliance.

The division employs approximately 80 armed police inspectors. Each inspector has a vehicle assigned to them that is equipped with a State Police radio, emergency lighting, fire extinguisher and gun locker. Inspectors are on-call 24/7 to complete investigations and extraditions and to respond to crime scenes around the state. Finally, if an inspector comes upon a motor vehicle accident or disabled vehicle, they render assistance as required.

During the course of a typical year, inspector vehicles are frequently brought in for repairs and maintenance. Many of our spare vehicles are used to temporarily replace vehicles that are off-line due to repairs. In addition, we use spare vehicles to supplement the work of our very successful Cold Case and Shooting Task Force units, which are dedicated to investigating and prosecuting the most violent criminals in the state. Other spare vehicles are used on a rotating basis for specialized undercover operations.

The division is also sensitive to the costs of repairs versus continued use and surpluses vehicles on a regular basis.”

Reporting

- Background:* The Medicaid Fraud Control Unit was established within the Office of the Chief State's Attorney in 1978 as a result of federal legislation authorizing the states to investigate and prosecute fraud and abuse in Medicaid. The unit investigates and prosecutes fraud by those who provide health care services billed to Medicaid and may investigate certain crimes against patients who reside in facilities that receive Medicaid funding.
- Criteria:* In accordance with Section 51-279e of the General Statutes, on or before October 1, 2013, and annually thereafter, the Chief State's Attorney shall report to the General Assembly concerning monetary recoveries in the preceding fiscal year by the Division of Criminal Justice as a result of fraud investigations relating to Medicaid and other medical assistance programs administered by the Department of Social Services.
- Condition:* Our audit revealed that the division did not submit the report on Medicaid fraud recoveries required by Section 51-279e of the General Statutes that was due on October 1, 2013. Further review revealed that the division did not submit the reports due October 1, 2014 and October 1, 2015.
- Effect:* The division is not in compliance with the reporting requirements established by Section 51-279e of the General Statutes.
- Cause:* In accordance with Section 17b-99b subsection (a) of the General Statutes, on January 1, 2015 and annually thereafter, the Commissioner of the Department of Social Services, in coordination with the Chief State's Attorney and the Attorney General, shall submit a joint report on the state's efforts in the previous fiscal year to prevent and control fraud, abuse, and errors in the Medicaid payment system and to recover Medicaid overpayments. The division explained that they do not file a separate report under Section 51-279e of the General Statutes because the joint report required by Section 17b-99b subsection (a) contains the same information.
- Recommendation:* The Division of Criminal Justice should submit all reports required by the General Statutes or should seek legislation to clarify the reporting requirements established by Sections 51-279e and 17b-99b subsection (a) of the General Statutes.

Division Response: “As the auditors correctly noted, the division files the same information required by 51-279e under Section 17b-99b subsection (a) of the General Statutes. Not filing the same information under a duplicative statute was intentional on our part after discussion of the matter with the legislature’s Program Review and Investigations Committee. Although we have always believed that the provisions of 17b-99b were intended to supplant the nearly identical requirements of 51-279e, we will work on clarifying the reporting requirements of both statutes and recommend either repeal or consolidation, as the legislature deems appropriate. Until such time as changes, if any, are made to the two statutes, we will report separately the required information under both statutes.”

RECOMMENDATIONS

Our prior report on the Division of Criminal Justice contained two recommendations, of which one was resolved and one will be modified and repeated.

Status of Prior Audit Recommendations:

- The Division of Criminal Justice should implement an effective reconciliation process to ensure that equipment is accounted for and reported properly. The division should ensure that its inventory and software records are maintained and reported in accordance with the State Property Control Manual. The prior issues noted with the reconciliation process have been resolved. We continued to note issues with the software inventory; therefore, the recommendation will be modified and repeated to reflect our current findings. (See Recommendation 4.)
- The Division of Criminal Justice should follow the directives within the State Accounting Manual for its receipts, funds awaiting distribution, and receivables. This recommendation was resolved and will not be repeated.

Current Audit Recommendations:

- 1. The Division of Criminal Justice should ensure annual service ratings are completed in accordance with bargaining unit contracts.**

Comment:

We found numerous instances in which annual service ratings were not completed in a timely manner or were missing for one or more of the periods reviewed. We also noted that annual increases were awarded prior to having proper documentation in place.

- 2. The Division of Criminal Justice should monitor employee medical leave to ensure absences are reported timely, appropriately coded, and adequately documented in accordance with division policies and FMLA guidelines.**

Comment:

Documentation to justify employee medical leave was lacking for three employees. One employee using sick leave under FMLA did not have the required documentation in place and exceeded the amount allowed in a year.

- 3. The Division of Criminal Justice should review its collection procedures for drug asset forfeiture receivables to ensure that receivables are adequately supported and outstanding receivables are being properly addressed by the division.**

Comment:

During our review of five drug asset forfeiture receivables, we noted one receivable was not supported by a court judgment and three others have been outstanding since 1997, 2000, and 2007. Of the 199 receivables, 70 have been outstanding for more than ten years, 26 have been outstanding for more than five years, and 54 have been outstanding for more than one year. It appears that the division's past efforts to collect drug asset forfeiture receivables were ineffective and have resulted in a significant number of outstanding receivables.

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

Comment:

The division does not conduct an annual physical inventory of its software library, does not maintain a complete and accurate listing of its software inventory, and software control records do not contain all of the information required by the State Property Control Manual.

- 5. The Division of Criminal Justice should strengthen its internal controls over state-owned vehicles to ensure compliance with established policies and procedures and to make certain that state resources are being used efficiently.**

Comment:

We noted various issues related to the division's assigned and pool vehicles, including a lack of use and unapproved, incomplete, and/or inaccurate monthly usage reports.

- 6. The Division of Criminal Justice should submit all reports required by the General Statutes or should seek legislation to clarify the reporting requirements established by Sections 51-279e and 17b-99b subsection (a) of the General Statutes.**

Comment:

The division did not submit the annual Medicaid fraud recovery report required by Section 51-279e of the General Statutes. We noted that the same information is required in the report submitted under Section 17b-99b of the General Statutes; therefore, legislative clarification may be necessary.

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.



Rebecca M. Balkun
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts