

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
STATE ELECTIONS ENFORCEMENT COMMISSION  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2009, 2010 AND 2011*

**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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November 18, 2013

**AUDITORS' REPORT  
STATE ELECTIONS ENFORCEMENT COMMISSION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009, 2010, AND 2011**

We have examined the financial records of the State Elections Enforcement Commission (SEEC) for the fiscal years ended June 30, 2009, 2010, and 2011. This report on that examination consists of the Comments, Recommendations and Certification that 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 ensure such compliance.

**COMMENTS**

**FOREWORD:**

The State Elections Enforcement Commission operates by the authority of Sections 9-7a and 9-7b of the Connecticut 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, 2011, the commissioners were Richard C. Bozzuto, Stephen F. Cashman, chairman, Anthony J. Castagno, Joan B. Jenkins, and Patricia Stankevicius. Michael J. Dolan and Teresa B. Gerratana also served as commissioners during the audited period.

Jeffrey B. Garfield served as the executive director and general counsel of the State Elections Enforcement Commission until July 1, 2009. Albert P. Lenge was appointed to this position effective October 23, 2009 and served for the remainder of the audited period.

**Significant Legislative Changes:**

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

Public Act 09-03 of the June Special Session, transferred from the Citizens' Election Fund to the General Fund, \$18,000,000 and \$7,000,000 for fiscal years June 30, 2010 and 2011, respectively. This public act also rescinded previous allocations of \$2,300,000 from the General Fund to the Citizens' Election Fund for administrative costs in fiscal years June 30, 2010 and 2011. Instead, the budget included an appropriation to support these administrative costs.

**RÉSUMÉ OF OPERATIONS:**

**Overview:**

The State Elections Enforcement Commission is in the executive branch of government. The position of executive director and general counsel is appointed by the commission and is a classified employee subject to the civil service rules.

The State Elections Enforcement Commission is charged with overseeing the state's election laws. The commission investigates alleged violations of the statutes pertaining to elections, primaries, and referenda, and is empowered to hold hearings, subpoena witnesses, require production of records and issue orders. The commission can levy civil penalties against those found to be in violation of laws.

The State Elections Enforcement Commission is also responsible for administering the Citizens' Election Program. This program provides public grants to qualified candidates for the General Assembly and statewide office. The State Elections Enforcement Commission is the state campaign finance filing repository for all past and present campaign finance records for party, political and candidate committees organized for state elections. The agency also developed and now operates an on-line filing system for those required to file their reports with the commission.

Audits of financial disclosure statements from candidates for elective office are performed by the commission to check for compliance with campaign finance laws. The commission performs other duties as statutorily empowered, including rendering 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 state's campaign laws.

**General Fund Receipts:**

A summary of General Fund receipts during the fiscal years ended June 30, 2009, 2010, and 2011, is presented below:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Civil Penalties	\$63,657	\$18,815	\$27,495
General Forfeitures	13,617	2,387	3,365
Late Filing Fees	30,000	14,625	34,375
Other	<u>0</u>	<u>112</u>	<u>2,114</u>
<b>Total General Fund Receipts</b>	<b><u>\$107,274</u></b>	<b><u>\$35,939</u></b>	<b><u>\$67,349</u></b>

According to the Digest of Administrative Reports, the number of new cases investigated by the agency's investigation and enforcement unit was 199, 185, and 116 for the 2009, 2010 and 2011 reports, respectively. Revenue resulting from these investigations decreased significantly from fiscal year ended 2009 to 2010.

### **General Fund Expenditures:**

General Fund expenditures during the fiscal years ended June 30, 2009, 2010, and 2011, are presented below:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Personal Services	\$ 1,460,975	\$3,583,680	\$3,794,399
Purchased and Contracted Services	<u>251,872</u>	<u>385,323</u>	<u>402,252</u>
<b>Total General Fund Expenditures</b>	<b><u>\$1,712,847</u></b>	<b><u>\$3,969,003</u></b>	<b><u>\$4,196,651</u></b>

General Fund personal service expenditures increased by \$2,122,705 in fiscal year 2010. This increase was due to the passage of Public Act 09-03 of the June Special Session, effective September 9, 2009, which eliminated the authority of the commission to deduct administrative costs from the Citizens' Election Fund. As a result, these costs were transferred to the General Fund. We found that these costs were associated with 33 positions at the commission.

### **Special Revenue Funds – Federal and Other Restricted Accounts:**

The Citizens' Election Fund is non-lapsing. It is funded primarily from proceeds from the sale of unclaimed property in the state's custody. In compliance with subsection (a) (2) of Section 3-69a of the Connecticut General Statutes, the State Treasurer transfers the required amount to the Citizens' Election Fund, which is restricted for the expenditures of the Citizens' Election Program. The fund balance was \$43,001,740 at June 30, 2009, \$40,105,894 at June 30, 2010, and \$8,448,010 at June 30, 2011. The fund balance as of June 30, 2011, was significantly less than the previous year because budgeted funds were decreased due to transfers to the General Fund as mentioned above. Receipts during the audited period, including the required transfers, are summarized below.

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	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Transfer from General Fund	\$17,940,100	\$18,191,261	\$18,373,174
Interest	670,256	159,392	54,606
Contributions to Fund	<u>183,427</u>	<u>81,123</u>	<u>252,308</u>
<b>Total Citizens' Election Fund Receipts</b>	<u>\$18,793,783</u>	<u>\$18,431,776</u>	<u>\$18,680,088</u>

The decrease in interest earnings is due to the decrease in the interest rate. Contributions to the fund are the result of increased campaign activity.

A comparison of Special Revenue Fund expenditures for the audited period, as reported by the State Comptroller, is presented below.

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Personal Services	\$2,310,617	\$122,994	\$0
Purchased and Contractual Services	438,998	0	0
Grants	<u>7,470,075</u>	<u>3,248,335</u>	<u>23,361,389</u>
<b>Total Citizens' Election Fund Expenditures</b>	<u>\$10,219,690</u>	<u>\$3,371,329</u>	<u>\$23,361,389</u>

Personal services and purchased and contractual services expenditures decreased in the 2009-2010 and 2010-2011 years. As stated above, Public Act 09-03 of the June Special Session, effective September 9, 2009, eliminated the authority of the commission to deduct administrative costs from the Citizens' Election Fund and transferred those costs to the General Fund. Variations in grant expenditures are dependent on the election cycle. The 2010-2011 fiscal year included the election for Governor and constitutional officers, causing a significant increase in the disbursement of grant funds.

**Green Party of Connecticut v. Garfield:**

On August 27, 2009, in the United States District Court, District of Connecticut, the state was ordered to cease operating and enforcing the Citizens' Election Program. The judge in this case found that parts of the Citizens' Election Program unconstitutionally burden minor parties and minor party candidates' Fourteenth Amendment rights to political opportunity and their First Amendment speech rights. This decision was appealed by the state and a stay allowed the program to operate until the appeal was decided. The U.S. Court of Appeals for the Second Circuit considered the appeal and reversed in part and affirmed in part the decision of the lower court. The United States Supreme Court denied hearing petitions for this case.

**Subsequent Events:**

Public Act 11-48, An Act Implementing Provisions of the Budget Concerning General Government, which passed during the 2011 regular session, effective July 1, 2011, established the

Office of Governmental Accountability (OGA), which consolidated the State Elections Enforcement Commission with eight other governmental agencies. These other agencies included the Office of State Ethics, the Freedom of Information Commission, the Judicial Review Council, the Judicial Selection Commission, the Board of Firearms Permit Examiners, the Office of the Child Advocate, the Office of the Victim Advocate, and the State Contracting Standards Board. The act merged and consolidated within the Office of Governmental Accountability, the nine existing agencies' personnel, payroll, affirmative action, administrative, and business office functions. As a result of the consolidation, the State Elections Enforcement Commission ceased to exist as a separate and distinct state agency, though its independent decision-making authority remains unimpaired.

## CONDITION OF RECORDS

Our review of State Elections Enforcement Commission records revealed the following areas that require improvement.

### **Payroll and Personnel - Noncompliance with Statewide Personnel Policies:**

*Criteria:* Managerial Personnel Policy 06-02 allows managers to earn compensatory time when advance written authorization is received, the time is significant in duration, and the employee works in an approved location.

The State Elections Enforcement Commission requires that managers complete Compensatory Time Authorization for Managers forms to document the reason for the compensatory time, obtain prior authorization by the executive director for the use of compensatory time, and document the time was actually worked for the stated purpose.

The commission's Compensatory Time Authorization for Bargaining Unit Employees form requires the employee's manager to authorize compensatory time prior to the work beginning and later verify that the hours were worked. The original document must be submitted to the business office.

*Condition:* We reviewed compensatory time earned and used for the period of July 1, 2010 through June 30, 2011. We chose this time period because this issue was the subject of a prior audit finding and the time period was after the date of the last audit report issued on May 20, 2010. We found that the agency was still not in compliance with Managerial Personnel Policy 06-02 or its own policy requiring the preparation of compensatory time forms for managers and bargaining unit employees. Specifically, we found the following for numerous dates for several employees:

- Compensatory Time Authorization for Managers forms for five managers were not provided to us. The total number of days these managers earned compensatory time for which there was no form on file was 81 days.
- Compensatory Time Authorization for Bargaining Unit Employees forms for 14 employees were not provided to us. The total number of days these employees earned compensatory time for which no form was available was 213 days.

- We found six instances in which the authorization for compensatory time on Compensatory Time Authorization for Bargaining Unit Employees forms was after the compensatory time was earned.
- We found five instances for one employee and one instance for another employee in which the Compensatory Time Authorization for Bargaining Unit Employees form was signed by the supervisor, but not dated.
- We found that one bargaining unit employee received a blanket approval for compensatory time; however, there was no verification on the Compensatory Time Authorization for Bargaining Unit Employees form that the time was actually worked.
- We found that three managers and the executive director had earned compensatory time of less than two hours on weekend days. We requested that the agency inform us of the work location of these employees on these days, but the agency did not provide us with this information. As mentioned above, these managers also did not have the required Compensatory Time Authorization for Managers form on file.
- Sixteen employees in our sample, including the three managers and the executive director mentioned above, worked on a Saturday, Sunday, or holiday. We requested that the agency provide us with documentation of work location so that we could determine if the location was not at the office, whether a telecommuting arrangement was in place or should have been in place. We were not provided with this documentation.

*Effect:*

There is a lack of compliance with Managerial Personnel Policy 06-02 because we were unable to determine whether compensatory time was approved in advance. There is a lack of compliance with agency policy and procedures requiring that compensatory time be authorized in advance and approved as earned. Although establishment of a form for the authorization of compensatory time is a good control, the control is not valid unless properly utilized.

We were unable to determine whether telecommuting agreements should have been in place because we were not provided with the work location of the employees in question.

*Cause:*

The agency's response from our prior audit indicated that prior written approval would be obtained for managers seeking compensatory time. We have not found any indication that this

recommendation was implemented for managers. We are unable to identify a cause for these deficiencies, since many of the employees involved no longer work for the agency.

*Recommendation:* The State Elections Enforcement Commission should require that agency personnel responsible for authorizing and managing compensatory time become familiar and comply with state and agency requirements for compensatory time. (See Recommendation 1.)

*Agency Response:* "SEEC has fixed the process for approval of managerial compensatory time so that all requests are pre-authorized and subsequently confirmed by the Executive Director and General Counsel."

### **Payroll – Other Payments**

*Criteria:* Section 5-252 of the General Statutes states that any state employee leaving state service shall receive a lump sum payment for accrued vacation time. Sound business practice requires that overpayments be corrected.

Longevity payments should be paid to employees who have eligible service time. Eligible war service time for longevity purposes is defined in Section 27-103(a)(4) of the General Statutes.

*Condition:* We found two employees whose lump sum payments for accrued vacation time were inaccurate. One employee who retired received an overpayment of \$375. Another employee who left state service was overpaid \$564.

We found that an employee was not paid four longevity payments for which he was due and was overpaid for two payments that he did receive. The employee had war service that counted toward longevity service time when he was first hired that made him immediately eligible to receive a longevity payment. The net effect of these errors was the employee was underpaid \$496.

*Effect:* Overpayments were made to two employees who left state service and another employee was not paid for longevity for which he was due.

*Cause:* While the employee who retired received the correct payment for sick leave at termination, that same hourly rate was not applied to the employee's vacation balance. The other employee was given an accrual for her last month even though she left state service prior to

the end of the month. The employee who performed these calculations no longer works for the agency.

We were informed that the employee did not provide documents for military service when he was first hired. It appears that the employee provided the documents two years after he began state service. Agency personnel then paid him his longevity payment, but did not make a retroactive payment for longevity owed. Agency personnel also did not calculate his war service time properly. As a result, the employee was credited with more war service time than allowed by General Statute Section 27-103 and received his 20th year payment before it was due to him resulting in two overpayments.

*Recommendation:* The State Elections Enforcement Office should seek reimbursement for the overpayments of termination pay made to two employees and provide another employee with his proper longevity payment. (See Recommendation 2.)

*Agency Response:* "SEEC has authorized proper payment for the employee who has underpaid longevity amounts due to him."

*Auditors' Concluding Comments:* SEEC should also make an effort to collect the overpayments of vacation time from the two employees.

### **Payroll and Personnel – Dual Employment**

*Criteria:* Section 5-208a of the General Statutes states that no state employee shall be compensated for services rendered to more than one state agency during a biweekly pay period unless the appointing authority of each agency or his designee certifies that the duties performed are outside the responsibility of the agency of principal employment, that the hours worked at each agency are documented and reviewed to preclude duplicate payment and that no conflicts of interest exist between services performed.

*Condition:* One employee's dual employment request form did not cover the entire period of his employment at the secondary agency and was signed off by his agency but not the secondary agency. The period covered by the partially completed dual employment form was July 1, 2009 through December 7, 2009. Core-CT shows this employee as a part-time lecturer from August 2, 2005 through December 7, 2009, and January 14, 2011 through December 1, 2011.

Another employee did not have a dual employment request form on file for the audited period. Core-CT showed this employee as a part-time lecturer during the entire audited period.

*Effect:* In the absence of proper monitoring and guidance regarding dual employment arrangements, duplicate payments and conflicts of interest may go undetected.

*Cause:* We were unable to determine why proper procedures were not followed for dual employment.

*Recommendation:* The State Elections Enforcement Commission should comply with Section 5-208a of the General Statutes with regard to dual employment (See Recommendation 3.)

*Agency Response:* "SEEC has remedied this paperwork and the two employees who are lecturers at CT Community Colleges have the appropriate paperwork on file."

#### **Self-Service Time and Attendance**

*Criteria:* Employees are allowed to enter their timesheet information into Core-CT. A designated approver then verifies and approves the time entry. If there are exceptions, either the employee or the payroll department may make a correction.

*Condition:* Our review of the report of compensatory time earned and used found many instances in which employee compensatory time earned appeared to be added then subtracted in the same pay period. A further review found that once a timesheet was approved for the pay period, agency personnel overrode that approval and made changes that did not reflect the employee's actual work time. In one example, an employee with an eight-hour work day schedule entered six regular hours on one day and ten regular hours the following day. Agency personnel changed the employee's schedule to eight regular hours for both days. The proper entry should have been six regular hours and two hours compensatory time used for one day and eight regular hours and two hours compensatory time earned for the other day.

*Effect:* Time and attendance records do not reflect actual time at the office.

*Cause:* The State Elections Enforcement Commission began to use the self-service feature of Core-CT toward the end of the first year of the audited period. It appears that both the employee and supervisor were not properly trained on how to code the timesheet. Agency personnel

changed the employee's timesheet so that it agreed with the work schedule of the employee.

*Recommendation:* The State Elections Enforcement Commission should ensure that actual time worked is properly reflected on employee time records. (See Recommendation 4.)

*Agency Response:* "SEEC will continue to monitor this area and provide additional training to employees as needed."

**Purchasing, Receiving, and Expenditures – Missing Purchasing Documentation:**

*Criteria:* The State Accounting Manual requires that an "agency employee must certify the accuracy and completeness of expenditure documents; determine that the payment has a receipt document and purchase order/contract; and ensure that the payment is made from an original vendor invoice, not a statement."

*Condition:* In one instance, in our test of 25 expenditures, we found that for a three-year service contract for the Dell Power Edge 6850 server in the amount of \$2,519, the expenditure request form, invoice, and a copy of the voucher could not be located.

In a separate test, the agency could not provide us with adequate documentation for an expenditure of \$2,500 to a company that was to provide online training services. The agreement between the agency and the company was marked as confidential and proprietary. It was signed by the executive director and an invoice was dated the day after the signature of the executive director. However, the invoice was not paid until several months later. The service agreement stated that when an employee completed an assigned training program, the employee would be issued a certificate of completion. We asked which employees received the training services under this agreement and were not provided with documentation to support this payment.

*Effect:* The State Elections Enforcement Commission did not comply with requirements of the State Accounting Manual.

It could not be determined whether the online training services were ever used by any employees.

*Cause:* There were no effective controls in place.

The employees involved with the payment of the invoice for on-line services are no longer at the agency.

*Recommendation:* The State Elections Enforcement Commission should develop and adhere to sound internal control policies that include documentation of the receipt of goods and services and process expenditures in accordance with the State Accounting Manual. (See Recommendation 5).

*Agency Response:* “SEEC will work with OGA fiscal personnel to remedy this situation in the future.”

**Purchasing, Receiving, and Expenditures – Lack of Documents for Purchasing Cards:**

*Criteria:* The Office of the State Comptroller and State Elections Enforcement Commission purchasing card procedures require that an expenditure request form be completed by the cardholder and signed by the supervisor before a purchase is made and the actual receipt or packing slip is signed by the cardholder upon completion of the purchasing card statement review.

*Condition:* We reviewed 25 transactions during the audited period, of which nine were purchasing card transactions. Our review disclosed the following:

- For one transaction, the purchasing card log sheet (CO-501) was not signed by the card holder and supervisor.
- For four transactions, the expenditure request form was not on file.
- For two transactions, the cardholder statement was not signed by the cardholder and supervisor.

The total amount of these transactions, lacking proper authorization, was \$11,968.

*Effect:* Purchasing card procedures were not followed, increasing the possibility of unauthorized and unnecessary expenditures. The agency is not in compliance with the requirements for use of purchasing cards. These expenditures demonstrate the potential for abuse of the state’s purchasing regulations and policies.

*Cause:* The agency has not adequately communicated and enforced the state’s purchasing card policies.

*Recommendation:* The State Elections Enforcement Commission should become familiar with and enforce the state’s regulations and policies governing the use of purchasing cards. (See Recommendation 6).

*Agency Response:* “SEEC has remedied these issues with OGA fiscal staff and will verify purchasing card procedures with necessary staff.”

**Receipts – Late Deposits:**

*Background:* Due to the manner deposits are processed in the Core-CT accounting system, it is not possible for receipts to be fully recorded within 24 hours of receipt. On a daily basis, the bank deposit information is entered into Core-CT through an interface between the bank and the state. The bank enters the date based on the actual physical deposit of the receipts at the bank. The entered date recorded in Core-CT represents the date the deposit information was loaded into the system and was ready to be recorded by the agency. The posted date in Core-CT represents the date the agency recorded the receipts on the general ledger. To be in compliance with section 4-32 of the General Statutes, the posted date should be no later than one day after the entered date.

*Criteria:* Section 4-32 of the Connecticut General Statutes requires that receipts totaling \$500 be deposited within 24 hours of receipt.

The Office of the State Treasurer January 6, 2006 Memorandum on Deposit Reporting Timeframes requires agencies to complete confirmation of bank data and journalizing steps by the end of the day that the deposit information is received by the agencies through Core-CT.

*Condition:* In our test of 25 receipts, we found that one deposit did not meet the 24-hour deposit timeframe requirement. A check for \$4,946 was deposited two days after its receipt.

We also found that for 18 of the 25 receipts, the deposits were posted to the general ledger between one and 21 business days after the deposit information was made available through the interface between the bank and the state.

*Effect:* The agency was not in compliance with section 4-32 of the General Statutes and the State Treasurer’s Memorandum. Internal controls over receipts are weakened when receipts are not posted in a timely manner.

*Cause:* We were unable to determine why the agency did not post its deposits to the general ledger in a timely manner.

*Recommendation:* The State Elections Enforcement Commission should formalize and enforce its internal control procedures relating to receipts to ensure compliance with the state's 24-hour deposit requirement and that receipts are posted to the general ledger in a timely manner. (See Recommendation 7.)

*Agency Response:* "SEEC will review its internal controls and verify all deposits are properly made and entered into Core-CT in a timely manner according to state procedure."

**Damaged State Property:**

*Criteria:* Section 4-33a of the General Statutes requires that the State Comptroller and the Auditors of Public Accounts be notified immediately of loss of/or damages to state property. The CO-853 form states that, if the damage was caused by criminal action, the state police or local security division should be notified. The State Property Control Manual requires that, if the damage appears to have been caused by criminal action or under mysterious circumstances, the local police department or security office should be contacted.

*Condition:* Our office was anonymously informed that a staff member's spouse had damaged the employee's state-issued laptop and cell phone beyond repair and that the employee was not required by the former executive director to reimburse the state for the loss. We found that although a CO-853 form had been filed for the laptop and cell phone, the local police department does not appear to have been contacted. The CO-853 form noted that the cause of the losses stated "damaged beyond repair," that the damaged occurred on August 31, 2008 (Sunday) and that the damage occurred at the employee's residence.

When we inquired whether the anonymous tip was correct, we found that the information technology manager had retained both of these items, even though a surplus ticket had been obtained from the Department of Administrative Services. We observed that both the laptop and cell phone, appeared to have been smashed in some manner and parts from both were dangling. There was no explanation of how the laptop and cell phone were damaged other than what was heard from other employees.

The current executive director requested that the employee, who had since left the agency, reimburse the state for the damage in a letter dated July 30, 2012. Commission staff determined that the reimbursement amount due was \$300 for the computer and \$150 for

the cell phone. As of October 10, 2013, the former employee has not reimbursed the state for its loss.

*Effect:* Commission employees did not follow instructions of the Office of the State Comptroller to report the loss to the local police department or security department. There was no recovery of the dollar value of the loss to the state. Instead, the employee received a replacement computer and cellphone.

*Cause:* The former executive director and the employee were not available for interviews to determine the exact cause of the damage.

*Recommendation:* The State Elections Enforcement Commission should follow the State Comptroller's instructions to report the loss to the local police department if state property is damaged in a criminal or malicious manner. (See Recommendation 8.)

#### **Asset Management/Inventory Report/GAAP Reporting Form CO-59**

*Criteria:* Section 4-36 of the General Statutes requires that each state agency establish and keep an inventory in the form prescribed by the Comptroller, and annually submit to the Comptroller, on or before October 1<sup>st</sup>, a detailed inventory as of June 30<sup>th</sup> of all real and personal property with a value of \$1,000 or more.

The State Property Control Manual specifies requirements and standards that state agency property control systems must include to ensure that all assets currently owned by or in the custody of the state are properly acquired, managed, and disposed of. They are as follows:

- The Asset Management/Inventory Report/GAAP Reporting Form (CO-59), should be used to report all property owned by each state agency. Agencies generate information from Core-CT on assets that are capitalized and depreciated and include the information on the CO-59 form. Agencies use the asset management queries of Core-CT to complete the CO-59 form. If the values recorded on the CO-59 form do not reconcile with Core-CT, the agency must provide a written explanation of the discrepancy in an attachment.
- A software inventory must be established to track and control all agency software and the amount of this inventory should be recorded on the CO-59 form.
- Fine art includes works of art such as statues, paintings, sculptures and historical treasures. Agencies that have fine

art are required to maintain a separate inventory account for each item. Items over the \$1,000 capital item threshold should be included on the CO-59 form.

*Condition:*

Our review of the CO-59 forms for the audited period and our physical inspection of inventory items revealed the following:

- For the fiscal year ended June 30, 2009, equipment additions were understated by \$61,793.
- For the fiscal year ended June 30, 2011, the CO-59 form was not submitted to the comptroller.
- The agency did not maintain a software inventory and did not report any amount as software inventory for any of the three audited years. We were informed that the agency developed its own software in-house applications – eCRIS (Electronic Reporting Information System), SEEC Support (Support/help ticket system), and CTS (Committee Tracking System). Our review also found that the agency contracted with at least one vendor to help develop these software applications. This vendor was paid \$1,671,371 over several years. We were also informed by a staff member that at least one year of a commission employee’s salary was paid for the development of the software. We contacted the Comptroller’s office on this matter and were provided with guidance on how these costs should be capitalized. We forwarded this guidance to the agency.
- The agency reported \$7,616 in the fine art category. The list of items provided to us consisted of 28 items and only one item had a value of \$1,195 which is over the \$1,000 capital item reporting threshold. The other items do not appear to be fine art since the listing maintained consisted mainly of the cost of posters purchased on eBay and the cost to frame these posters. The commission did not have on hand any documentation to prove that the items on the list were original pieces of art.

*Effect:*

Amounts reported on the CO-59 form were not accurate. The agency did not comply with Section 4-36 of the General Statutes when it did not file its CO-59 form for the 2011 fiscal year.

*Cause:*

It appears that the agency may not have an understanding of how to properly complete the CO-59 form.

The agency became part of the Office of Government Accountability at the beginning of fiscal year 2012. It appears that with a change in

staffing, the agency did not assign an employee to be responsible for the filing of the report.

*Recommendation:* The State Elections Enforcement Commission should review its procedures for the preparation of the CO-59 form and ensure that all required items are reported and that non-reportable items are not. (See Recommendation 9.)

*Agency Response:* "This will be monitored by SEEC staff with OGA fiscal staff in the future to verify that accurate CO-59 forms are properly filed."

**Reporting Systems:**

*Criteria:* Section 9-7a(c) of the General Statutes requires that the State Elections Enforcement Commission report to the General Assembly and Governor each fiscal year the "action it has taken including, but not limited to a list of all complaints investigated by the commission and the disposition of each such complaint, by voting districts, where the alleged violation occurred; the names, salaries and duties of the individuals in its employ and the money it has disbursed."

*Condition:* We requested the reports required by Section 9-7a(c) of the General Statutes; however, the agency was unable to locate these reports for fiscal years ended June 30, 2009, 2010, and 2011. Several months later, we were provided with an e-mail that the agency had sent to the Governor on September 7, 2012, with the reports from fiscal year 2010, 2011, and 2012. We were informed by the agency that since it could not find the reports, it had to prepare the reports. The agency could not find the 2009 report and did not prepare it.

Our review of the reports filed late found that the information provided does not appear to be in complete compliance with the General Statutes. Section 9-7a(c) requires that the voting district be reported. When we reviewed the filed reports, we found that while the complainant's town is noted, the respondent's campaign may be in another town which is not reported. For example, we found that one complainant's town was Hartford, but the committee that the complaint concerned was located in New Haven. We noted that the location of the alleged violation was not specific and none of the complaints contained the names, salaries and duties of the individuals in its employ and the money it has disbursed as required by statute.

*Effect:* There is a lack of compliance with Section 9-7a(c) of the General Statutes because the required reports were either not filed, filed late, or did not contain the information required by statute.

*Cause:* The executive director, who originally prepared the reports, retired effective July 1, 2009. A new executive director was appointed October 23, 2009 and retired October 1, 2011. The current executive director asked his staff to locate these reports, but they were not found.

We could not determine why the commission does not provide all the information required by statute.

*Recommendation:* The State Elections Enforcement Commission should file the annual report required by Section 9-7a(c) of the General Statutes in a timely manner, as required by statute. The report should include all information required by statute. (See Recommendation 10.)

*Agency Response:* "SEEC will work to have all reports filed in a timely manner with all statutorily required information."

## RECOMMENDATIONS

Four recommendations were presented in our prior report. As indicated below, one recommendation was partially resolved and the other three recommendations will be repeated.

*Status of Prior Audit Recommendations:*

- Agency personnel responsible for authorizing and managing compensatory time and managerial work schedules should become familiar with and comply with the state's requirements.

This recommendation was partially implemented. We found that managers still did not have prior written authorization in advance for the use of compensatory time. We did not find any instances in which a manager's unused compensatory time was not lapsed. We did not find that managers were using alternate work schedules. (See Recommendation 1.)

- The State Elections Enforcement Commission should develop and consistently adhere to sound internal control policies that include documentation of the receipt of goods and services.

This recommendation was not implemented and will be repeated. (See Recommendation 5.)

- The State Elections Enforcement Commission should become familiar with and enforce the state's regulations and policies governing the use of purchasing cards.

The condition for this finding was not repeated; however, we did find a lack of documentation for purchasing card transactions. Therefore, this recommendation will be repeated. (See Recommendation 6.)

- The State Elections Enforcement Commission should formalize and enforce its internal control procedures relating to receipts to ensure compliance with the state's 24-hour deposit requirement.

This recommendation was not implemented and will be repeated. (See Recommendation 7.)

*Current Audit Recommendations:*

- 1. The State Elections Enforcement Commission should require that agency personnel responsible for authorizing and managing compensatory time become familiar and comply with state and agency requirements for compensatory time.**

Comment:

We found that the commission did not always properly document the approval of compensatory time. We found that one bargaining unit employee received a blanket approval for compensatory time, but there was no verification on the form that the time was actually worked. We found instances in which managers were earning compensatory time of less than two hours when they are only allowed to earn compensatory time when it is significant. We were unable to determine the work location of employees who earned compensatory time on the weekends or holidays.

- 2. The State Elections Enforcement Commission should seek reimbursement for the overpayments of termination pay made to two employees and provide another employee with his proper longevity payment.**

Comment:

We found that two employees were overpaid for accrued vacation time at termination. We found that another employee was underpaid longevity.

- 3. The State Elections Enforcement Commission should comply with Section 5-208a of the General Statutes with regard to dual employment.**

Comment:

We found that one employee did not have a completed dual employment form signed by the secondary agency for part of the period of his employment at the secondary agency. Another employee did not have a dual employment form for the entire period of this audit even though he was a part-time lecturer at a secondary agency for the entire audited period.

- 4. The State Elections Enforcement Commission should ensure that actual time worked is properly reflected on employee time records.**

Comment:

We found that an employee may have entered time worked incorrectly. The supervisor approved the incorrect entry, and the payroll person incorrectly changed the hours actually worked to agree with the employee's regular work schedule.

- 5. The State Elections Enforcement Commission should develop and adhere to sound internal control policies that include documentation of the receipt of goods and services and process expenditures in accordance with the State Accounting Manual.**

We found one instance in which the expenditure request form, invoice, and the copy of the voucher could not be located. We found another instance in which a payment for training services was made, but we were not provided with any certification that employees actually received this training.

- 6. The State Elections Enforcement Commission should become familiar with and enforce the state's regulations and policies governing the use of purchasing cards.**

We found one transaction in which the purchasing log sheet was not signed by the purchase card holder and the supervisor. We found four transactions did not have the expenditure request form on file. We found two transactions in which the cardholder statement was not signed by the cardholder and the supervisor.

- 7. The State Elections Enforcement Commission should formalize and enforce its internal control procedures relating to receipts to ensure compliance with the state's 24-hour deposit requirement and that receipts are posted to the general ledger in a timely manner.**

We found one deposit did not meet the 24-hour deposit requirement. We found 18 of 25 receipts in which the deposits were posted to the general ledger between one and 21 business days after the deposit information was available in Core-CT.

- 8. The State Elections Enforcement Commission should follow the State Comptroller's instructions to report the loss to the local police department if state property is damaged in a criminal or malicious manner.**

We were informed that a state laptop and cell phone were maliciously damaged and that this loss was not reported to the local police department in accordance with State Comptroller policy.

- 9. The State Elections Enforcement Commission should review its procedures for the preparation of the CO-59 form and ensure that all required items are reported and that non-reportable items are not.**

We found that a software inventory was not reported or maintained during the audited period. The agency reported amounts in the fine art category that were not fine art. Equipment additions were understated in one year and one CO-59 form was not submitted to the State Comptroller as required.

- 10. The State Elections Enforcement Commission should file the annual report required by Section 9-7a(c) of the General Statutes in a timely manner. The report should include all information required by statute.**

When we requested the report, the agency was unable to locate it. Several months later, the agency prepared two of the three reports and submitted them. However, the submitted reports do not have all the information required by statute.

## 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, 2009, 2010, and 2011. This audit was primarily limited to performing tests of the State Elections Enforcement Commission's compliance with certain provisions of laws, regulations, contracts and grant agreements and to understanding and evaluating the effectiveness of the State Elections Enforcement Commission's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grant agreements applicable to the State Elections Enforcement Commission are complied with, (2) the financial transactions of the State Elections Enforcement Commission are properly initiated, authorized, recorded, processed, and reported on consistent with management's direction, and (3) the assets of the State Election Enforcement Commission are safeguarded against loss or unauthorized use. The financial statement audits of the State Elections Enforcement Commission for the fiscal years ended June 30, 2009, 2010, and 2011, 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 grant agreements and to obtain a sufficient understanding of the internal controls to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

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

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

Our consideration of internal control over financial operations, safeguarding of assets, and compliance with requirements was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets and compliance with requirements that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the

accompanying Condition of Records and Recommendations section of this report, we identified deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct on a timely basis, unauthorized, illegal or irregular transactions, or breakdowns in the safekeeping of any assets or resource. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions and/or material noncompliance with certain provisions of laws, regulations, contracts, and grant agreements that would be material in relation to the State Elections Enforcement Commission's financial operations will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency, described in detail in the accompanying Condition of Records and Recommendations sections of this report, to be a material weakness: Recommendation 1- Noncompliance with Statewide Personnel Policies, Recommendation 5 – Missing Purchasing Documentation, Recommendation 6 – Lack of Documents for Purchasing Cards, and Recommendation, 8 – Damaged State Property.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, described in detail in the accompanying Condition of Records and Recommendations section of this report, to be significant deficiencies: Recommendation 2 – Other Payments, Recommendation 3 – Dual Employment, Recommendation 4 – Self-Service Time and Attendance, Recommendation 7 – Late Deposits, and Recommendation 9 – Asset Management/Inventory Report.

### **Compliance and Other Matters:**

As part of obtaining reasonable assurance about whether the State Elections Enforcement Commission complied with laws, regulations, contracts and grant agreements, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the State Elections Enforcement Commission's financial operations, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

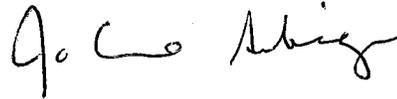
The State Elections Enforcement Commission's responses to the findings identified in our audit are described in the accompanying Condition of Records section of this report. We did not audit the

State Elections Enforcement Commission's responses and, accordingly, we express no opinion on them.

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

**CONCLUSION**

In conclusion, we wish to express our appreciation for the courtesies and cooperation shown to our representatives by the personnel of the State Elections Enforcement Commission during the course of our examination.



JoAnne Sibiga  
Principal Auditor

Approved:



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts