

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF EMERGENCY SERVICES
AND PUBLIC PROTECTION
FOR THE FISCAL YEARS ENDED
JUNE 30, 2012, 2013 AND 2014*

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

Table Of Contents

INTRODUCTION	1
AUDITORS' REPORT.....	1
COMMENTS.....	2
FOREWORD:	2
Commission on Fire Prevention and Control / CT Fire Academy	3
Emergency Management and Homeland Security	3
Statewide Emergency Telecommunications.....	3
Police Officers Standards and Training Council.....	3
Scientific Services	4
Connecticut State Police.....	4
Boards, Commissions, Committees and Councils.....	4
Significant Legislation:	5
RÉSUMÉ OF OPERATIONS:.....	6
General Fund:	7
Special Revenue Funds:	9
Capital Improvement Funds:	11
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	12
Compensatory time	12
Workers' Compensation.....	13
Dual Employment	15
Overtime.....	16
Expenditure Transactions	17
Purchasing Cards.....	19
Cash Receipts	20
Bank Reconciliations.....	22
Accounts Receivable – Aged Receivables	22
Accounts Receivable – Commission of Fire Prevention and Control.....	24
Property Control & Reporting.....	25
Physical Inspection of Assets	29
Loss Reporting / Disposals.....	30
Weapon Inventory	32
Construction Projects Administered By The Agency	33
Reporting.....	35
Access to the Connecticut On-Line Law Enforcement Communications Teleprocessing (COLLECT) System	36
Core-CT – Segregation of Duties	37
Software Inventory	38
Connecticut Fire Academy – Bookstore Operations.....	39
RECOMMENDATIONS	42
ACKNOWLEDGEMENT	54
CONCLUSION.....	55

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

May 16, 2018

AUDITORS' REPORT DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2013, AND 2014

We have audited certain operations of the Department of Emergency Services and Public Protection (DESPP) 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, 2012, 2013, and 2014. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions.
2. Evaluate the department's compliance with policies and procedures internal to the department 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 department; 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 department's management and was not subjected to the procedures applied in our audit of the department. 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 Department of Emergency Services and Public Protection.

COMMENTS

FOREWORD:

Pursuant to Public Act 11-51, effective July 1, 2011, the General Assembly created the Department of Emergency Services and Public Protection to succeed the Departments of Public Safety and Emergency Management and Homeland Security, the Commission on Fire Prevention and Control, the Police Officer Standards and Training Council, and the Office of Statewide Emergency Telecommunications, which were all eliminated. As such, this report covering the fiscal years ended June 30, 2012, 2013, and 2014, is the first report on DESPP.

DESPP operates primarily under the provisions of Title 29, Chapters 528 through 541a of the Connecticut General Statutes. The commissioner of DESPP is the chief administrative officer of the department and is responsible for protecting and improving the quality of life by providing enforcement, regulatory, and scientific services through prevention, education, and innovative use of technology.

DESPP is comprised of the following six divisions:

Commission on Fire Prevention and Control / CT Fire Academy

Emergency Management and Homeland Security (DEMHS)

Statewide Emergency Telecommunications (DSET)

Police Officers Standards and Training Council (POSTC)

Scientific Services

Connecticut State Police (CSP)

We present a description of the divisions and their missions for the audited period below.

Commission on Fire Prevention and Control / CT Fire Academy

The Commission on Fire Prevention and Control operates primarily under the provisions of Title 7, Chapter 104, Part VI of the Connecticut General Statutes. Its mission is to prevent or mitigate the effects of fire and disasters through leadership and collaboration with municipalities, fire departments, and regional fire schools. The division achieves this through training, education, and professional competency certification of career and volunteer fire service personnel.

Emergency Management and Homeland Security

Emergency Management and Homeland Security operates primarily under the provisions of Title 28 of the Connecticut General Statutes. This division works closely with local, state, federal, tribal, and private sector law enforcement partners. Its mission is to provide a coordinated, integrated program for statewide emergency management and homeland security. The division directs and coordinates all available resources to protect the life and property of the residents of Connecticut in the event of a disaster or crisis, whether natural or manmade, through a collaborative program of prevention, planning, preparedness, response, recovery, mitigation, and public education. This includes strategic and operational planning, operations, training and exercise, grants, and disaster relief. DEMHS also coordinates statewide security communications as well as establishes standards and protocols for the use and dissemination of intelligence.

Statewide Emergency Telecommunications

Statewide Emergency Telecommunications operates primarily under the provisions of Title 28, Chapter 518a of the Connecticut General Statutes. This division provides for the development and maintenance of coordinated statewide emergency service telecommunications for public safety organizations and the residents of Connecticut. It is responsible for the 9-1-1 System, Public Safety Data Network, Public Safety Frequency Coordination, Public Safety Telecommunicator Training, Geographic Information Systems, the CT Alert Emergency Notification System, and support for the consolidation of Public Safety Answering Points.

Police Officer Standards and Training Council

The Police Officer Standards and Training Council operates primarily under the provisions of Title 7, Chapter 104, Sections 7-294a through 7-294dd of the Connecticut General Statutes. The council's mission is three fold. First, it provides innovative, credible, and responsive high quality basic, advanced, and specialized training to Connecticut police officers. Second, it is committed to adopting and enforcing professional requirements for individual police officer certification. Finally, it provides a body of comprehensive professional law enforcement accreditation

standards for state law enforcement agencies, manages such program, and grants accredited status to agencies that demonstrate and maintain compliance with applicable standards.

Scientific Services

Scientific Services provides forensic support to local, state, and federal agencies throughout Connecticut. DESPP divides this division into three sections: the Chemistry Section (including toxicology, controlled substances, and arson), the Biology/DNA Section, and the Identification Section (including computer crimes).

Connecticut State Police

The Connecticut State Police operates primarily under Title 29, Chapters 529 of the Connecticut General Statutes. CSP provides a full range of law enforcement services to the State of Connecticut. As of June 30, 2014, there were 11 troops located throughout the state with resident state troopers providing the primary law enforcement services in 82 of the 169 municipalities in Connecticut. Additionally, CSP provides major crime, emergency services, cause and origin investigations and traffic and truck enforcement to the entire state.

Reuben F. Bradford served as commissioner from March 25, 2011 until his retirement on February 1, 2014. Dora B. Schriro was appointed commissioner on January 31, 2014, and continues to serve in that capacity.

Boards, Commissions, Committees and Councils

Name	General Statute Section	Statutory Responsibilities
New England State Police Administrators' Compact	§29-162	Provide close, effective cooperation and assistance in detecting and apprehending those engaged in organized criminal activities. Establish and maintain a central criminal intelligence bureau to gather, evaluate, and disseminate to the appropriate law enforcement officers of the party states information concerning organized crime, its leaders and their associates.
Police Officer Standards and Training Council	§7-294b	Provide the certification of police officers, police training schools, and law enforcement instructors.
Statewide Narcotics Task Force Policy Board	§29-179	Direct and supervise the formulation of policies and operating procedures and coordinate the activities of the task force with other law enforcement agencies within and outside of the state. Apply for and administer any federal, state, local or private appropriations or grant funds made available for the operation of the task force.

Name	General Statute Section	Statutory Responsibilities
Connecticut Boxing Commission	§29-143i	Make recommendations to the Governor, the commissioner of DESPP and the General Assembly to encourage, develop, and promote the sport of boxing in this state.
Enhanced 9-1-1 Commission	§28-29a	Advise the division in the planning, design, implementation, and coordination of the statewide emergency 9-1-1 telephone system created pursuant to sections 28-25 to 28-29b, inclusive, and in consultation with the Coordinating Advisory Board established pursuant to section 29-1t. Advise the commissioner of DESPP in the planning, design, implementation, coordination, and governance of the public safety data network.
Emergency Management Assistance Compact	§28-23a	Provide for mutual assistance between the states in managing any emergency or disaster that is duly declared by the Governor of the affected state, whether arising from natural disaster, technological hazard, man-made disaster, civil emergency aspects of resources shortages, community disorders, insurgency or enemy attack.
Commission on Fire Prevention and Control	§7-323k	Establish standards for a fire service training and education program, on a voluntary basis, and develop and conduct an examination program to certify those fire service personnel who satisfactorily demonstrate their ability to meet the requirements of the fire service training and education program standards. Conduct firefighting training and education programs designed to assist firefighters in developing and maintaining their skills and keeping abreast of technological advances in fire suppression, fire protection, fire prevention and related fields.

Significant Legislation:

Public Act 12-1, effective June 12, 2012, eliminated a statutory requirement that the state employ a minimum number of 1,248 sworn state police officers and, beginning July 1, 2013, requires the number to be set according to standards recommended by the Legislative Program Review and Investigations Committee. The Legislative Program Review and Investigations Committee released the State Police Staffing Standards report in June 2013.

Public Act 12-68, effective May 31, 2012, required the commissioner of DESPP, in consultation with the chief information officer of the Division of Information Technology within the Department of Administrative Services, to establish a public safety data network in an electronic format that allows for the exchange of information among public safety and criminal

justice entities. Sources of revenue that fund existing networks may be used to fund the public safety data network.

Public Act 13-3, effective July 1, 2013, required a long gun eligibility certificate and national instant criminal background check for the purchase or transfer of a long gun. The fee for each eligibility certificate issued under the provisions of this act and for each renewal is \$35.00, paid to the commissioner of DESPP. This act also bans assault weapons and large capacity magazines for individuals other than employees or members of DESPP, municipal and local police departments, the Department of Correction, and military or naval forces of this state, or of the United States for the use in the discharge of their official duties.

Public Act 13-170, effective June 25, 2013, authorized the commissioner of DESPP, with the approval of the chief state's attorney, to enter into separate memoranda of agreements with the Mashantucket Pequot and Mohegan tribes of Connecticut to establish the authority of each tribe's police department and police officers to exercise law enforcement powers. The act subjects a tribal department under such an agreement to the Police Officer Standards and Training (POST) Council's jurisdiction and gives department officers the authority and duties of peace officers.

Public Act 13-256, effective October 1, 2013, transferred statutory responsibility for regulating rocketry, explosives and blasting agents, and fireworks and special effects to DESPP from the Department of Administrative Services – Department of Construction Services (DCS). The Department of Public Safety regulated these areas prior to the 2011 agency consolidations and DESPP now does so under a memorandum of understanding with DCS.

Public Act 13-275, effective July 11, 2013, established the Connecticut Coordinated Assistance and Recovery Endowment (CT CARE) as a federal tax-exempt foundation to support coordinated emergency recovery in cases in which natural disasters, acts of domestic terrorism, catastrophic events, or other unforeseen emergencies affect state services. The act designates CT CARE to support DESPP and the deputy commissioner of the DESPP Division of Emergency Management and Homeland Security as the agency's executive authority for purposes of coordinated emergency recovery. It requires CT CARE to have a written agreement with DESPP covering its use of facilities and resources.

RÉSUMÉ OF OPERATIONS:

During the fiscal years ended June 30, 2012, 2013, and 2014, the General Fund, Special Revenue Funds, Non-Capital Improvement Funds, and Capital Improvement Funds accounted for DESPP activity.

A summary of revenues and expenditures of funds administered by the agency during the audited period appears below:

Revenues:	Fiscal Year Ended June 30,		
	2012	2013	2014
General Fund	\$23,589,591	\$20,582,263	\$21,354,186
Special Revenue Funds	87,852,733	190,565,378	123,091,706
Capital Improvement Funds	11	11	10
Total	\$111,442,335	\$211,147,652	\$144,445,902

Expenditures:	Fiscal Year Ended June 30,		
	2012	2013	2014
General Fund	\$170,818,501	\$169,718,884	\$185,137,055
Special Revenue Funds	99,167,604	188,062,024	112,554,422
Non-Capital Improvement Funds	181,000	-	35,000
Capital Improvement Funds	577,916	341,262	649,968
Total	\$270,745,021	\$358,122,170	\$298,376,445

General Fund:

General Fund receipts for the 2012, 2013, and 2014 fiscal years, as recorded by the State Comptroller, totaled \$23,589,581, \$20,582,263 and \$21,354,186, respectively.

A summary of General Fund receipts appears below:

Receipts Description	Fiscal Year Ended June 30,		
	2012	2013	2014
Licenses, Permits and Fees	\$7,751,718	\$7,354,326	\$7,517,215
Recoveries of Expenditures	472,967	258,515	330,339
Refunds of Expenditures:			
Services of Resident Troopers	14,370,006	10,487,525	10,974,451
Other Refunds	984,451	2,475,354	2,520,093
Other Receipts	10,449	6,543	12,088
Total Receipts	\$23,589,591	\$20,582,263	\$21,354,186

Receipts decreased \$3,007,328 (13%) and increased \$771,922 (4%) during the fiscal years ended June 30, 2013 and 2014, respectively.

The 2013 fiscal year decrease of \$3,882,481 in the refunds of expenditures, services of resident troopers category was primarily attributed to the timing and receipt of payments for resident state troopers. The DESPP Fiscal Services Unit issues invoices for resident state troopers in May of each year for services for the upcoming year. DESPP received a large amount of receipts related to the May 2011 invoices after June 30, 2011, while DESPP also received a significant amount of receipts related to the May 2012 invoices prior to June 30, 2012.

The increase of \$486,926 in the refunds of expenditures, services of resident troopers category during the 2014 fiscal year was primarily attributed to an increase in the fringe benefit rate for such troopers. The fringe benefit rate for resident trooper services increased by nearly 11% in fiscal year 2014, compared to fiscal year 2013.

General Fund expenditures for the 2012, 2013, and 2014 fiscal years, as recorded by the State Comptroller, totaled \$170,818,501, \$169,718,541 and \$185,137,055, respectively.

A summary of General Fund expenditures by category during the audited period appears below:

Expenditure Description	Fiscal Year Ended June 30,		
	2012	2013	2014
Personal Services & Employee Benefits	\$135,391,046	\$135,875,646	\$145,786,472
Employee Travel	143,735	209,603	185,004
Professional, Scientific, & Technical Services	696,262	546,112	334,424
Other Services	994,223	1,144,097	1,681,844
Rental and Maintenance – Equipment	2,647,192	2,591,058	2,679,100
Motor Vehicle/Aircraft/Watercraft Costs	14,609,804	12,159,082	13,569,038
Premises and Property Expenses	5,822,477	6,392,149	6,060,944
Informational Technology	4,388,744	4,368,917	4,995,460
Communications	2,928,116	2,086,573	2,148,949
Purchased Commodities	1,903,209	2,909,721	3,093,999
Fixed Charges	1,268,452	1,386,093	1,496,874
Capital Outlays – Equipment	25,242	49,491	110,709
Other Expenditures	-	343	2,994,237
Total Expenditures	\$170,818,501	\$169,718,541	\$185,137,055

Expenditures decreased \$1,099,960 (.6%) during fiscal year 2013 yet increased \$15,418,514 (9%) during fiscal year 2014.

The decrease of \$2,450,722 in the motor vehicle category during the 2013 fiscal year was primarily attributed to the reduction in motor vehicle rental expenses. DESPP had changed the leasing term on certain vehicles from 4 to 5 years, reducing the annual rental cost per vehicle.

The increase of \$9,910,826 in the personal services and employee benefits category during the 2014 fiscal year was primarily attributed to annual salary increases as well as a retroactive contract settlement with the State Police bargaining unit.

Special Revenue Funds:

Special Revenue Fund receipts for the 2012, 2013, and 2014 fiscal years, as recorded by the State Comptroller, totaled \$87,852,734, \$190,565,378 and \$123,091,706, respectively.

A summary of Special Revenue Fund receipts by category appears below:

Receipt Description	Fiscal Year Ended June 30,		
	2012	2013	2014
Federal Aid – Restricted	\$43,973,628	\$146,720,852	\$74,475,951
Non-Federal Aid – Restricted	37,447,191	39,277,815	43,084,211
Federal Grant Transfer – Restricted	3,261,265	3,154,333	2,894,536
Non-Federal Grant Transfer – Restricted	1,631,177	837,073	1,337,378
Grant Transfer – Other	1,517,874	561,254	1,268,305
Other Receipts	21,599	14,051	31,325
Total Special Revenue Fund Receipts	\$87,852,734	\$190,565,378	\$123,091,706

Special Revenue Funds receipts increased \$102,712,644 (117%) in fiscal year 2013 yet decreased \$67,473,672 (35%) during fiscal year 2014.

The increase of \$102,747,224 in the category of federal aid, restricted during the fiscal year 2013 was primarily attributed to the increased funding of \$84,500,045 from the Federal Emergency Management Agency (FEMA) Public Assistance Program and \$8,766,142 from the federal Department of Homeland Security. The funding from FEMA was for presidentially declared major disasters or emergencies that occurred during the audited period. The most significant storm during the 2013 fiscal year was Hurricane Sandy. The funding by the federal Department of Homeland Security was from the State Homeland Security Program to enhance security and preparedness against terrorism.

The decrease in the category of federal aid, restricted during fiscal year 2014, was primarily attributed to the reduction of funding of \$52,106,031 from the FEMA Public Assistance Program and \$12,942,924 from the federal Department of Homeland Security. The most significant increase in receipts within the category of non-federal restricted, during fiscal year 2014 was primarily attributed to funds received from the state’s Enhanced 9-1-1 Telecommunication Fund.

Special Revenue Funds expenditures for the 2012, 2013, and 2014 fiscal years, as recorded by the State Comptroller, totaled \$99,167,604, \$188,062,024 and \$112,554,422, respectively.

A summary of Special Revenue Funds expenditures by category appears below:

Expenditure Description	Fiscal Year Ended June 30,		
	2012	2013	2014
Personal Services & Employee Benefits	\$15,026,301	\$15,033,857	\$12,168,889
Employee Travel	264,475	362,990	399,308
Professional, Scientific, & Technical Services	288,754	546,649	368,190
Other Services	8,082,287	2,766,146	1,511,977
Rental and Maintenance – Equipment	111,504	172,756	332,933
Motor Vehicle/Aircraft/Watercraft Costs	61,456	109,486	62,444
Premises and Property Expenses	241,971	322,931	369,229
Informational Technology	2,579,261	3,635,331	5,742,077
Communications	930,848	1,792,339	1,745,617
Purchased Commodities	1,269,107	3,825,812	2,000,626
Other Charges	6,325,802	2,890,748	3,224,393
Fixed Charges	59,356,514	145,978,616	78,691,034
Capital Outlays	4,629,324	10,624,363	5,937,705
Total Special Revenue Funds Expenditures	\$99,167,604	\$188,062,024	\$112,554,422

Expenditures increased \$88,894,420 (90%) in fiscal year 2013 and decreased \$75,507,602 (40%) during fiscal year 2014.

During the fiscal year ended June 30, 2013, DESPP expended \$107,924,452 from the FEMA Public Assistance Program, which is an increase of \$74,608,984 from the fiscal year ended June 30, 2012. DESPP charged the majority of these grant expenditures to the fixed charges expenditure category as pass-through grants to municipalities for costs associated with the response to and recovery from presidentially declared disasters. In addition, the \$5,995,039 increase in the capital outlays expenditure category was largely the result of capital telecommunication equipment expenditures from the Public Safety and Interoperable Communications and Connecticut State Police Radio System Expansion grants totaling \$4,128,735.

The decrease of \$2,864,968 in the personal services and employee benefits category during the 2014 fiscal year was primarily attributed to the reduction of state police services at the Mashantucket Pequot and Mohegan tribes' casinos per the agreement established in Public Act 13-170. This change in policing authority reduced personal services expenditures by \$2,950,500.

The decrease of \$67,287,582 in the fixed charges category was primarily the result of the reduction of funding in the Homeland Security Grant Programs. There were no presidentially declared state emergencies during fiscal year 2014, which led to the \$57,430,666 reduction in

FEMA Program-related expenditures. There was also a decrease of \$12,942,924 in the State Homeland Security Program from the 2014 fiscal year compared to the 2013 fiscal year.

Capital Improvement Funds:

Expenditures for capital projects totaled \$577,916, \$341,262, and \$649,968 during the fiscal years ended June 30, 2012, 2013, and 2014, respectively. Expenditures were primarily for capital improvements.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

COMPENSATORY TIME

Criteria: The Department of Administrative Services (DAS) Management Personnel Policy 06-02 established criteria for granting compensatory time to managerial and confidential employees. The policy states that managers and confidential employees must receive advanced written authorization to work extra time by the agency head or a designee in order to record those extra hours as compensatory time.

The Professional Health Care Employees (P-1) collective bargaining unit contract states that, "employees are allowed to accumulate compensatory time during a four (4) month period of either July through October, November through February, or March through June. The employee should schedule and use his/her accumulated compensatory time within the three-month period following the accumulation period."

The Engineering, Scientific and Technical (P-4) collective bargaining unit contract states that, "those employees who have been allowed to accumulate compensatory time, as provided for in Section Three of this Article, shall be required to schedule and use such compensatory time no later than the first full six (6) month period following its accrediting." It goes on to state that, "The six (6) month periods shall be July through December and January through June." It further goes on to state that "if the employee fails to submit the schedule for his/her compensatory time, the Agency will schedule such time for the employee.... The employee will receive either the compensatory time off or he/she will receive payment for such time."

The Administrative and Residual (P-5) collective bargaining unit contract stipulates that time and one-half shall be paid for hours in excess of forty (40), except for those employees being paid above salary grade 24.

Condition: We reviewed 13 employees who received compensatory time during the audited period. Our testing disclosed the following:

- We noted five instances in which the employee's expiring compensatory time was not reconciled to ensure that hours earned and used complied with the P-1 and P-4 bargaining unit contracts. This lack of monitoring resulted in 1 instance in which an employee charged more compensatory time than was approved. We noted a second instance in which the employee did not receive an adjustment or payment for expired compensatory time.

- We noted two instances in which written authorization approving compensatory time for a manager was not on file. In 1 of these instances, documentation was not maintained to support the compensatory time earned.
- We noted one instance in which an employee earned compensatory time when only overtime was permitted in accordance with the P-5 bargaining unit contract.

Effect: The department may not have fully complied with the requirements governing compensatory time. Without adequate monitoring and review, the department has less assurance that it actually received the compensated services.

Cause: The department did not have adequate procedures in place to ensure that it followed established compensatory time policies.

Regarding the lack of monitoring of compensatory time, the department informed us that it did not have a manual process in place to identify expiring compensatory time for collective bargaining employees that were not set up to automatically expire in Core-CT.

Recommendation: The Department of Emergency Services and Public Protection should implement control procedures to ensure compliance with the requirements related to compensatory time set forth in the Department of Administrative Services Management Personnel Policy 06-02 and the various collective bargaining contracts. (See Recommendation 1.)

Agency Response: “Our agency agrees with this recommendation. The compensatory time expiration dates in Core-CT are not in accordance with the collective bargaining contracts and, as a result, an automated process is not possible. DESPP implemented a corrective action by creating a manual process to ensure expiration of compensatory time in accordance with various collective bargaining contracts. Also, the Human Resources (HR) Unit designated a Human Resources Assistant to proactively track all compensatory time. Lastly, to ensure compliance with DAS Management Personnel Policy 06-02, DESPP will reissue DESPP HR Advisory 2010-10 outlining compensatory time reporting and use procedures.”

WORKERS' COMPENSATION

Background: The basis for calculating base workers' compensation rates occurs by establishing the average weekly wage for the 52 weeks prior to an injured worker's date of injury, pursuant to Section 31-310(a) of the General Statutes.

Criteria: The Department of Administrative Services established the method state agencies must report and calculate wages for state employees who filed workers' compensation claims. According to DAS, when state agencies calculate an employee's wages for workers' compensation purposes, they must include "every form of remuneration payable for personal services, including, but limited to, base salary, COLA, longevity, overtime pay, shift differentials, performance bonuses, on call pay, vacation pay, sick pay, etc...Total wages do not include money paid to the employee in exchange for goods, such as travel allowances, clothing allowances, mileage reimbursements, etc."

The DAS policies state that all injuries must be immediately reported to a supervisor. The specific instructions on the DAS First Report of Injury form (WC 207) state that supervisors must complete and sign the form with the injured worker and then forward it, along with the balance of the claim package, to the Workers' Compensation Unit within 24 hours. The timely submission of claim information enables (a) the injured employee to pursue his/her claim and (b) the agency and Third Party Administrator to obtain critical information associated with the reported claim.

Condition: Our review of 10 workers' compensation claims that the department processed during the audited years revealed the following:

- Two instances in which the employees' supervisor did not sign the First Report of Injury form (WC 207).
- Five instances in which the department did not calculate an employee's workers' compensation wages in the manner prescribed by DAS.

Effect: The department did not comply with the guidelines relative to workers' compensation claims processing.

Cause: The department did not follow established policies and procedures.

Regarding the missing supervisor signatures, the department informed us that it was aware that the claims were legitimate because it received verbal reports related to the claims the morning of the incidents.

Regarding the incorrect weekly wage calculations, the department informed us that the automated DAS workers' compensation report did not provide accurate results.

Recommendation: The Department of Emergency Services and Public Protection should implement control procedures to ensure compliance with the Department of Administrative Services requirements for reporting and calculating total

wages for employees who file workers' compensation claims. (See Recommendation 2.)

Agency Response: "Our agency agrees with this recommendation. We reviewed the DAS Workers Compensation procedures for calculating the 52-week audit and as a result, are processing workers' compensation claims accordingly. The Human Resources Administrator has been designated to ensure compliance."

DUAL EMPLOYMENT

Criteria: Section 5-208a of the General Statutes states, "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 a 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."

The Department of Administrative Services General Letter 204 – Dual Employment, last revised in 2014, provides direction to state agencies in complying with Section 5-208a of the General Statutes. The employee's secondary and primary agency should complete a Dual Employment Request (PER-DE-1) form as prescribed in General Letter 204.

Condition: We reviewed 10 employees with a dual employment arrangement. For each of the employees, we requested all employment forms on file during the audited period. Our testing disclosed the following:

- Nine employees within the department did not have 1 or more of the required dual employment forms on file.
- One employee had the required dual employment forms on file, but they were missing the tentative work schedule for each agency. In addition, the secondary agency authorized the dual employment forms after employment had begun. The primary agency did not complete and sign one of the completed forms on file.
- Two employees appeared to have a potential conflict in the hours worked between their primary and secondary jobs. In both instances, we were unable to obtain information from the department regarding the procedures in place to ensure that employee schedules are not in conflict.

- Effect:* The department did not comply with Section 5-208a of the General Statutes. In the absence of proper monitoring, duplicate payments and conflicts may go undetected.
- Cause:* The department did not have adequate procedures in place to ensure that it followed established dual employment policies.
- Recommendation:* The Department of Emergency Services and Public Protection should comply with Section 5-208a of the General Statutes and communicate dual employment policies to improve monitoring of dual employment situations. (See Recommendation 3.)
- Agency Response:* “Our agency agrees with this recommendation. Corrective action has been implemented to track dual employment requests. DESPP Human Resources designated a Human Resources Assistant to proactively track all dual employment requests. All dual employment requests are ultimately reviewed and approved by the HR Administrator. In addition, DESPP HR Advisory 2010-15 will be reissued to clarify the updated information from DAS General Letter 204.”

OVERTIME

- Criteria:* The Maintenance and Service Unit (NP-2) collective bargaining agreement stipulates the following:
- Article 18, Section 1 states that the standard workweek for full-time employees shall be thirty-seven and one half (37½) hours in five (5) consecutive days with regularly established starting and ending times.
 - Article 18, Section 16(b) states that overtime will be paid to eligible employees at the straight time rate for hours over 35 but under 40, and at time and one-half for hours worked over 40. This section also notes that employees are to be paid at the rate of time and one-half for any hours over 8 per day, or any hours worked on an employee’s normally scheduled days off, or over 40 hours per week.
 - Article 33, Section 2(a) states that “employees who are required to work as a part of a regular schedule on a "premium" holiday (defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day or Christmas Day) shall be paid at the rate of time and one-half for hours worked in addition to regular pay for the day.”
- Condition:* We sampled 15 employees who received overtime, 5 of whom were from the NP-2 bargaining unit, and noted that all 5 NP-2 employees were incorrectly paid time and one-half for hours they worked over 37½ but less than 40 hours in a week.

- Effect:* The department paid overtime to employees for hours that should have been straight time. The department did not comply with the overtime provision in the bargaining unit contract.
- Cause:* The department informed us that data entry errors and a Core-CT overtime calculation issue were the primary causes of these conditions. In addition, there was a misinterpretation of how overtime should be calculated when time was worked on holidays.
- Recommendation:* The Department of Emergency Services and Public Protection should improve internal controls over the processing of overtime to ensure that it makes such payments in accordance with the provisions of the Maintenance and Service Unit bargaining contract. (See Recommendation 4.)
- Agency Response:* “Our agency agrees with this recommendation. Core-CT does not have the functionality to address the overtime issue related to the NP-2 collective bargaining contract. DESPP has taken corrective action by creating audit reports to identify and ensure overtime payments are in compliance with the NP-2 contract.”

EXPENDITURE TRANSACTIONS

- Criteria:* The Connecticut State Library’s records retention schedule requires state agencies to retain fiscal records for at least 3 years or until audited, whichever is later.
- Section 4-98 (a) of the General Statutes states that no budgeted agency may incur any obligation except by the issuance of a purchase order transmitted to the State Comptroller to commit the agency’s appropriations to ensure that funds are available for the payment of such obligations.
- Section 3-117 (c) of the General Statutes states that the commissioner of Administrative Services shall charge the appropriation of any state agency, without certification by such agency, for expenses incurred by such agency for basic telephone service. However, the agency shall certify to the commissioner of Administrative Services that such services were provided to such agency not later than 30 days following notification of such charge.
- Sound internal control procedures require the monitoring of vendors who offer prompt payment discounts to ensure that the state receives all eligible discounts.

Condition: Our review of 45 expenditure transactions made during the audited period disclosed the following:

- Three instances in which the department lacked documentation to support purchases, including missing original vendor invoices and certification of receipt of goods. In 2 of these instances, the vendor was able to provide a copy of its invoice.
- For 9 out of 29 transactions involving purchase orders, the department issued and approved purchase orders after it received the goods or services.
- For 3 out of 3 phone bill transactions, the department did not review monthly billing statements or certify that charges were for services and equipment the department received. The department did not ensure that it incurred the phone charges solely for departmental use. Upon further inquiry into the matter, we discovered that the department did not review or certify any monthly billing statements during the audited period. During the fiscal years ended June 30, 2012, 2013, and 2014, the department telephone bills totaled \$2,161,488, \$1,273,448 and \$1,275,604, respectively.
- One instance in which the department did not take advantage of a billing discount of up to 2% for remitting payment within 10 days of the invoice date. In this instance, the department incurred \$7,298 in unnecessary costs. The cumulative effect of the department not receiving the prompt payment discount on all invoices from this vendor was \$43,790 during the audited period.

Effect: The department has less assurance that internal controls are operating effectively and that it is processing expenditure transactions in accordance with state purchasing laws.

Cause: In the cases cited, the department did not adequately carry out established control procedures in the area of procurement for various reasons. The department informed us that the causes were human error due to misfiling records, staffing changes related to agency consolidation, and the lack of vendor billing discount monitoring.

Recommendation: The Department of Emergency Services and Public Protection should take steps to improve internal control over the procurement process and comply with the General Statutes by ensuring a commitment is in place prior to incurring an obligation. The department should comply with state telecommunication procedures for monitoring and verifying telephone charges. The department should also improve purchasing procedures to

ensure that it realizes all contract terms, including available discounts. (See Recommendation 5.)

Agency Response: “Our agency agrees with this recommendation. DESPP will continue to reinforce the need for all staff to comply with the provisions of Section 4-98(a) of the General Statutes. Corrective action is being implemented to electronically upload vendor invoices directly to Core-CT. DESPP will resume internal conversation regarding compliance with DESPP’s Administrative and Operations guidelines addressing telecommunication monitoring procedures. Accounts Payable staff has been instructed on the requirements of internal controls and payment processing. An internal monitoring system has been implemented to ensure applicable discounts are taken.”

PURCHASING CARDS

Criteria: The State Comptroller, in conjunction with the Department of Administrative Services, has issued the State of Connecticut’s Agency Purchasing Card Coordinator Manual, which sets forth guidelines and procedures on the use of purchasing cards by state agencies. This manual requires cardholders to retain all documentation pertaining to the purchase. The manual further states that agencies are responsible for records retention in accordance with the State Librarian’s Records Retention Policy.

In addition, the Department of Emergency Services and Public Protection has its own purchasing card procedures that require the cardholder to submit, on a monthly basis, the purchase log sheet and original receipts to Fiscal Services.

Condition: Our review of the department’s purchasing card system included the review of transactions processed on 15 individual cardholder statements during the audited period. Our review noted the following:

- Four instances in which documentation supporting the transaction, when requested, could not be provided by the department. The 4 instances, totaling \$9,135, were noted on 2 different purchasing cards and involved travel-related expenditures, postage, and electrical products.
- One instance in which a transaction involving the purchase of a capital asset was miscoded. In this instance, an item, which totaled \$49,602, was not capitalized. Upon notification, the asset was added to the department’s property control records.

- Effect:* Without sufficient documentation, there is less assurance that transactions are completed in accordance with state policies and procedures.
- The purchase of an asset was not capitalized and included on the department's inventory listing. The department's property control records are not in compliance with established policies and procedures.
- Cause:* The supporting documentation appears to have been misplaced.
- The coding error appears to be human error.
- Recommendation:* The Department of Emergency Services and Public Protection should take steps to strengthen controls over purchasing card transactions by ensuring compliance with established purchasing card procedures. (See Recommendation 6.)
- Agency Response:* "Our agency agrees with this recommendation. DESPP has restricted its use by reducing the number of cards issued and limiting the items and circumstances when items can be purchased. The agency is also monitoring the issuance and use of purchasing cards (p-card) monthly. Any non-compliance identified during DESPP's monthly p-card review is addressed with the user and the supervisor(s)."

CASH RECEIPTS

- Criteria:* Section 4-32 of the General Statutes requires that each state agency account for receipts within 24 hours, and if said receipts total \$500 or more, deposit the same within 24 hours of receipt. Total daily receipts of less than \$500 may be held until the total receipts to date amount to \$500, but not for a period of more than 7 calendar days.
- The State Accounting Manual, issued by the Office of the State Comptroller, requires that:
- Accountability reports should be periodically prepared, where feasible, to compare monies that were actually recorded with the monies that should have been accounted for.
 - Where feasible, a different employee should record receipts in a receipts journal, deposit receipts, and issue licenses, permits, etc. to the remitter.
- Condition:* Our review of 55 revenue transactions disclosed 8 instances in which receipts were not deposited in a timely manner. In all 8 instances, the receipts were deposited at least 1 business day late.

Our review of receipt processing at the Commission on Fire Prevention and Control, State Police Training Academy, and the State Police Bureau of Identification Unit noted the following internal control deficiencies:

- The Commission on Fire Prevention and Control did not prepare accountability reports to compare the number of students taking courses and exams to the revenue deposited. We also noted that there is a lack of segregation of duties. One employee in the Training Division has both record-keeping functions and access to assets. Furthermore, the commission does not conduct independent reviews to check employee performance.
- The State Police Training Academy sends revenues to the Accounts Receivable Unit for bi-weekly deposit. While the deposits usually do not exceed \$500, these procedures do not allow for timely deposits in accordance with Section 4-32 of the General Statutes.
- The State Police Bureau of Identification Unit does not always deposit revenues within 24 hours as required by Section 4-32 of the General Statutes. While procedures require the unit to send receipts to the Accounts Receivable Unit for deposit on a daily basis, the unit processes the monies collected later in the day, on the following day, resulting in a one-day delay.

Effect: The department did not comply with Section 4-32 of the General Statutes. In addition, inadequate controls over cash receipts and a lack of segregation of duties increase the risk that errors or irregularities may go unnoticed.

Cause: The department's internal controls over cash receipts were inadequate.

The department informed us that several Commission on Fire Prevention and Control employees who were on leave at the same time caused the deposit delays.

The department's internal policies and procedures for handling cash receipts at the State Police Training Academy and the State Police Bureau of Identification Unit prevented the timely deposit of receipts in accordance with Section 4-32 of the General Statutes.

Recommendation: The Department of Emergency Services and Public Protection should improve internal controls over cash receipts and ensure that its divisions deposit all receipts in accordance with Section 4-32 of the General Statutes. (See Recommendation 7.)

Agency Response: “Our agency agrees with this recommendation. Fiscal Services addressed the importance of internal controls of cash receipts and timeliness of deposits with the identified divisions/units, Fire Prevention and Control and Connecticut State Police Training Academy. Due to its business needs, a waiver request was submitted in August 2016 to the Office of the State Treasurer on behalf of State Police Bureau of Identification Unit to address its large volume of receipts. Fiscal Services is working with the remaining two units to ensure compliance with Section 4-32 of the General Statutes.”

BANK RECONCILIATIONS

Criteria: Sound business practice dictates that bank reconciliations be reviewed in a timely manner.

Condition: During our review of 36 DESPP petty cash bank reconciliations, we noted 17 instances in which the department did not perform the monthly reconciliation in a timely manner. In these instances, the department performed the reconciliation 4 to 135 days after the monthly statement ending date.

Effect: Because DESPP did not perform bank reconciliations in a timely manner, there is an increased likelihood that the department can make errors and not detect them.

Cause: The department informed us that the petty cash reconciliation delays were caused by a lack of staffing and increased staff duties.

Recommendation: The Department of Emergency Services and Public Protection should improve internal controls over the bank reconciliation process by ensuring that it performs reconciliations in a timely manner. (See Recommendation 8.)

Agency Response: “Our agency agrees with this recommendation. Fiscal Services will review the bank reconciliation process and determine changes that can be implemented including reducing the number of petty cash accounts and utilizing department issued p-cards when possible.”

ACCOUNTS RECEIVABLE – AGED RECEIVABLES

Criteria: Sound business practice dictates that a department should periodically review past due accounts receivable to determine their collectability. Management should write off receivables it judges to be uncollectible.

Section 3-7 (b) of the General Statutes requires that a state agency receive approval from the Office of Policy and Management (OPM) to write off accounts greater than \$1,000.

The State Accounting Manual, issued by the Office of the State Comptroller, provides guidance for the recordkeeping of accounts receivable. The guidance requires that accounts receivable remain on the records pending notification of the approval from OPM to write off those deemed uncollectible. Upon receiving such notification, the agency should promptly remove the receivable from its records.

Condition: Our review of DESPP’s outstanding accounts receivable records as of June 30, 2014, revealed that 35 accounts, totaling \$1,096,365, were outstanding for more than 1 year. Of these accounts, 15 were outstanding for more than 6 years, with receivables totaling \$924,625, and 12 totaling \$146,368 were outstanding more than 4 years.

In addition, we noted 9 instances in which the department did not promptly remove the receivables from its records once it received OPM approval to write off these accounts. The delays ranged from 9 months to over a year. As a result, the department overstated year-end balances by \$73,356 and \$904,309 for the 2012 and 2014 fiscal years, respectively.

Effect: When the department continues to include uncollectible accounts in the accounts receivable records, it will distort the true level of its accounts receivable, and may inhibit efficient management of them.

Cause: The DESPP accounting department had staffing shortages, which led to the prioritization of responsibilities. Consequently, the department did not give the same priority to the pursuit of uncollectible accounts and write-offs as it did to the collection of current accounts receivable.

Recommendation: The Department of Emergency Services and Public Protection should continue its efforts to review, collect, and account for delinquent receivable accounts in a timely manner. (See Recommendation 9.)

Agency Response: “Our agency agrees with this recommendation. A collection agency is utilized to recover funds for delinquent accounts. DESPP has collected or written off over 80% of the identified past due accounts and is working toward 100% compliance. Accounts deemed uncollectible will be forwarded to OPM for write off approval.”

ACCOUNTS RECEIVABLE – COMMISSION OF FIRE PREVENTION AND CONTROL

Background: The Department of Emergency Services and Public Protection’s Commission on Fire Prevention and Control division maintains a bookstore and the Connecticut Fire Academy (CFA). The bookstore sells books, study materials, DVDs, apparel, and gifts. The CFA provides training programs related to fire, hazardous materials, OSHA compliance, emergency medical services, and public education.

The bookstore supplies materials for CFA classes. The costs of the materials are either included in the price of the class or bought directly at the bookstore. In both cases, the activity is included as a receipt of the CFA on the state’s Core-CT accounting system.

The bookstore maintains sales records that reflect the amount of daily sales. That amount includes the value of materials supplied for the CFA classes. The division does not deposit actual receipts for the CFA class-related bookstore merchandise.

Criteria: Good business practices and internal controls provide for documentation of transactions, accounts reconciliation, write-off of uncollectible accounts, and reliable and accurate reports.

Condition: Our review of the accounts receivable records at the Commission on Fire Prevention and Control division, disclosed the following:

- Revenues collected for purchases made at the bookstore are not always recorded in corresponding accounts receivable records in the bookstore’s accounting system. The division informed us that it periodically reduces the receivable balances without any documentation to support the amount of funds received. As a result, the bookstore’s accounts receivable balance does not appear accurate. In addition, the accounts receivable balance in the bookstore’s accounting system is not reconciled with the revenue records recorded in the state’s Core-CT accounting system.
- The division’s business office did not generate, or could not locate in some cases, monthly aging reports with supporting detail during the audited period. The detailed records supporting the aging reports prior to October 2014 were not available, and the division could not retroactively create them from the agency’s system when we requested them.

Effect: The lack of proper internal controls and accurate financial records hinders management's ability to make informed administrative decisions. In addition, there is increased risk that errors or irregularities may go undetected.

Cause: The collection of receivables occurs in locations and units outside of the bookstore and those collections are not always provided to the bookstore for recording. Therefore, the bookstore reduces receivables without supporting documentation that the collections occurred.

An employee currently responsible for the preparation of monthly aging reports could not locate or confirm that aging reports were prepared during the audited period.

Recommendation: The Department of Emergency Services and Public Protection's Commission on Fire Prevention and Control should establish and implement controls to ensure that it accurately reports the bookstore's accounts receivable records by reconciling receivables with the department's revenue records. In addition, the commission's business office should generate and maintain aging reports with supporting detail on a monthly basis for monitoring and reporting purposes. (See Recommendation 10.)

Agency Response: "Our agency agrees with this recommendation. DESPP will work on developing a process to reconcile bookstore records to Core-CT. A software upgrade to the existing retail management application is being researched to provide financial reports including ongoing assessments of bookstore transactions."

PROPERTY CONTROL & REPORTING

Criteria: Section 4-36 of the General Statutes requires each state agency to establish and maintain an inventory account in the form prescribed by the State Comptroller, and to transmit a detailed annual inventory of all real property and capitalized personal property owned by the state and in the custody of the agency to the Comptroller.

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. The State Property Control Manual also provides specific requirements pertaining to the subsidiary records to support the categories included on the Asset Management/Inventory Report/GAAP Reporting Form (CO-59).

In addition, the manual further requires that agencies take a complete physical inventory of all property by the end of each fiscal year to ensure that property control records accurately reflect the inventory on hand.

Condition:

Our review of the department's CO-59 forms and CO-648B forms, submitted during the audited period, disclosed that certain amounts reported were not accurate. A summary of the significant exceptions follows:

- It appears that the department understated the land asset category in each of the audited years. The land acquisitions that we identified in the prior audit report for the Commission on Fire Prevention and Control were not included in this category.
- It appears that the department understated the site improvements, buildings, and construction in progress asset categories. In each of the audited years, the department reported no additions to the site improvements and construction in progress asset categories, when there were significant agency-administered construction projects that occurred during each fiscal year.

Regarding the building asset category, the department did not include 2 completed building additions, totaling \$13,730,150, on their CO-59 for the 2012 and 2013 fiscal years that we identified during the prior Department of Public Safety audit. While the department added this amount to the CO-59 for the 2014 fiscal year, it did not update the Core-CT subsidiary records to reflect the related amounts. In addition, the prior audit report for the Commission on Fire Prevention and Control identified that the commission recorded a building on its inventory at its purchase price of \$1. This recording did not include the building's actual value and any non-capitalized renovation costs. A current audit review revealed that the department still reported this building at its initial \$1.

- The department incorrectly reported the total number of buildings in each of the audited years. According to Core-CT, there are 74 buildings coded to the department. A review of the division records revealed that one of the buildings was actually a steel security door, valued at \$6,008. The correct number of buildings reported should have been 73.
- It appears that the department incorrectly reported the equipment asset category in each of the audited years. An asset totaling \$9,462,259, that our prior Department of Public Safety audit noted as no longer operational and for the most part disposed of, was still included in the ending balance for June 30, 2012. In addition, we noted 7 capital

equipment items purchased during the 2013 fiscal year, totaling \$1,709,890, that were not added to the inventory or reported on the CO-59 for the 2013 and 2014 fiscal years. Further review revealed that a disposed equipment item, valued at \$129,949, was incorrectly included in the equipment asset category of the CO-59 for the 2012 fiscal year.

- It appears that the department overstated the software asset category in each of the audited years. The department is still reporting an asset, totaling \$267,489 that our prior Department of Public Safety audit noted as removed from service several years ago. In addition, the beginning balance and additions reported on the CO-59 for the 2014 fiscal year do not agree with the division records.
- The licensed software asset category does not appear to be accurate. A review of the subsidiary records revealed that the department incorrectly reported the beginning balance, addition, and deletion amounts on the CO-59 form for the 2014 fiscal year.
- The department did not include fine art, totaling \$185,100, on its CO-59 for the 2012 and 2013 fiscal years that we identified during the prior Department of Public Safety audit. While the department added this amount to the CO-59 for the 2014 fiscal year, the department did not update the division records to reflect the related amounts in Core-CT. A further review disclosed that the department did not maintain an inventory or conduct a physical inventory of the art items during the audited period and currently does not maintain any records of its fine art assets in Core-CT.
- The balances reported in the stores and supplies asset category in each of the audited years does not appear to reflect accurate additions, deletions, and inventory balances. A review of the quartermaster's stores and supplies inventory revealed that the department does not maintain a perpetual inventory for all the stock items.

It appears that the department overstated the total number of vehicles reported on the Summary Motor Vehicle Report, CO-648B Form filed for the 2012, 2013, and 2014 fiscal years. In addition to reporting department-owned vehicles, the department incorrectly included leased vehicles from the Department of Administrative Services on these reports.

The department did not conduct a complete annual physical inventory during the fiscal years ended June 30, 2012, 2013, or 2014. From a sample of 23 capital assets, we noted 17 instances in which the asset was not inventoried during 1 or more of the 3 years in the current audited period. In addition, we conducted a review of the 2014 fiscal year annual physical

inventory, which revealed 6,822 capital and controllable items that the department reported as active in Core-CT, but the department did not inventory those items. A further review of these items revealed that the department assigned 2,114 of them to locations, but they could not be found. Based upon discussions with agency staff, these "missing" assets could be lost, stolen, disposed of or at a location that the department did not inventory during the 2014 fiscal year. The department also informed us that the agency did not attempt to locate these assets.

Effect: There appears to be significant deficiencies in the department's reporting of real and personal property. In addition, the risk of inventory loss increases when the department does not conduct complete annual physical inventories and does not maintain accurate inventory records. The department's property control records do not comply with established policies and procedures.

Cause: The department did not follow established internal control policies. Based upon the number of repeated conditions, the department did not adequately follow up on prior audit findings. In addition, the department has not made a sufficient effort to conduct a complete annual physical inventory to ensure that it accounts for all assets and reports them properly.

Recommendation: The Department of Emergency Services and Public Protection should improve internal controls over asset accountability and reporting, and ensure compliance with the requirements of the State Property Control Manual. The department should conduct a complete annual physical inventory and adjust its property control records to reflect the actual value of its real and personal property. (See Recommendation 11.)

Agency Response: "Our agency agrees with this recommendation.

DESPP is collaborating with the DAS to identify and appropriately report land acquisitions on DESPP's property records.

DESPP corrected the asset reporting by updating Core-CT records to reflect \$13,730,150 in building additions in fiscal year 2015 and included related contract design and fees, revising the total to \$14,908,521. The value and related costs of the building reported in the prior audit of the Commission on Fire Prevention and Control are currently being investigated by DESPP.

Core-CT will be revised to reflect 73 DESPP buildings and the steel security door will be appropriately categorized.

The Fiscal Services Unit will work with the Computer Services Unit to rectify discrepancies in the software asset category.

DESPP will update Core-CT to reflect current fine art inventory and values once additional historical information is obtained.

DESPP is in the process of restructuring the Quartermaster Unit and its stores and supplies inventory. A perpetual inventory system will be implemented.

The Motor Vehicle Summary Report has been adjusted providing an accurate representation of agency owned vehicles.

DESPP will comply by conducting complete physical inventories.”

PHYSICAL INSPECTION OF ASSETS

Criteria: The State Property Control Manual prescribes requirements and standards that state agency property control systems must include to ensure that they properly acquire, manage, and report on all assets they currently own or that are in their custody.

Condition: We performed physical inspections of several samples of inventory items. We note the results of these inspections below:

- We sampled 26 newly purchased capital assets during the audited period and found that the department did not record 2 of those assets on its property control record. One of these assets, valued at \$3,875, was not tagged and the other, valued at \$1,656,954, was not added to an existing asset.
- From a sample of 25 equipment items selected from the inventory records, we noted the following:
 - Ten equipment items could not be located. In 4 of these instances, the items were mounted to a vehicle without documenting which vehicle it was assigned to.
 - Seven items lacked information necessary to identify them. For 1 of these, the asset was not tagged and the serial number did not match the inventory records.
- From a sample of 10 equipment items selected from random inspection, 2 equipment items were located at a different location than what was reported on the department's inventory records. Further

review noted that the department assigned both items to a relocated division and it did not update inventory records. A review of equipment assigned to this division revealed that the department incorrectly reported 349 assets, totaling \$795,234, at the old location.

Effect: When the department does not maintain accurate inventory records, there is an increased risk of inventory loss. The department's property control records do not comply with established policies and procedures.

Cause: The department did not follow established internal control policies. The department informed us that divisions and units do not always notify the Property Control Unit when they move assets.

Recommendation: The Department of Emergency Services and Public Protection should improve internal control to ensure that it properly records assets in Core-CT and accurately reports them to the State Comptroller. The department should adjust its property control records to reflect the accurate location of its real and personal property. (See Recommendation 12.)

Agency Response: "Our agency agrees with this recommendation. The 2 assets identified as not being recorded were added to Core-CT in fiscal year 2015. DESPP is restructuring its asset management procedures in accordance with the requirements of the Property Control Manual to ensure timeliness and recording of inventory. DESPP divisions will be notified of the importance of properly documenting transfers in accordance with the requirements of the Property Control Manual. Any non-compliance will be addressed during the annual inventory."

LOSS REPORTING/DISPOSALS

Criteria: Section 4-33a of the General Statutes requires all state agencies to promptly notify the Auditors of Public Accounts and the Office of the State Comptroller of any unauthorized, illegal, irregular, or unsafe handling of state funds or breakdowns in the safekeeping of other state resources.

The State Property Control Manual prescribes the format for loss reporting. A Report of Loss or Damage to Real and Personal Property (Other than Motor Vehicles) – (CO-853) should be used to report all losses or damages to real and personal property other than vehicles pertaining to theft, vandalism, criminal or malicious damage, lost or misplaced funds, missing property (cause unknown), or damages caused by wind, fire, or lightning.

The State Property Control Manual also provides guidelines regarding the disposal of surplus property. The manual states that agencies should remove items from their inventory records once final disposal occurs.

Condition: During the audited period, the department submitted 5 CO-853 reports for equipment that was deemed missing, stolen, or damaged. A further review revealed 20 additional missing, stolen, or damaged equipment items for which the department never submitted a CO-853 report. The department did not remove 1 of these assets, valued at \$129,949, from the inventory records for more than 2 years after it was destroyed in a fire. In 2 other instances, the department never removed the assets from inventory, despite not inventorying them since the 2011 fiscal year.

From a sample of 10 disposed equipment items, we noted 5 instances in which the department did not remove the items from the Core-CT Asset Management Module in a timely manner. In these instances, the delays ranged from 38 to 1,672 days after the equipment items were disposed.

Effect: The department did not comply with Section 4-33a of the General Statutes and established policies and procedures. Furthermore, the department reported incorrect amounts on its CO-59 with respect to equipment it owned during the current audited period.

Cause: The department did not follow established control procedures. Regarding the removal of disposed equipment from Core-CT, the department informed us that it did not assign the required Core-CT roles to appropriate staff to perform this function.

Recommendation: The Department of Emergency Services and Public Protection should improve internal controls over asset management by ensuring that it files loss reports in a timely manner with the Auditors of Public Accounts and the Office of the State Comptroller. In addition, the department should ensure that it removes all disposed equipment from the Core-CT Asset Management Module in a timely manner. (See Recommendation 13.)

Agency Response: “The agency agrees with this recommendation. DESPP’s Administrative and Operations Manual addresses the reporting of damaged or lost assets. The Asset Management Unit will continue to forward all loss reports timely. In fiscal year 2016 the agency undertook a LEAN initiative to address equipment disposals and updated asset records in Core-CT. The agency will continue to comply by processing disposals in a timely manner.”

WEAPONS INVENTORY

Criteria: Section 4-36 of the General Statutes requires each state agency to establish and keep an inventory account in the form prescribed by the State Comptroller. The State Property Control Manual provides further guidance.

The State Property Control Manual prescribes requirements and standards that state agency property control systems must include to ensure that they properly acquire, manage, and report on all assets they currently own or that are in their custody. Some of those requirements include:

- State agencies are required to use the Core-CT Asset Management Module as their property control system to record and control all property they own or that are in their custody.
- Each agency must establish written internal procedures regarding firearms that include the agency's property control unit. Agencies must report firearms on their inventory regardless of the fair market value or cost. Agencies must consider all firearms controllable and they must report them as a capitalized item.
- Controllable property includes tangible assets with a unit value less than \$1,000, and an expected useful life of 1 or more years. Agencies must identify and control such assets because of their sensitive, portable, and theft-prone nature. Similar to capitalized property, controllable property is subject to the requirements of this manual regarding security, maintenance, and utilization.

The department's written internal asset inventory procedures require the Property Control Unit to forward an inventory of all weapons assigned to each unit and to individuals in that unit for inspection on an annual basis. The procedures further state that the department must explain any discrepancies and transferred weapons must have a DPS-22 form.

Condition: From an original sample of 15 sworn employees, we identified and selected 30 assigned weapons for review and noted the following:

- We noted three instances in which the weapon was identified as issued to the employee on the Personnel and Vehicle Inspection Report, but the department did not report it on one of the department's weapons inventory reports that we were provided.
- We noted one instance in which the weapon's serial number identified on the employee's Personnel and Vehicle Inspection Report did not

match the weapons serial number reported on one of the department's weapons inventory reports that we were provided.

Based upon our discussions with the department's Property Control Unit and our review of the weapons inventory listings provided, we noted the following:

- The department does not use the Core-CT Asset Management Module as their property control system to record and control weapons deemed controllable. The department records and controls these items on various inventory listings that it maintains outside of Core-CT.
- The department's Property Control Unit is not involved in the reporting, tracking, or inventorying of over 2,000 weapons deemed controllable. Furthermore, it appears that the department is not forwarding the required DPS-22 movement form to the Property Control Unit when there are transfers of weapons.
- A review of the department's controllable weapons inventory listings disclosed that the reports contained various identifying information but lacked some required pertinent information that would be necessary to accurately identify and report the asset, such as the weapon's cost, date acquired, and source of purchasing funds, etc.

Effect: The department's property control records pertaining to weapons do not comply with established policies and procedures.

Cause: The department did not follow established internal control policies.

Recommendation: The Department of Emergency Services and Public Protection should improve internal controls over weapons by ensuring that it tracks and accounts for all weapons in accordance with established policies and procedures. (See Recommendation 14.)

Agency Response: "Our agency agrees with this recommendation. During the audited periods the weapons inventory was tracked in separate locations. Tracking of the weapons inventory will be consolidated into a single source location and DESPP will work with the Office of the State Comptroller regarding compliance with the Property Control Manual."

CONSTRUCTION PROJECTS ADMINISTERED BY THE AGENCY

Criteria: Section 4b-52 of the General Statutes states that before an agency can administer or award a contract for construction, renovations, repairs, or alterations to any state facility, the Department of Administrative Services

(DAS) must grant permission. Repairs made pursuant to such DAS approval shall conform to all DAS guidelines and procedures for agency-administered projects.

The DAS Guidelines and Procedures Manual for Agency-Administered Projects sets forth the specific requirements for agency-administered construction projects.

The State of Connecticut's Property Control Manual prescribes the format for reporting all property owned by each state agency.

Condition:

A review of the DESPP-administered projects during the audited period disclosed the following:

- The department did not maintain a complete listing, which included each project's total actual expenditures, of agency-administered projects completed during the audited period. The department's list provided individual project estimates, which totaled approximately \$700,000. However, the total of expenditures recorded to various capital improvement funds in Core-CT was \$1,569,146. The department did not reconcile its internal records to Core-CT. Therefore, we have limited assurance that DESPP accounted for all construction projects it administers.
- The department did not submit any quarterly reports to DAS for emergency building repairs under \$10,000 during the audited period. We were unable to identify which projects the department deemed emergency repairs from its listing of completed projects, but the department did disclose that emergency projects occurred during the audited period.

Our current audit examination of 5 DESPP-administered construction projects noted the following:

- Two instances in which the department did not document on file that it submitted the required Supplement to OPM B-100 form to DAS for projects that exceeded \$50,000.
- Three instances in which we were unable to determine whether the contractor began work prior to the issuance of an approved purchase order.
- Five instances in which the required certificate of compliance form was not on file.
- Two instances in which the required certificate of substantial completion was not on file.

- One instance in which the agency did not receive DAS approval for the use of a consultant, who was paid \$1,000.

Effect: The department did not comply with applicable state regulations governing agency-administered projects. In addition, there is no evidence that the department properly recorded and accounted for all capital projects.

Cause: The department did not follow established policies and procedures.

Recommendation: The Department of Emergency Services and Public Protection should improve internal control over agency-administered projects and ensure compliance with established state regulations. In addition, the department should review all construction projects it administered during the audited period to ensure that it properly accounted for and reported any capitalized improvements. (See Recommendation 15.)

Agency Response: “The agency agrees with this recommendation. Facility Operations is working with fiscal staff as well as DAS/DCS to ensure that all capitalized improvements are accurately accounted for and reported.”

REPORTING

Criteria: Administrative Report to the Governor:

Section 4-60 of the General Statutes provides that the executive head of each budgeted agency shall deliver to the Governor, on or before September 30th annually, a report of the activities of such agency during the fiscal year ended the preceding June 30th.

Nuclear Safety Emergency Preparedness Program Plan:

Section 28-31 (c), of the General Statutes requires the commissioner of Emergency Services and Public Protection, in consultation with the commissioner of Energy and Environmental Protection, to submit a plan for carrying out the purposes of the nuclear safety emergency preparedness program during the next fiscal year to the Secretary of the Office of Policy and Management, not later than May 1st annually. The plan shall include proposed itemized expenditures and measures for the program. The secretary shall review the plan and, not later than June 1st annually, approve the plan if it conforms to the provisions of Section 28-31 (c).

Condition: Our review of the department’s statutory reporting requirements during the audited period disclosed the following:

- The department did not submit the Administrative Report to the Governor for the fiscal year 2012-2013. When requested, the department was unable to provide a copy of the report or evidence of its submission. In addition, the department submitted the report for the 2013-2014 fiscal year 2 months after the due date.
- The department did not timely submit the required nuclear safety emergency preparedness plan as required by Section 28-31 (c) of the General Statutes. Delays for the submission of the annual reports were one month, 15 months and 8 months for reports due May 1, 2011, 2012, and 2013, respectively.

Effect: The failure to submit required reports in a timely fashion prevents policymakers from receiving all of the information they require to make informed decisions.

Cause: The department informed us that it experienced staffing changes, during these reporting time-periods, which may have delayed the timely submission of reports.

Recommendation: The Department of Emergency Services and Public Protection should comply with reporting timeframes provided for in the General Statutes. (See Recommendation 16.)

Agency Response: “The agency agrees with this recommendation. Staff in the Commissioner’s Office is monitoring the compliance of the filing of statutorily mandated reports.

ACCESS TO THE CONNECTICUT ON-LINE LAW ENFORCEMENT COMMUNICATIONS TELEPROCESSING (COLLECT) SYSTEM

Background: Our review of the department’s information system included the examination of access privileges to the Connecticut On-Line Law Enforcement Communications Teleprocessing System (COLLECT). The COLLECT system is a statewide criminal justice system dedicated to Connecticut law enforcement and criminal justice agencies. In addition to providing access to COLLECT files, this system provides access to the National Crime Information Center and the International Justice and Public Safety Information Sharing Network.

Criteria: Agencies should promptly disable access to critical information systems when it is no longer required to ensure system integrity.

Condition: Our testing disclosed 32 instances in which the department did not terminate a separated employee’s COLLECT access in a timely manner. In most cases, COLLECT automatically deactivated employee accounts

because the employee did not recertify when access to the accounts expired. However, the expiration of their accounts occurred 1 to 2 years after termination. When we notified the department, it disabled the COLLECT user accounts.

Effect: Unauthorized access to a protected information system can jeopardize the security of the information in the system.

Cause: The department informed us that there was no notice of employee separations to the COLLECT Unit during the audited period.

Recommendation: The Department of Emergency Services and Public Protection should promptly disable access to the COLLECT system when an employee leaves the department or when access is no longer required. (See Recommendation 17.)

Agency Response: “The agency agrees with this recommendation. The Human Resources unit provides a monthly Hire, Rehire, and Termination Report to the COLLECT Unit. The COLLECT Unit promptly disables listed individuals’ access upon notice of termination of employment. This process was initiated in August 2014.”

CORE-CT – SEGREGATION OF DUTIES

Criteria: A good internal control system requires a separation of duties among employees so that the same employee does not perform certain functions, including authorizing, recording, and reviewing transactions.

The Core-CT Security Liaison Guide provides guidance as to which functions should be separated to reduce the risk of error or fraud.

Condition: Our review of the department’s Core-CT access privileges disclosed the following conditions:

- The department concurrently assigned 1 employee the billing processor and receivable processor roles. This employee has the ability to create customers and apply payments to those customers.
- The department concurrently assigned 3 employees the voucher approver and the agency asset processor or agency financial asset processor roles. These employees have the ability to approve vouchers and receive the goods purchased on those vouchers. In one of these instances, an employee also maintained the agency asset processor and the agency financial asset processor roles. This employee has the ability to maintain the asset records and adjust the asset’s financial information.

- The department concurrently assigned 8 employees the general buyer and/or general receiver and the agency asset processor or agency asset financial processor roles. These employees have the ability to confirm and change purchases and receive, accept, or reject the goods purchased.
- The department concurrently assigned 3 employees the agency asset processor and/or purchase order amount approver 1, purchase order amount approver 2, and purchase order budget approver roles. These employees have the ability to approve purchases and receive the goods purchased.

Effect: The lack of separation of duties increases the risk that errors or irregularities may go undetected.

Cause: The department took the position that the employees were the best suited to perform certain data entry functions within the Core-CT system, and those functions required such access.

Recommendation: The Department of Emergency Services and Public Protection should adjust the level of Core-CT access for some employees to improve the separation of duties. If the department deems such access is necessary and required, it should develop a compensating control system that it documents and periodically reviews. (See Recommendation 18.)

Agency Response: “The agency agrees with this recommendation. In accordance with the Core-CT Security Liaison Guide, the Billing and Accounts Receivable Unit has provided documentation to Core-CT to substantiate the necessity for Core-CT access for various personnel including the compensating internal controls established related to Core-CT access. DESPP will work with the Comptroller’s Office to resolve role conflicts.”

SOFTWARE INVENTORY

Criteria: The State Property Control Manual states that “a software inventory must be established by all agencies to track and control all of their software media, licenses or end user license agreements, certificates of authenticity, documentation and related items.” The manual further states that “each agency will produce a software inventory report on an annual basis...A physical inventory of the software library, or libraries, will be undertaken by all agencies at the end of each fiscal year and compared to the annual software inventory report. This report will be retained by the agency for audit purposes.”

Condition: Our review of the software inventory disclosed that the department does

not conduct an annual physical inventory of its software library, and does not maintain a complete and accurate listing of its software inventory. We also found that the department's software control records do not contain all of the information required by the State Property Control Manual.

Effect: The department did not comply with software inventory requirements contained in the State Property Control Manual.

Cause: The department had inadequate internal control over software accountability and reporting. The department informed us that it largely attributes these conditions to information technology staffing shortages.

Recommendation: The Department of Emergency Services and Public Protection should improve internal controls over software inventory and comply with the requirements contained in the State Property Control Manual. (See Recommendation 19.)

Agency Response: "The agency agrees with this recommendation. Information Services has consolidated all information technology (IT) functions across DESPP into one single unit effective July 1, 2016. Within the IT Unit is a Help Desk; its staff is responsible for tracking all incoming, changing, and expiring software licenses and will work closely with the Fiscal Services Unit to ensure proper inventory, accountability, and transparency measures are met."

CONNECTICUT FIRE ACADEMY – BOOKSTORE OPERATIONS

Background: The Department of Emergency Services and Public Protection's Commission on Fire Prevention and Control maintains a bookstore and the Connecticut Fire Academy (CFA). The bookstore sells books, study materials, DVDs, apparel, and gifts. The CFA provides training programs related to fire, hazardous materials, OSHA compliance, emergency medical services, and public education safety.

The bookstore supplies materials for classes conducted within the CFA. The materials are included in the price of the class or bought directly at the bookstore. In both cases, the activity is included as a receipt for the CFA in Core-CT.

The bookstore maintains daily sales records. Those records include the sale of class materials included in the price of the CFA class. The division does not deposit actual receipts for the bookstore merchandise included in the price of the CFA classes.

Criteria: Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Furthermore, the preparation of financial statements is an effective administrative procedure to provide information that an agency can use to make informed administrative decisions.

Condition: Our review noted the following discrepancies in the bookstore's financial records:

- Per the bookstore's records, sales for the fiscal year ended June 30, 2012, 2013, and 2014 were \$303,126, \$343,273, and \$378,232, respectively. However, the total receipts per the state's Core-CT accounting system were \$269,429, \$290,176, and \$307,053, respectively. The difference may be due to the bookstore posting the cost of materials included in the CFA class cost as a sale without the exchange of funds. However, we were unable to substantiate whether this factor accounted for the total difference. Therefore, we have limited assurance that the division properly accounted for all funds.
- The recorded amount of sales on the bookstore's computerized retail system does not reflect the actual cost of the merchandise. From a sample of 6 bookstore purchases, we noted 4 instances in which merchandise was recorded in the bookstore's inventory records at a different cost. The aggregate difference in our samples resulted in the bookstore understating the cost of goods sold by \$244.

Our review noted the following internal control weaknesses:

- The bookstore does not conduct a routine review of its operations, and it does not reconcile its sales records to bank deposit records to ensure that it accounts for all receipts.
- The bookstore does not have sufficient summary reports readily available to support materials it supplied for CFA classes.
- The bookstore does not prepare financial statements.

Effect: The lack of accurate financial records hinders management's ability to make informed administrative decisions. Furthermore, it increases the risk that errors or irregularities may go undetected.

Cause: The department did not establish adequate control procedures over the bookstore.

Recommendation: The Department of Emergency Services and Public Protection’s Commission on Fire Prevention and Control should establish control procedures over the Connecticut Fire Academy bookstore to provide reasonable assurance that the division accurately maintains financial records and detects errors or irregularities in a timely fashion. (See Recommendation 20.)

Agency Response: “The agency agrees with this recommendation. DESPP is developing a reconciliation process to track point of sales transactions with Core-CT and has taken action to properly recognize cost of goods sales transactions. A software upgrade to the existing retail management application is being researched to provide financial reports which would allow ongoing assessments of the bookstore operation, including monitoring bookstore sale transactions.”

RECOMMENDATIONS

Our prior audit report on the Department of Public Safety (now DESPP) contained 21 recommendations for improving operations. We are repeating or restating with modification 13 of those recommendations in this report.

Status of Prior Audit Recommendations:

- **The Department of Public Safety should strengthen internal controls over compensatory time to ensure that records are accurate and in compliance with established policies and procedures. The department should comply with the DAS Management Personnel Policy 06-02.** This recommendation was not implemented and is being restated for current conditions noted. (See Recommendation 1.)
- **The Department of Public Safety should continue its efforts to update its service time records for eligible war service to ensure that longevity records are accurate.** This recommendation was implemented and is not being repeated.
- **The Department of Public Safety should comply with the policies and procedures for processing workers' compensation claims.** This recommendation was not implemented and is being restated for current conditions noted. (See Recommendation 2.)
- **The Department of Public Safety should take steps to ensure compliance with Section 5-247-11 of the State Regulations by obtaining an acceptable medical certificate for employees who use sick leave for a period of more than five consecutive working days.** This recommendation was implemented and is not being repeated.
- **The Department of Public Safety should comply with Section 5-208a of the General Statutes and communicate dual employment policies to appropriately monitor dual employment situations.** This recommendation was not implemented and is being restated for current conditions noted. (See Recommendation 3.)
- **The Department of Public Safety should strengthen its administrative oversight over the processing of overtime to ensure that such payments are made in accordance with the provisions of the collective bargaining unit contract.** This recommendation was not implemented and is being restated for current conditions noted. (See Recommendation 4.)
- **The Department of Public Safety should take steps to strengthen controls over purchasing card transactions by ensuring compliance with established purchasing card procedures.** This recommendation was not implemented and is being restated for current conditions noted. (See Recommendation 6.)

- **The Department of Public Safety should improve internal controls over the bank reconciliation process by ensuring that reconciliations are performed and reviewed in a timely manner. The supervisory review of the bank reconciliation process should be formally documented.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 8.)
- **The Department of Public Safety should improve internal controls over cash receipts and ensure that all receipts are deposited and accounted for in accordance with Section 4-32 of the General Statutes. The department should consider implementing a control procedure that requires each location collecting funds to use a standard receipts journal to document the receipt date.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 7.)
- **The Department of Public Safety should implement a control procedure that requires all mail be opened upon receipt to ensure that any funds received are recorded and accounted for in a timely manner.** This recommendation was implemented and is not being repeated.
- **The Department of Public Safety should improve its internal controls over petty cash funds by maintaining a petty cash journal or register.** This recommendation was implemented and is not being repeated.
- **The Department of Public Safety should continue its efforts to review, collect and account for delinquent accounts receivable.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 9.)
- **The Department of Public Safety should comply with Section 4-33 of the General Statutes by seeking the required approvals to open a state bank account.** This recommendation was implemented and is not being repeated.
- **The Department of Public Safety should improve internal controls over asset accountability and reporting, and ensure compliance with the requirements of the State Property Control Manual. The department should adjust its property control records to reflect the actual value of its real and personal property.** This recommendation was not implemented and is being restated for current conditions noted. (See Recommendation 11.)
- **The Department of Public Safety should comply with Section 4-33a of the General Statutes, which requires that the Auditors of Public Accounts and the Office of the State Comptroller be notified immediately of all losses/damages to state property upon discovery.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 13.)
- **The Department of Public Safety should comply with established policies and procedures and improve internal controls over agency-administered projects. In**

addition, the department should review all of its agency-administered construction projects during the audited period to ensure the amount of capitalized improvements were properly accounted for and reported. This recommendation was not implemented and is being restated for current conditions noted. (See Recommendation 15.)

- **The Department of Public Safety should remove its Core-CT access privileges for certain employees to improve the separation of duties. If the department deems such access is necessary and required, a compensating control system should be developed, documented and periodically reviewed.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 18.)
- **The Department of Public Safety should disable all computer access to Core-CT promptly upon an individual's termination of employment or when such access is no longer required.** This recommendation was implemented and is not being repeated.
- **The Department of Public Safety should continue its efforts to develop a comprehensive formal written information technology disaster recovery plan.** This recommendation was implemented and is not being repeated.
- **The Department of Public Safety should improve internal controls over software inventory and comply with the requirements contained in the State Property Control Manual.** This recommendation was not implemented and is being restated for current conditions noted. (See Recommendation 19.)
- **The Department of Public Safety should comply with Section 29-1c of the General Statutes by publishing the annual uniform crime report in a timely manner.** This recommendation was implemented and is not being repeated.

Our prior audit report on the Department of Emergency Management and Homeland Security contained 4 recommendations for improving operations, 3 of which are being repeated or restated with modification in the current audit report.

- **The Department of Emergency Management and Homeland Security should improve internal controls over asset accountability and reporting, and ensure compliance with the requirements of the State Property Control Manual.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 11.)
- **The Department of Emergency Management and Homeland Security should establish and implement internal controls to ensure receipts are accounted for and deposited in a timely manner in accordance with Section 4-32 of the General Statutes.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 7.)

- **The Department of Emergency Management and Homeland Security should develop and submit an indirect cost rate in accordance with applicable federal and state requirements.** This recommendation was implemented and is not being repeated.
- **The Department of Emergency Management and Homeland Security should strive to comply with reporting timeframes provided for in Sections 4-36, 4-60, 4a-60g(m), 28-1i, and 28-31, subsection (c), of the General Statutes.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 16.)

Our prior audit report on the Commission of Fire Prevention and Control contained 13 recommendations for improving operations, 6 of which are being repeated or restated with modification in the current audit report.

- **The Commission on Fire Prevention and Control should continue in its efforts to achieve full membership in compliance with Section 7-323k of the General Statutes.** This recommendation was implemented and is not being repeated.
- **The Commission on Fire Prevention and Control should comply with Section 1-225 of the General Statutes by filing its meeting agendas with the Secretary of the State.** This recommendation was implemented and is not being repeated.
- **The Commission on Fire Prevention and Control should consider addressing the outdated language of both its regulations and applicable statutes.** This recommendation was implemented and is not being repeated.
- **The Commission on Fire Prevention and Control should take greater care to ensure that pre-approval of compensatory time is properly obtained and documented.** This recommendation was implemented and is not being repeated.
- **The Commission on Fire Prevention and Control should comply with Section 5-208a of the General Statutes and submit dual employment forms as applicable for dually employed staff.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 3.)
- **The Commission on Fire Prevention and Control, DAS, and OLR should discuss what further actions are necessary to remedy the lack of qualifications of the 4 employees filling the positions of fire academy trainer.** This recommendation was implemented and is not being repeated.
- **The Commission on Fire Prevention and Control should comply with Section 4-98 of the General Statutes by ensuring a commitment is in place prior to incurring an obligation.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 5.)

- **The Commission on Fire Prevention and Control should improve internal controls over cash receipts and ensure that all receipts are deposited and accounted for in accordance with Section 4-32 of the General Statutes and applicable waivers of such as authorized by the Office of the State Treasurer.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 7.)
- **The Commission on Fire Prevention and Control should establish and implement controls to address the conflict in duties, centralize and address the inaccuracy of accounts receivable records, generate and maintain aging reports with supporting detail on a monthly basis for monitoring and reporting purposes, and further pursue the collection of long outstanding accounts receivable items via other available means.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 10.)
- **The Commission on Fire Prevention and Control should maintain its property control system in accordance with the State Property Control Manual and ensure that the amounts reported on the CO-59 Asset Management/Inventory Report/GAAP Reporting Form and the CO-648B Summary Motor Vehicle Report are accurate and adequately supported.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 11.)
- **The Commission on Fire Prevention and Control should ensure that a current formal written disaster recovery plan is approved and implemented to include provisions regarding proper data back-up procedures. The commission should also implement a procedure to discontinue access to systems upon employee separation.** This recommendation was implemented and is not being repeated.
- **The Commission on Fire Prevention and Control should establish controls to track compliance and comply with its existing regulations and policies as concerns the application process for written and practical skills examinations and reciprocity of certification.** This recommendation was implemented and is not being repeated.
- **The Commission on Fire Prevention and Control should establish control procedures over the bookstore to provide reasonable assurance that financial records are accurately maintained and errors or irregularities are detected in a timely fashion.** This recommendation was not implemented and is being repeated in modified form. (See Recommendation 20.)

Our prior audit report on the Police Officer Standards and Training Council contained 3 recommendations for improving operations, 2 of which are being repeated or restated with modification in the current audit report.

- **The Police Officer Standards and Training Council should, in conjunction with the Department of Administrative Services, improve its controls over fixed assets/inventory procedures and the annual reporting of such assets.** This

recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 11.)

- **The Police Officer Standards and Training Council should, in conjunction with the Department of Administrative Services, improve purchasing procedures to ensure compliance with Section 4-98 of the General Statutes.** This recommendation was implemented in part and is being restated for current conditions noted. (See Recommendation 5.)
- **The Police Officer Standards and Training Council should, in conjunction with the Department of Administrative Services, improve its controls over medical certifications to ensure compliance with Section 5-247-11 of the State Regulations.** This recommendation was implemented and is not being repeated.

Current Audit Recommendations:

1. **The Department of Emergency Services and Public Protection should implement control procedures to ensure compliance with the requirements related to compensatory time set forth in the Department of Administrative Services Management Personnel Policy 06-02 and the various collective bargaining contracts.**

Comment:

Our review of compensatory time during the audited period disclosed instances in which time was not earned, tracked, or expired in accordance with collective bargaining contracts. We also noted 2 instances in which employees earned compensatory time without proper prior authorization.

2. **The Department of Emergency Services and Public Protection should implement control procedures to ensure compliance with the Department of Administrative Services requirements for reporting and calculating total wages for employees who file workers' compensation claims.**

Comment:

In 5 instances, the department did not calculate employee workers' compensation wages in the manner prescribed by the Department of Administrative Services. In addition, there were 2 instances in which the required reports were not signed by the employee's supervisor.

3. **The Department of Emergency Services and Public Protection should comply with Section 5-208a of the General Statutes and communicate dual employment policies to improve monitoring of dual employment situations.**

Comment:

Our review of employees with a dual employment arrangement disclosed numerous instances in which the required forms were not on file. In addition, we noted 2 instances in which there appears to have been a conflict in the hours worked between the primary and secondary jobs.

4. **The Department of Emergency Services and Public Protection should improve internal controls over the processing of overtime to ensure that it makes such payments in accordance with the provisions of the Maintenance and Service Unit bargaining contract.**

Comment:

Our review of overtime disclosed instances in which the department incorrectly paid employees in a way that was not in accordance with the collective bargaining contract.

5. **The Department of Emergency Services and Public Protection should take steps to improve internal control over the procurement process and comply with the General Statutes by ensuring a commitment is in place prior to incurring an obligation. The department should comply with state telecommunication procedures for monitoring and verifying telephone charges. The department should also improve purchasing procedures to ensure that it realizes all contract terms, including available discounts.**

Comment:

Our review of expenditure transactions identified a number of instances in which the department issued and approved purchase orders after it received the goods and services, there was missing supporting documentation, and the department did not take advantage of billing discounts.

Our review also disclosed that the department did not review monthly phone bills or certify that charges were for services and equipment received and incurred for departmental use.

- 6. The Department of Emergency Services and Public Protection should take steps to strengthen controls over purchasing card transactions by ensuring compliance with established purchasing card procedures.**

Comment:

In several instances, the department did not comply with established purchasing card procedures. In 4 instances, 2 different cardholders were missing receipts for transactions. In another instance, a transaction involving the purchase of a capital asset, totaling \$49,602, was miscoded and not capitalized.

- 7. The Department of Emergency Services and Public Protection should improve internal controls over cash receipts and ensure that its divisions deposit all receipts in accordance with Section 4-32 of the General Statutes.**

Comment:

We noted a number of instances in which the department did not deposit receipts in a timely manner. In addition, we noted some internal control deficiencies over receipt processing at the Commission on Fire Prevention and Control, State Police Training Academy, and the State Police Bureau of Identification.

- 8. The Department of Emergency Services and Public Protection should improve internal controls over the bank reconciliation process by ensuring that it performs reconciliations in a timely manner.**

Comment:

During our review of the department's 36 petty cash bank reconciliations, we noted 17 instances in which the department did not perform the monthly reconciliations in a timely manner.

- 9. The Department of Emergency Services and Public Protection should continue its efforts to review, collect, and account for delinquent receivable accounts in a timely manner.**

Comment:

Our review of the department's outstanding accounts receivable records revealed that 35 accounts, totaling \$1,096,365, were outstanding for more than 1 year, as of June 30, 2014. In addition, we noted 9 instances in which the department did not promptly remove the receivables from its records once it received OPM approval to write off these accounts.

- 10. The Department of Emergency Services and Public Protection’s Commission on Fire Prevention and Control should establish and implement controls to ensure that it accurately reports the bookstore’s accounts receivable records by reconciling receivables with the department’s revenue records. In addition, the commission’s business office should generate and maintain aging reports with supporting detail on a monthly basis for monitoring and reporting purposes.**

Comment:

Our review of the accounts receivable records at the Commission on Fire Prevention and Control disclosed numerous internal control weaknesses, which may diminish the accuracy of the accounts receivable balance. Revenues collected for purchases made at the bookstore are not always recorded in corresponding accounts receivable records in the bookstore’s accounting system. The accounts receivable balance in the bookstore’s accounting system is not reconciled with the revenue records recorded in Core-CT.

The commission did not generate, or could not locate, monthly aging reports with supporting detail.

- 11. The Department of Emergency Services and Public Protection should improve internal controls over asset accountability and reporting, and ensure compliance with the requirements of the State Property Control Manual. The department should conduct a complete annual physical inventory and adjust its property control records to reflect the actual value of its real and personal property.**

Comment:

Our review of the department’s property control system disclosed a significant number of inaccuracies and other control weaknesses. Our review of the CO-59 reports, submitted during the audited period, disclosed that certain amounts were significantly inaccurate.

The total number of vehicles reported on the Summary Motor Vehicle Report, CO-648B Form the department filed for the 2012, 2013, and 2014 fiscal years was overstated.

The department did not conduct a complete annual physical inventory during the fiscal years ended June 30, 2012, 2013, or 2014.

- 12. The Department of Emergency Services and Public Protection should improve internal control to ensure that it properly records assets in Core-CT and accurately reports them to the State Comptroller. The department should adjust its property control records to reflect the accurate location of its real and personal property.**

Comment:

Our physical inspections of several samples of inventory items disclosed items that the department could not locate, did not tag, or did not record on its property control records.

- 13. The Department of Emergency Services and Public Protection should improve internal controls over asset management by ensuring that it files loss reports in a timely manner with the Auditors of Public Accounts and the Office of the State Comptroller. In addition, the department should ensure that it removes all disposed equipment from the Core-CT Asset Management Module in a timely manner.**

Comment:

During the audited period, the department did not submit all the required CO-853 reports to the appropriate state agencies for missing assets. In addition, our review disclosed missing assets that the department did not remove on time or at all from its property control records.

- 14. The Department of Emergency Services and Public Protection should improve internal controls over weapons by ensuring that it tracks and accounts for all weapons in accordance with established policies and procedures.**

Comment:

During the audited period, the department did not track and control all of its weapons in accordance with established policies and procedures. The department did not use Core-CT to track weapons that it deemed controllable. The department's controllable weapons inventory listings lacked required information to properly identify and report on such weapons.

Through our review of 15 sworn employees and their assigned weapons, we identified 3 weapons not reported on any of the department's weapons inventory reports that we were provided.

- 15. The Department of Emergency Services and Public Protection should improve internal control over agency-administered projects and ensure compliance with established state regulations. In addition, the department should review all construction projects it administered during the audited period to ensure that it properly accounted for and reported any capitalized improvements.**

Comment:

The department did not maintain a complete listing, including each project's total actual expenditures, of agency-administered projects that it completed during the audited period.

The department did not submit any quarterly reports for emergency building repairs under \$10,000 to DAS during the audited period.

Our review of a sample of 5 construction projects administered by the agency disclosed that the department did not comply with established policies and procedures. The non-compliance included the lack of documentation for approval of projects; lack of documentation to confirm that contractors did not begin work prior to the issuance of an approved purchase order; and the lack of DAS approval for the use of a consultant. In addition, a significant number of the required reports were not on file.

- 16. The Department of Emergency Services and Public Protection should comply with reporting timeframes provided for in the General Statutes.**

Comment:

The department did not submit the Administrative Report to the Governor for the fiscal year 2012-2013.

The department did not submit the required plan for the nuclear safety emergency preparedness program within the required timeframe in Section 28-31c of the General Statutes.

- 17. The Department of Emergency Services and Public Protection should promptly disable access to the COLLECT system when an employee leaves the department or when access is no longer required.**

Comment:

Our testing disclosed 32 instances in which an employee separated from the department but the department did not terminate the COLLECT access in a timely manner.

- 18. The Department of Emergency Services and Public Protection should adjust the level of Core-CT access for some employees to improve the separation of duties. If the department deems such access is necessary and required, it should develop a compensating control system that it documents and periodically reviews.**

Comment:

We noted that a number of employees had access to multiple Core-CT financial system modules that undermined the adequate separation of duties.

- 19. The Department of Emergency Services and Public Protection should improve internal controls over software inventory and comply with the requirements contained in the State Property Control Manual.**

Comment:

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

- 20. The Department of Emergency Services and Public Protection's Commission on Fire Prevention and Control should establish control procedures over the Connecticut Fire Academy bookstore to provide reasonable assurance that the division accurately maintains financial records and detects errors or irregularities in a timely fashion.**

Comment:

Our review of the bookstore's financial records noted discrepancies between the bookstore's sales records and total receipts recorded in Core-CT. The amount of goods sold per the bookstore's computerized retail system did not reflect the actual cost of the merchandise.

Our review also noted that there is no regular review of the bookstore's operations, summary reports are not readily available to support the materials supplied by the bookstore, and financial statements are not prepared.

ACKNOWLEDGEMENT

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

Lynne Adler
Xiaofeng Chen
Kaitlyn Marie Cistulli
Walter Felgate
William E. Jordan
David S. Paradie

CONCLUSION

We wish to express our appreciation for the cooperation and courtesies extended to our representatives by the personnel of the Department of Emergency Services and Public Protection during this examination.



Walter Felgate
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor