

STATE OF CONNECTICUT



*AUDITORS' REPORT
STATE ELECTIONS ENFORCEMENT COMMISSION
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2005*

AUDITORS OF PUBLIC ACCOUNTS

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April 16, 2008

**AUDITORS' REPORT
STATE ELECTIONS ENFORCEMENT COMMISSION
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2005**

We have made an examination of the financial records of the State Elections Enforcement Commission for the fiscal years ended June 30, 2004 and 2005. This report consists of the Comments, Recommendation and Certification, which follow.

Financial statement presentation and auditing are done on a Statewide Single Audit basis to include all State agencies. This audit examination has been limited to assessing the State Elections Enforcement Commission's compliance with certain provisions of financial related laws, regulations, contracts and grants, and evaluating the internal control structure policies and procedures established to insure such compliance.

COMMENTS

FOREWORD:

The statutory authorizations and membership of the Commission are presented as follows:

Authorization: Sections 9-7a and 9-7b of the General Statutes.

Commission membership consists of five members appointed with the consent of the General Assembly. Members are appointed by the Minority Leader of the House of Representatives, the Minority Leader of the Senate, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Governor. As of June 30, 2005, the members were as follows:

Stephen F. Cashman, Chairman
Tracey Green Cleary
Santa Mendoza
Joan B. Jenkins
Audrey D. Brett

Officers:

During the audited period, Jeffrey B. Garfield continued to serve as Executive Director and General Counsel to the State Elections Enforcement Commission.

Legislative Changes:

Legislative changes that took effect during the audited period are presented below:

- Public Act 03-223, Section 2, addresses initiation and completion, by the State Elections Enforcement Commission, of audits of committees of candidates seeking election, when such audits are not the result of a complaint. This Act became effective July 1, 2003.
- Section 53 of Public Act 03-241, effective January 1, 2004, and for primaries and elections thereafter, authorizes penalties for violations of subsections 404a through 404c of Section 9 of the Connecticut General Statutes.
- Effective July 1, 2003, Section 65 of Public Act 03-241 authorizes the Commission to order suspension of the political activities of a party committee or political committee for certain infractions.
- Section 4 of Public Act 04-74 gives the Commission the authority to receive and determine complaints and issue orders to enforce the Federal Help America Vote Act, and became effective May 10, 2004.

RÉSUMÉ OF OPERATIONS:

Overview:

The State Elections Enforcement Commission is in the executive branch of government. The Executive Director/General Counsel of the State Elections Enforcement Commission is appointed by the Commission and is a "classified" employee and subject to the civil service rules.

A brief overview of the activities of the Agency is presented here. The following overview is not intended to be all inclusive of the activities and powers of this Agency; interested readers are advised to consult other authoritative sources for complete descriptions of the Commission.

The Commission investigates complaints of possible violations of State laws concerning elections, primaries and referenda. The Commission can levy civil penalties against those found in violation of the laws.

Audits of financial disclosure statements from candidates for elective office are performed by the Commission to check for compliance with campaign financing laws. The Commission performs other duties as statutorily empowered, including rendering legal advice on the requirements of the campaign finance laws.

The Commission also conducts seminars and provides information to various individuals on the requirements of the campaign laws.

General Fund Receipts:

A Summary of General Fund receipts during the fiscal years ended June 30, 2004 and 2005, is presented below:

| | <u>2003-2004</u> | <u>2004-2005</u> |
|------------------------------------|------------------|------------------|
| Civil Penalties | \$ 75,106 | \$68,160 |
| Forfeitures | 32,781 | 0 |
| Other | <u>50</u> | <u>941</u> |
| Total General Fund Receipts | <u>\$107,937</u> | <u>\$69,101</u> |

Penalties, which are assessed for violations, and forfeitures of prohibited contributions are subject to fluctuation; they depend on the number and gravity of complaints received by the Commission. The Agency reported 192 case dispositions in fiscal year 2003-2004, and 266 case dispositions in fiscal year 2004-2005.

General Fund Expenditures:

General Fund expenditures during the fiscal years ended June 30, 2004 and 2005, are presented below:

| | <u>2003-2004</u> | <u>2004-2005</u> |
|--|------------------|------------------|
| Personal Services | \$711,558 | \$856,116 |
| Contractual Services | 57,920 | 54,603 |
| Commodities | 15,119 | 15,294 |
| Sundry Charges | 144 | 0 |
| Equipment | <u>1,305</u> | <u>4,000</u> |
| Total General Fund Expenditures | <u>\$786,046</u> | <u>\$930,013</u> |

During the audited period, approximately 91 percent of expenditures in the fiscal year ended June 30, 2004, and 92 percent in the fiscal year ended June 30, 2005, consisted of personal services costs. Expenditures for contractual services accounted for approximately seven and six percent of expenditures during the audited years, respectively. The majority of these expenditures were for the leasing of personal property, fees for outside professional services, out-of-State travel, telecommunications services, and postage.

Other Special Revenue Funds:

In addition to the General Fund expenditures outlined above, there were expenditures from the Capital Equipment Purchases Fund. These expenditures, all for computer hardware, totaled \$3,292 and \$18,092 in fiscal years ended June 30, 2004 and 2005, respectively.

Subsequent Events:

Public Act 05-5 of the October 25, 2005, Special Session of the Connecticut General Assembly established the Citizens Election Program, which provides public grants to qualified candidates for the General Assembly and statewide office. The Act established the Citizens' Election Fund to fund this program, making \$17 million available for the program in the fiscal year ending June 30, 2006, and \$16 million in the fiscal year ending June 30, 2007. In subsequent fiscal years, the amount of funding will be the same as the prior fiscal year's funding, adjusted in accordance with any change in the consumer price index for all urban consumers. The State Elections Enforcement Commission has been charged with administering the program. To this end, the Act authorized up to \$2 million to cover the Commission's costs during fiscal year ending June 30, 2006, and up to \$1 million to cover the Commission's costs in each subsequent fiscal year.

The Commission is also required to establish a pilot program for public funding for municipal campaigns. In addition, the Commission is now the repository for the campaign finance statements for candidates for statewide office, the General Assembly and judge of probate, as well as for political action committees and political party committees. This responsibility was formerly held by the Office of the Secretary of the State.

To accomplish its added responsibilities, it has been necessary for the Agency to increase its staffing, from 13 employees at June 30, 2005, to 34 employees at November 30, 2007. This is an increase of over 160 percent. An additional 15 full-time positions have been approved, but have not yet been filled. When all positions are filled, staffing will have increased nearly 300 percent.

CONDITION OF RECORDS

Our examination of the records of the State Elections Enforcement Commission revealed the following matter requiring disclosure and attention.

Noncompliance with State-wide Personnel Policies:

Criteria: Section 5-248i, sub-section (a) of the Connecticut General Statutes authorizes the Commissioner of Administrative Services to develop and implement guidelines for telecommuting and work-at-home programs where such arrangements are determined to be cost effective. Sub-section (b) requires the approval of the Commissioner of Administrative Services for any employee who wishes to participate in such an arrangement.

The managerial personnel policies effective during the audit period, specifically MPP 80-1, state that compensatory time earned “must be significant in terms of total and duration,” and that the number of extra hours worked and the compensatory time taken must be recorded on the appropriate time sheet. The State Manager’s Guide further elaborates on the matter of minimum time that may be considered for earning compensatory time: “This would not include the extra hour or so a manager might work in a day.”

Condition: On 14 occasions during the audited period, an employee in the managerial pay plan recorded compensatory time earned in increments of less than two hours. Six of these were in increments of one hour or less.

An employee on leave during the audited period was allowed to work at home during the period of the leave, and was paid for those hours. Although the total time worked in this arrangement was just over 25 hours, it represents a work-at-home arrangement. The Agency did not obtain the approval of the Commissioner of Administrative Services for this work-at-home arrangement.

Effect: Accrual of compensatory time in increments of less than “an hour or so,” is a violation of then-current Managerial Personnel Policy 80-1, and the Managers’ Guide.

The unapproved work-at-home arrangement is a violation of section 5-248i of the Connecticut General Statutes.

Cause: We were unable to determine a cause for these deficiencies.

Recommendation: Management of the State Elections Enforcement Commission should ensure that State personnel policies are implemented, particularly as they relate to earning compensatory time and to

obtaining the approval of the Commissioner of Administrative Services for certain personnel activities. (See Recommendation 1.)

Agency Response:

“The SEEC accepts the finding and will ensure that the DAS compensatory time policies will be strictly adhered to, and that any work at home arrangement is previously approved by DAS.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report, for the 2001-2002 and 2002-2003 fiscal years contained no recommendations applicable to the State Elections Enforcement Commission.

Current Audit Recommendation:

- 1. Management of the State Elections Enforcement Commission should ensure that State personnel policies are implemented, particularly as they relate to earning compensatory time and to obtaining the approval of the Commissioner of Administrative Services for certain personnel activities.**

Comment:

The Agency allowed a manager in the managerial pay plan to accrue compensatory time in increments of less than two hours on 14 occasions during the audited period. In addition, one employee was allowed to work at home while on leave without the approval of the Commissioner of Administrative Services for such work-at-home arrangement.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes, we have audited the books and accounts of the State Elections Enforcement Commission for the fiscal years ended June 30, 2004 and 2005. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants and to understanding and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the State Elections Enforcement Commission for the fiscal years ended June 30, 2004 and 2005, are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with 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 State Elections Enforcement Commission complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grants and to obtain a sufficient understanding of the internal controls to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Compliance:

Compliance with the requirements of laws, regulations, contracts and grants applicable to the State Elections Enforcement Commission is the responsibility of the management of that Agency.

As part of obtaining reasonable assurance about whether the Agency complied with laws, regulations, contracts and grants, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the Agency's financial operations for the fiscal years ended June 30, 2004, and 2005, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

The management of the State Elections Enforcement Commission is responsible for establishing and maintaining effective internal controls over financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts and grants applicable to the Agency. In planning and performing our audit, we considered the Agency's internal controls over financial operations, safeguarding of assets, and compliance with requirements that could have a material or significant effect on the Agency's financial operations

in order to determine our auditing procedures for the purpose of evaluating the State Elections Enforcement Commission's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the internal controls over those control objectives.

Our consideration of the internal controls over the Agency's financial operations and over compliance would not necessarily disclose all matters in the internal controls that might be material or significant weaknesses. A material or significant weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants or failure to safeguard assets that would be material in relation to the Agency's financial operations or noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions by the Agency being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal controls that we consider to be material or significant weaknesses.

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

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies extended to our representatives by the personnel of the State Elections Enforcement Commission during this examination.

Laura Rogers
Associate Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts