

STATE OF CONNECTICUT



*AUDITORS' REPORT
DIVISION OF CRIMINAL JUSTICE
FISCAL YEARS ENDED JUNE 30, 2015 AND 2016*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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November 30, 2017

AUDITORS' REPORT DIVISION OF CRIMINAL JUSTICE FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2016

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, 2015 and 2016. 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 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 the state's attorneys for each of the 13 judicial districts of the state. 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 operates the following specialized bureaus and units within the central office: Appellate Bureau, Civil Litigation Bureau, Statewide Prosecution Bureau, Cold Case/Shooting Task Force Bureau, Medicaid Fraud Control Unit, Unemployment Compensation Fraud Unit, Workers' Compensation Fraud Control Unit, and Witness Protection Unit.

An Asset Forfeiture Bureau was also in operation during the audit period but was terminated in June 2016 due to budgetary constraints.

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 5-year term, 2 deputy chief state's attorneys to 4-year terms, and a state's attorney for each judicial district to 8-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 6 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, 2016, were as follows:

Honorable Richard N. Palmer, Chair
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, 2014, are summarized below:

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Penalties and Settlements	\$5,426,072	\$ 299,521	\$2,970,403
Bond Forfeitures	887,993	968,160	784,117
Federal Aid – Miscellaneous	1,299,516	1,629,967	1,548,019
All Other Receipts	98,047	86,056	64,392
Total General Fund Receipts	<u>\$7,711,628</u>	<u>\$2,983,704</u>	<u>\$5,366,931</u>

General Fund receipts decreased by \$4,727,924 for the 2014-2015 fiscal year, but increased by \$2,383,227 for the 2015-2016 fiscal year. The year-to-year variance in revenues is largely due to national Medicaid settlements with pharmaceutical companies, which can fluctuate. The state received a smaller settlement in September 2014, and received larger settlements in February and June 2016. Receipts for bond forfeitures varied 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. After increases in the number of positions within the MFCU for the 2013-2014 fiscal year, the division reduced position counts by the end of the 2014-2015 and 2015-2016 fiscal years, resulting in a decrease in federal reimbursement for salaries and fringe benefits. There is also a 4-month lag between the time expenditures are incurred and when they are reimbursed by the federal government.

The division’s General Fund expenditures for the audited period, as compared to expenditures for the period ended June 30, 2014, are summarized below:

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Personal Services and Employee Benefits	\$46,521,936	\$49,326,309	\$50,133,984
Purchased and Contracted Services	1,597,738	1,457,309	1,423,967
Premises and Property Expenses	519,381	551,468	556,795
Motor Vehicle Costs	452,727	328,299	271,206
Information Technology	340,740	561,426	565,196
Purchased Commodities	274,306	246,790	239,543
Capital Outlays Equipment	172,714	(500)	-
OSC Adjusting Entries – GAAP Exp.	121,286	156,727	-
Total General Fund Expenditures	<u>\$50,000,828</u>	<u>\$52,627,828</u>	<u>\$53,190,691</u>

General Fund expenditures increased by \$2,627,000 and \$562,863 for the 2014-2015 and 2015-2016 fiscal years, respectively. Personal services and employee benefits accounted for the majority of budgeted account expenditures. Changes in the number of authorized and filled positions and related employment expenditures caused the fluctuations noted during the audited period. Fluctuations in the Motor Vehicle Costs category are directly related to gasoline prices, which experienced significant decline throughout the audited period. Information Technology expenditures increased by \$220,686 for the 2014-2015 fiscal year due to a change in funding source for an enterprise licensing agreement with Dell. The expenditures were previously funded by a grant from the Office of Policy and Management (OPM), which ended in fiscal year 2014-2015. The decreases in expenditures for Capital Outlays Equipment are due to motor vehicles purchased during fiscal year 2013-2014 for programs funded through the General Fund.

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, 2014, are summarized below:

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Federal Grants	\$843,714	\$557,790	\$323,541
Other-than-Federal	386,036	514,121	422,237
Drug Asset Forfeitures	168,310	195,817	221,921
Total Federal and Other Receipts	<u>\$1,398,060</u>	<u>\$1,267,728</u>	<u>\$967,699</u>

Federal grant revenue decreased by \$285,924 and \$234,249 for the 2014-2015 and 2015-2016 fiscal years, respectively. The decrease can be attributed primarily to a 1-time grant received from OPM for various criminal justice-related purposes, including domestic violence, cold case research, and information technology. The fluctuations in other-than-federal receipts were primarily due to the timing of a Violence Against Women Act grant received from OPM in April 2014, and increases in funding for the Unemployment Compensation Fraud Unit, which is funded by the Department of Labor. The Drug Asset Forfeitures revenue fluctuates 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, 2014, are summarized below:

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Personal Services and Employee Benefits	\$1,162,919	\$1,138,648	\$739,167
Capital Outlays Equipment	298,064	68,923	-
Information Technology	291,787	51,757	1,346
All Other Expenditures	385,639	335,612	138,555
Total Federal and Other Expenditures	<u>\$2,138,409</u>	<u>\$1,594,940</u>	<u>\$879,068</u>

The division received various 1-time federal grants from OPM, which resulted in expenditure fluctuations for the audited period. Other expenditures decreased by \$50,027 and \$197,057 for the 2014-2015 and 2015-2016 fiscal years, respectively. This was primarily due to the expiration of grant funding for consulting services to prepare the division to participate in the Connecticut Information Sharing System and to perform a 1-time analysis for the Frequent Offender – Low Level Offender Workgroup projects. Due to budgetary restrictions, grant funding for the 2014-2015 and 2015-2016 fiscal years decreased.

Workers' Compensation Fund

The division's workers' compensation expenditures for the audited period, as compared to expenditures for the period ended June 30, 2014, are summarized below:

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Personal Services and Employee Benefits	\$594,637	\$567,176	\$537,302
Motor Vehicle Costs	8,198	3,155	3,410
All Other Expenditures	7,054	(2,578)	3,925
Total Workers' Compensation Fund Expenditures	<u>\$609,889</u>	<u>\$567,753</u>	<u>\$544,637</u>

The division's expenses related to the Workers' Compensation Fund decreased by \$42,136 and \$23,116 for the 2014-2015 and 2015-2016 fiscal years, respectively. The expenses are attributable to the investigation and prosecution of workers' compensation crimes.

Capital Equipment Purchase Fund

Capital Equipment Purchase Fund expenditures totaled \$472,637 and \$792,387 during the fiscal years ended June 30, 2015 and 2016, respectively. The increase in expenditures can be attributed to purchases and repairs of motor vehicles, new body armor for inspectors, and the 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.

Untimely Completion of Annual Service Ratings

Criteria: Collective bargaining unit contracts for division employees state that annual service ratings must be completed approximately 3 months, but no less than 2 months, prior to an employee's annual increase date.

Under the Collective Bargaining Agreement between the Division of Criminal Justice and the Connecticut State Employees Association SEIU Local 2001 (Police Inspectors Council) - Article 11 – Service Ratings, a service rating will be conducted by the employee's immediate supervisor, with review by the Chief State's Attorney in his office or the State's Attorney in a judicial district or geographical area within a judicial district, or his/her appropriate designee.

Condition: Annual service ratings due during fiscal year 2016 were not completed in a timely manner for 5 of the 19 employees reviewed. The division awarded an annual increase to an employee despite not conducting a service rating for the period.

One service rating did not have the approving signature of the deputy chief state's attorney.

Effect: The division did not complete annual service ratings in accordance with the collective bargaining contracts. We could not verify whether the work performance rating for an employee was satisfactory prior to the division granting an annual increase. In the absence of the deputy chief state's attorney approving signature, there is less assurance that the service rating was successfully assessed.

Cause: While we noted improvement from the prior audit related to the number of exceptions and oversight of monitoring for compliance, it appears that the responsiveness from division supervisors was still not always timely.

Recommendation: The Division of Criminal Justice should continue to ensure that annual service ratings are completed and submitted in a timely

fashion in accordance with collective bargaining unit contracts. (See Recommendation 1.)

Agency Response: “The Division of Criminal Justice will continue its efforts to provide notifications and reminders to supervisors, for timely completion of performance reviews during the twice yearly evaluation cycles. An additional tool is being developed, by Human Resources, to provide supervisory personnel a summary listing of the annual review dates for each of their staff members to allow them a readily available reference tool.”

Absence of Medical Certificates on File

Criteria: Section 5-247-11 of the Regulations of Connecticut State Agencies provides that an acceptable medical certificate, which must be on the form prescribed by the Commissioner of Administrative Services and signed by a licensed physician or other practitioner whose method of healing is recognized by the state, will be required of an employee by his appointing authority to substantiate a request for sick leave for any period of absence consisting of more than 5 consecutive working days.

The Department of Administrative Services recommends that state employees absent for health reasons use the P-33A Employee Medical Certificate Form.

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 5 consecutive workdays and should be brought to the attention of the Human Resources Unit. Various collective bargaining agreements specify the same policy.

Condition: We reviewed 10 employee’s personnel files for evidence of a medical certificate for more than 5 consecutive work days charged to sick leave. We noted that 5 did not have a proper medical certificate.

Effect: Without documentation in support of extended sick leave, the appropriate use of the leave may be questioned.

Cause: The Human Resources Unit is not always aware of certain absences in a timely fashion due, in part, to its paper-based timesheet process. In addition, we noted that the division’s policy does not specifically require the use of the P-33A Employee

Medical Certificate form, nor does it appear to be available on the division's website.

Recommendation: The Division of Criminal Justice should continue to improve its monitoring of employee medical leave to ensure that employees report their absences on time and the division adequately documents those absences in accordance with the various collective bargaining agreements, Section 5-247-11 of the Regulations of Connecticut State Agencies, and the division's sick leave policy.

In addition, the division should clarify its sick leave policy to indicate the specific medical certificate form prescribed by the Commissioner of Administrative Services for statewide use. (See Recommendation 2.)

Agency Response: "The Division will continue to be diligent monitoring both employee medical leaves and supervisory oversight to ensure absences are reported timely and are adequately documented. State Form P-33A is the form referenced above. The Division is compliant with Department of Administrative Services (DAS) rules. Their form provides this guidance "No sick leave, federal FMLA, state family/medical leave (C.G.S. 5-248a), special leave with pay in excess of five (5) days, or leave as otherwise prescribed by contract, shall be granted state employees unless supported by a medical certificate filed with, and acceptable to, the appointing authority." Each of the Division's bargaining agreements have language consistent with this policy. As such, any change to past and current practices will require discussions with our bargaining unit leadership teams. We require medical notes when absences greater than 5 days occur and illnesses are not deemed to be under circumstances which may trigger FMLA. Requesting the completion of Form P-33A, we have been informed, would be burdensome to our employees and conceivably on the relationship they share with their medical professionals. We are told that medical professionals will not complete these forms at the end of a visit, causing a further delay in receipt of the information that the Division requires. In addition, an increasing number of doctors now charge administrative fees, not covered by insurance, to complete required forms. The Medical Certification Form P-33A will continue to be required under circumstances which may trigger FMLA."

Auditors' Concluding Comments:

While we recognize the division's practice in accepting medical notes in lieu of the P-33A Employee Medical Certificate for

absences greater than 5 consecutive working days, it is not compliant with various collective bargaining agreements and DAS rules and regulations.

Excessive Number of Work Periods for Rehired Retirees

Criteria: Governor Rell’s Executive Order 27-A provides that a retiree may be rehired for periods not to exceed 120 days per calendar year and that individual retirees can be rehired to work no more than two 120-day periods.

In accordance with division policy, the process for obtaining authorization to fill, convert, transfer or create a permanent or temporary position requires authorization by the chief state’s attorney.

Condition: Our review of 11 retirees rehired by the division during the audited period noted 9 instances in which retirees were rehired for more than the 2 period limit.

Effect: With the constant return of rehired retirees, it is questionable whether bona fide separations have occurred.

Cause: The division believed that the restriction on rehiring retired employees did not apply to it based upon an email notification from the Department of Administrative Services, which included an interpretation of a letter from the Secretary of the Office of Policy and Management and the Commissioner of Administrative Services to the Chief State’s Attorney in 2009.

Recommendation: The Division of Criminal Justice should abide by Executive Order 27-A by not rehiring retirees for more than two 120-day periods. (See Recommendation 3.)

Agency Response: “Since 2009, the Division has relied upon the guidance provided in a letter to the Chief State’s Attorney [issued August 6, 2009, jointly by the Office of Policy and Management (OPM) and the Department of Administrative Services (DAS)] indicating Executive Order 27 did not require mandatory compliance. We also rely upon a subsequent analysis of that letter by DAS Statewide Human Resources staff in 2014 confirming “although you are ‘urged’ to follow the Executive Order, you are not required to”. The rehire of retirees, with their unique skill sets, is critical to operational efficiency and suited to the responsibilities required by the stated mission of the Division of Criminal Justice. For general short term needs, approved temporary staffing agencies are used.”

Auditors' Concluding Comments:

While we recognize the analysis of the letter provided by DAS regarding the applicability of the executive order to the division, we feel that the DAS interpretation was ill advised. Since the Division of Criminal Justice is an executive branch agency, it is not exempt from the requirements of the executive order.

Improper Use of the Leave Other Paid Time Reporting Code

Criteria:

Under the Core-CT Time Reporting Codes (TRC) job aid, Leave Other Paid (LOPD), state employees are paid leave for general use such as fire duty, Red Cross volunteer and civil leave when the absence is unrelated to state duties. The division should use appropriate override reason code in conjunction with this TRC to better define the reason for the absence.

The Department of Administrative Services' (DAS) General Letter 170 provides the authority for the continuation of granting time off with pay under certain circumstances not covered by statute. These circumstances include jury duty, subpoena or other order of the court, state examinations, grievances, or other conditions such as employee conventions, veterans' conventions, special closings due to weather or national events, which will be dealt with individually.

Condition:

Our review of the division's time and labor coding used during the audited period noted the prevalent use of the LOPD time recording code on timesheets. While allowed under the division's policy and memoranda issued to staff in 2007 by the chief and deputy chief state's attorneys, the ability for prosecutors to charge LOPD when case work takes them beyond their normal work schedule is contradictory to the state LOPD policy. We note that the collective bargaining agreement for the Connecticut Association of Prosecutors does not specifically allow for the earning of compensatory time. It appears the division's LOPD policy is used instead of compensatory time.

Effect:

During state fiscal years 2015 and 2016, a number of the division's prosecutors charged a combined 1,179 and 1,050 hours of LOPD to their timesheets, respectively, for time worked beyond their normal work schedules.

Cause:

It appears that the division did not consult with the Department of Administrative Services prior to developing their own policy on the use of the LOPD time recording code.

Recommendation: The Division of Criminal Justice should abolish its practice and policy on the use of the leave other paid (LOPD) time reporting code and abide by the statewide policy as identified by the Core-CT Time Reporting Code job aid and the Department of Administrative Services General Letter 170. (See Recommendation 4.)

Agency Response: “Leave Other Paid (LOPD) is used by the professional staff to document supervisory approved time away from the office. The Division (Finance, Human Resources, and Payroll Staff) will work with DAS Statewide Human Resources to determine whether an alternate code for our exclusive use for this purpose can be made available.”

Auditors’ Concluding Comments:

Since the collective bargaining agreement with the Connecticut Association of Prosecutors does not recognize the practice of “supervisory approved time away from the office” nor the issuance of compensatory time, it does not appear that any TRC code should be utilized and the practice of allowing such time off to staff should be discontinued.

Lack of Utilization of Core-CT Employee Self-Service

Criteria: The Core-CT Employee Self-Service electronic timesheet processing function was established in 2003 to assist state agencies in efficiently tracking and approving time and labor.

Condition: The Division of Criminal Justice utilizes inefficient paper-based timesheets rather than the electronic timesheet process.

Effect: By not using electronic timesheet process, the advantages of prompt monitoring and time efficiency are lost.

Some of the efficiencies gained through implementation of the electronic timesheet process include:

- Reduced paperwork for human resources units and employees.
- Less processing time needed by the payroll unit for timesheets entered under self-service, as minimal data entry is required.

- Increased transaction accuracy due to the ability of the self-service system to recognize and identify certain types of data entry errors.
- The timesheets display leave accrual and compensatory time balances for the employee's convenience. In addition, timesheet entries for accrual charges automatically notify the user if such accrued leave balance is deficient.
- Clear employee/supervisory approval of timesheets under the self-service process since timesheets are pinned rather than signed.
- Quicker accountability to determine the submission of all timesheets.
- The division can make a faster assessment whether an employee needs to submit a medical certificate or FMLA documentation.
- Employees can access their payroll history.

Cause: It appears that the division is content with their paper-based timesheet process.

Recommendation: The Division of Criminal Justice should strongly consider implementing the Core-CT Employee Self-Service electronic timesheet process in order to gain efficiencies in time and monitoring that are absent using paper-based timesheets. (See Recommendation 5.)

Agency Response: "Migrating to the Core-CT Employee Self-Service electronic timesheet process is a goal of the Division and initial planning meetings have taken place. As this project requires bargaining contract rules to be programmed, the Division has delayed implementation until contract negotiations have been completed and new labor agreements have been authorized. After that time, the planning process, training and scheduling will resume."

Outstanding 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 (imposing a general liability) 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 judgement, 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:* 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 possible.
- Condition:* We reviewed the outstanding drug asset forfeiture receivables during the audited period, which totaled \$523,457. Of this amount, we noted that \$108,247 has been receivable for at least 1 year and \$26,516 has been outstanding for more than 10 years.
- Effect:* Given the length of time of these outstanding drug asset forfeiture receivable balances, there is an increased risk for balances to be misstated and receivables to be uncollectible.
- Cause:* The length of time of these outstanding receivables 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 staffing and resources necessary to address the outstanding receivables. The division disbanded the centralized Asset Forfeiture Bureau on June 1, 2016, leaving the responsibility of addressing the cases with the division's limited fiscal staff and the staff located at the various judicial districts.
- Recommendation:* The Division of Criminal Justice should continue to review its collection procedures for drug asset forfeiture receivables to ensure

that outstanding receivables are being properly addressed. (See Recommendation 6.)

Agency Response: “As the Auditors correctly pointed out above, staffing limitations and lack of compliance by local law enforcement agencies have hindered the Division’s ability to address its outstanding receivables. However, the Fiscal Office has made it a priority to work on reducing its older receivables, as well as working with local police departments to submit forfeited monies to the Division in a timely manner. Regarding the outstanding receivable amounts in the Auditors “Condition” paragraph above – of the \$26,516 outstanding for more than 10 years, \$14,734 or 55.6% is in the process of being settled in Fiscal Year 2017. The \$108,247 in receivables outstanding over 1 year, \$54,691 or 50.5% is no longer outstanding to date.”

Lost Equipment Not Removed from Inventory

Criteria: Chapter 8 – Adjustments and Insurance Recoveries to Real and Personal Property of the State Property Control Manual establishes procedures for state agencies in the event that assets are lost, damaged, or stolen. Immediately upon discovery, state agencies are required to submit Form CO-853 to the Office of the State Comptroller and the Auditors of Public Accounts. In addition, when the division reports an asset as stolen or missing, an adjustment must be made to retire the asset in the Core-CT Asset Management module.

Condition: Our review of 15 capital assets the division reported missing during the audited period noted that 13 of these assets, with a total cost of \$27,224, were not retired in the Core-CT Asset Management module.

Effect: The division overstated its asset inventory records, because it did not remove the missing equipment.

Cause: During the audited period, the division used both a Microsoft Access Database and the Core-CT Asset Management module to manage its inventory. At the time that the division discovered the losses, it was in the process of switching solely to Core-CT, and it appears that the reported losses were not retired in the Core-CT Asset Management module.

Recommendation: The Division of Criminal Justice should comply with the State Property Control Manual by ensuring that assets reported missing

are promptly retired in the Core-CT Asset Management module. (See Recommendation 7.)

Agency Response: “The Division made the decision during the period under audit to solely utilize the CORE-CT Asset Management module. The Division has now fully migrated to utilizing one system. During the transition period, numerous inconsistencies were detected and missing assets that were not supported with proper authorization of disposal were properly reported to the Office of the State Comptroller and the Auditors of Public Accounts in a timely manner. The small number (13) of assets not retired and detected by the Auditors have since been retired in CORE.”

Software Inventory Deficiencies

Criteria: In accordance with Chapter 7 - Software Inventory Control Policy and Procedures of the State Property Control Manual, a software inventory must be established to track and control all software media and licenses. The software inventory report must be produced on an annual basis and agencies must have an inventory record for all licensed, owned, and agency developed software. A physical inventory of the software library should be conducted at the end of each fiscal year and compared to the annual software inventory report. This comparison is to be retained by the agency for audit purposes.

Condition: The division created a software inventory database using Microsoft SharePoint that was implemented beginning in March 2017. As of April 10, 2017, it contained 126 software items. At that time, the division was still in the process of populating the database with software licenses, and provided a separate listing of 143 items. Our review noted that the division did not enter 140 of those items into the SharePoint database.

The division did not perform an annual physical software inventory during the audited period.

Effect: The division did not properly maintain or monitor software records, increasing the risk that it is not properly accounting for or reporting its software purchases.

Cause: The division has not finished populating the new database and has numerous video players and codec packs that are required for the large variety of file types received during cases, making it difficult and time-consuming to perform a physical software inventory.

Recommendation: The Division of Criminal Justice should ensure that it maintains and reports its software inventory records in accordance with the State Property Control Manual. (See Recommendation 8.)

Agency Response: “The Division of Criminal Justice will continue to populate its software inventory in the SharePoint database. In the past, software that had no cost associated with it was kept in a separate file. These SharePoint entries will include, as it does now, all software purchased and will also include software installed on devices that have no cost. This new SharePoint database contains all of the information that is required to comply with Chapter 7 - Software Inventory Control Policy and Procedures of the State Property Control Manual.”

Improper Documentation of Vehicle Usage

Criteria: Section 407 of the division’s Administrative Policies and Procedures Manual details the division’s reporting policy over assigned and pool vehicle usage. 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: We reviewed 39 monthly vehicle usage reports for 10 pool vehicles, covering the period January to June 2016, and noted the following:

- In 5 instances, a usage report was not completed although the division’s vehicle sign-out log showed that the vehicle was used. In 3 instances, no usage reports were filed for the month that the vehicle was used. In the other 2 instances, usage reports were filed for each individual use. However, 2 additional uses were noted with no associated report filed.
- Three usage reports did not contain sufficient information, such as beginning or daily mileage, to determine whether the mileage reported for that month was accurate or reasonable.
- 479 miles of use was not adequately supported on vehicle usage reports.

- Effect:* While the number of exceptions decreased from the previous audit cycle, the division did not comply with its established policies and procedures regarding state-owned vehicles. There is decreased assurance that vehicle use is only for appropriate state business.
- Cause:* It does not appear that the division had fully implemented its corrective action from the prior audit.
- Recommendation:* The Division of Criminal Justice should continue to strengthen its internal controls over state-owned vehicles by monitoring to ensure compliance with established policies and procedures and thus, that state resources are being used efficiently. (See Recommendation 9.)
- Agency Response:* “The oversight of use of all state property, including vehicles, is a priority. With the ongoing reduction of support personnel, more staff responsibilities are being added to remaining administrative personnel. This is particularly true in the area of the fleet. Email reminders, signage placed outside of the fleet office and written instructions are present in each spare vehicle directing every driver to complete a Monthly Vehicle report when a vehicle is used. The Division is committed to continuing its efforts to properly document usage of fleet vehicles.”

RECOMMENDATIONS

Our prior report on the Division of Criminal Justice contained 6 recommendations, of which, 5 will be modified and repeated.

Status of Prior Audit Recommendations:

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

This recommendation is modified and repeated to reflect the current finding. (See Recommendation 1.)

- **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.**

This recommendation is modified and repeated to reflect the current finding. (See Recommendation 2.)

- **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.**

This recommendation is modified and repeated to reflect the current finding. (See Recommendation 6.)

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

This recommendation is modified and repeated to reflect the current finding. (See Recommendation 8.)

- **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.**

This recommendation is modified and repeated to reflect the current finding. (See Recommendation 9.)

- **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.**

This recommendation has been resolved.

Current Audit Recommendations:

- 1. The Division of Criminal Justice should continue to ensure that annual service ratings are completed and submitted in a timely fashion in accordance with collective bargaining unit contracts.**

Comment:

We continued to find instances in which the division did not complete annual service ratings in a timely manner. We also noted that the division awarded an annual increase to an employee without proper documentation in place.

One service rating did not have the approving signature of the deputy chief state's attorney.

- 2. The Division of Criminal Justice should continue to improve its monitoring of employee medical leave to ensure that employees report their absences on time and the division adequately documents those absences in accordance with the various collective bargaining agreements, Section 5-247-11 of the Regulations of Connecticut State Agencies, and the division's sick leave policy.**

In addition, the division should clarify its sick leave policy to indicate the specific medical certificate form prescribed by the Commissioner of Administrative Services for statewide use.

Comment:

The division did not have the prescribed medical certificates on file for 5 out of 10 employees reviewed with 6 or more consecutive days of sick leave charged.

- 3. The Division of Criminal Justice should abide by Executive Order 27-A by not rehiring retirees for more than two 120-day periods.**

Comment:

The division repeatedly rehired retired employees well beyond the two 120-periods designated by executive order. We found that 9 out of 11 rehired retirees worked for more than two 120-day periods.

- 4. The Division of Criminal Justice should abolish its practice and policy on the use of the leave other paid (LOPD) time reporting code and abide by the statewide policy as identified by the Core-CT Time Reporting Code job aid and the Department of Administrative Services General Letter 170.**

Comment:

We noted the extensive use of the LOPD time reporting code on employee timesheets. The charges made to the code were evidently for time earned by prosecutors working on cases beyond their normal work schedules. While the use of the LOPD time code is in accordance with division policy, state policy does not allow it.

- 5. The Division of Criminal Justice should strongly consider implementing the Core-CT Employee Self-Service electronic timesheet process in order to gain efficiencies in time and monitoring that are absent using paper-based timesheets.**

Comment:

The division currently uses an inefficient, time-consuming paper-based timesheet process.

- 6. The Division of Criminal Justice should continue to review its collection procedures for drug asset forfeiture receivables to ensure that outstanding receivables are being properly addressed.**

Comment:

Of \$523,457 in drug asset forfeiture receivables, \$108,247 (21%) has been receivable for at least 1 year, and \$26,516 (5%) has been receivable for more than 10 years.

- 7. The Division of Criminal Justice should comply with the State Property Control Manual by ensuring that assets reported missing are promptly retired in the Core-CT Asset Management module.**

Comment:

Of 15 capital assets that the division reported missing, 13 of these items, with a total cost of \$27,224, were not retired on the Core-CT Asset Management module.

- 8. The Division of Criminal Justice should ensure that it maintains and reports its software inventory records in accordance with the State Property Control Manual.**

Comment:

140 software items were not recorded in the software inventory database.

- 9. The Division of Criminal Justice should continue to strengthen its internal controls over state-owned vehicles by monitoring to ensure compliance with established policies and procedures and thus, that state resources are being used efficiently.**

Comment:

A number of monthly vehicle usage reports for pool vehicles were either not available or incomplete.

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.



Dennis R. Collins Jr.
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor