

STATE OF CONNECTICUT

**AUDITORS' REPORT
POLICE OFFICER STANDARDS AND TRAINING COUNCIL
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 2001**

AUDITORS OF PUBLIC ACCOUNTS
KEVIN P. JOHNSTON ♦ ROBERT G. JAEKLE

Table of Contents

INTRODUCTION	1
COMMENTS	1
Foreword:.....	1
Legislative Changes.....	2
Members of the Council.....	2
Résumé of Operations:.....	4
CONDITION OF RECORDS	6
Administrative Controls.....	6
Generally Accepted Accounting Principles (GAAP) Reporting	7
RECOMMENDATIONS	9
CERTIFICATION	11
CONCLUSION	13

November 6, 2002

**AUDITORS' REPORT
POLICE OFFICER STANDARDS AND TRAINING COUNCIL
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 2001**

We have made an examination of the financial records of the Police Officer Standards and Training Council for the fiscal years ended June 30, 2000 and 2001.

Financial statements pertaining to the operations and activities of the Police Officer Standards and Training Council are presented and audited on a Statewide Single Audit basis to include all State agencies. This audit has been limited to assessing the Police Officer Standards and Training Council's compliance with certain provisions of financial related laws, regulations, contracts and grants and evaluating the Police Officer Standards and Training Council's internal control structure policies and procedures established to ensure such compliance.

This report on that examination consists of the Comments, Condition of Records, Recommendations and Certification that follow.

COMMENTS

FOREWORD:

The Police Officer Standards and Training Council (POSTC), formerly the Municipal Police Training Council, has been established and operates under the provisions of Title 7, Chapter 104, Sections 7-294a through 7-294z of the General Statutes. POSTC functions as an autonomous agency; however, Section 7-294b of the General Statutes places POSTC within the Division of State Police of the Department of Public Safety for "administrative purposes only". Its administrative offices are located at the Connecticut Police Academy in Meriden which it jointly occupies with the State Police Training Division. Section 2c-2b, subsection (c) (4), of the General Statutes provides for POSTC's termination, effective July 1, 2005, unless reestablished by legislative act.

POSTC is charged with setting policy, training and licensing standards for all full-time and part-time municipal police officers throughout the State in regard to basic and continuing training. POSTC is also responsible for the certification of basic and review training programs conducted by various municipalities, as well as administering the certification of police officers and police instructors Statewide. It arranges for and funds in-service training programs for law enforcement managers, supervisors and other personnel. POSTC operates the Law Enforcement Resource Center, a library and media center located at the Academy.

In addition, POSTC operates a basic recruit training program at the Academy. Its enrollees include recruits primarily from smaller municipalities which do not operate their own basic training programs and law enforcement personnel from various State agencies and institutions.

Legislative Changes:

Legislative action taken during the audited period that has impacted POSTC is summarized below:

Section 1(20) of Public Act 00-51 of the February 2000 Regular Session of the General Assembly, effective May 16, 2000, amended Section 7-294d, subsection (a), of the General Statutes and extends POSTC's powers to recruit, select and appoint candidates to the position of probationary candidate, as defined in Section 7-294a, and provide recruit training for candidates of the Connecticut Police Corps Program in accordance with the Police Corps Act, 42 USC 14091 et seq., as amended from time to time.

Section 6 of Public Act 00-72 of the February 2000 Regular Session of the General Assembly, effective July 1, 2001, codified as Section 7-294n of the General Statutes, requires that each police basic or review training program conducted or administered by POSTC include training relative to crimes motivated by bigotry or bias.

Members of the Council:

During the audited period, under the provisions of Section 7-294b, of the General Statutes, the Police Officer Standards and Training Council was comprised of 18 members appointed by the Governor and two ex-officio members. The appointed membership was as follows:

- a chief administrative officer of a municipality with a population greater than 12,000
- a chief elected official or executive officer of a municipality with a population less than 12,000
- a member of the faculty of the University of Connecticut
- eight members of the Connecticut Police Chiefs Association who are the chief or highest ranking officer of an organized municipal police department
- the Chief State's Attorney
- a member of the Connecticut Coalition of Police and Corrections Officers
- five public members

The ex-officio members are the Commissioner of Public Safety and the Special Agent-in-Charge of the Federal Bureau of Investigation in Connecticut.

The terms of all appointed members are coterminous with that of the Governor or until a successor is chosen. However, for non-public members, their terms are also based on their continued employment in those positions which have qualified them for appointment. Each serves without compensation except for the reimbursement of necessary expenses.

The members of the Police Officer Standards and Training Council on June 30, 2001, are listed below:

Appointed Members:

Chairperson: Chief Thomas E. Flaherty, Milford
Philip A. Giordano, Mayor, Waterbury
Frances C. Russell, First Selectman, Westbrook
Peter L. Halvorson, Ph.D. UConn Faculty
Chief Douglas L. Dortenzio, Wallingford
Chief Dean M. Esserman, Stamford
Chief Louis J. Fusaro, Norwich
Chief Edmund H. Mosca, Old Saybrook
Chief William B. Perry, Southington
Chief Anthony J. Salvatore, Sr., Cromwell
Chief Thomas J. Sweeney, Glastonbury
John M. Bailey, Chief State's Attorney
Carolyn J. Moffatt, Connecticut Coalition of Police and Corrections Officers
Carol S. Bryan, Branford
Howard L. Burling II, Bristol
Kurt P. Cavanaugh, Glastonbury
Thomas P. O'Dea, Jr., Esq., Westport
Craig A. Zendzian, Ph.D., Southington

Ex-officio Members:

Arthur L. Spada, Commissioner of Public Safety
Michael J. Wolf, FBI Special Agent-in-Charge

Additional members who served on the Council during the audited period were as follows:

Catherine M. Havens, Esq., UConn, Faculty
Chief Joseph F. Croughwell, Jr., Hartford
Dr. Henry C. Lee, Commissioner of Public Safety (ex-officio)

T. William Knapp has served as Executive Director of the Council since November 3, 1989, and continues to serve in that capacity.

RÉSUMÉ OF OPERATIONS:

General Fund receipts totaled \$162,475 and \$353,155 for the fiscal years ended June 30, 2000 and 2001, respectively, as compared to \$101,311 for the year ended June 30, 1999. Receipts consisted primarily of Federal and State Grants. The increase for the audit period is primarily attributable to funding received for Drug Enforcement Training programs.

During the audited period POSTC was authorized to make expenditures from the General Fund and the Capital Equipment Fund. General Fund expenditures from restricted accounts were made with monies received from Federal and State Grants.

A summary of General Fund expenditures for the fiscal years ended June 30, 2000 and 2001, as compared with the fiscal year ended June 30, 1999, is presented below:

	<u>Fiscal Year Ended June 30,</u>		
	<u>1999</u>	<u>2000</u>	<u>2001</u>
	\$	\$	\$
Budgeted Accounts:			
Personal services	1,324,810	1,483,282	1,522,340
Contractual services	659,021	724,911	673,058
Commodities	182,204	160,105	154,341
Sundry charges	2,186	60,528	61,808
Equipment	<u>37,620</u>	<u>120,782</u>	<u>1,000</u>
Total Budgeted Accounts	2,205,841	2,549,608	2,412,547
Restricted Contributions Accounts:	<u>122,484</u>	<u>127,842</u>	<u>354,548</u>
Totals	<u>\$2,328,325</u>	<u>\$2,677,450</u>	<u>\$2,767,095</u>

Expenditures from budgeted accounts increased 9.4 percent over the audited period due mainly to increases in personal services and contractual services costs. Personal services expenditures increased by 12.0 percent and 2.6 percent in 1999-2000 and 2000-2001 respectively. The bulk of the increase for the 1999-2000 fiscal year was primarily attributable to an increase in staffing levels and retroactive payments of collective bargaining settlements. Contractual services expenditures increased by 10 percent and decreased 7.2 in 1999-2000 and 2000-2001 respectively. The increase for fiscal year 1999-2000 was primarily due to costs of specialized training instructors required for new/revised police certification courses coordinated by the Field Services Division and EDP contractual services required for implementation of POSTC's new relational database system. The decrease for fiscal year 2000-2001 was due primarily to the completion of the aforementioned database system.

Expenditures from Restricted Contributions Accounts increased 4.4 percent and 177.3 percent for fiscal years 1999-2000 and 2000 and 2001 respectively. The significant increase for the 2000-2001 fiscal year was attributable primarily to purchases of computer equipment for law enforcement in-service computer training programs.

Additional equipment expenditures were paid from a separate appropriation specifically for capital equipment purchases within the Capital Equipment (1872) Fund, and totaled \$40,737 and \$130,367 for the fiscal years ended June 30, 2000 and 2001, respectively. Expenditures for the

1999-2000 fiscal year were primarily for purchases of motor vehicles used in driver training programs and expenditures for the 2000-2001 fiscal year were primarily for purchases of dormitory furniture and a critical incident facilitator training system.

In February 1998, POSTC entered into an agreement with the Department of Administrative Services' Financial Services Center (DAS-FSC), formerly Fiscal Administrative Resources Business Center to provide certain business office functions for POSTC. Under terms of the agreement charges for services beyond fiscal year 1998-1999 were to be "negotiated and agreed upon by the parties." We noted that POSTC transferred \$32,000 for fiscal year 1999-2000 and \$32,000 for fiscal year 2000-2001 to DAS-FSC for services rendered. A revised Memorandum of Understanding (MOU) dated May 23, 2001 was drafted and formerly approved by POSTC, June 12, 2001 and DAS-FSC, June 13, 2001. Under terms of this agreement charges for services beyond fiscal year 2000-2001 will "be negotiated and agreed upon by the parties". Additionally in September 1998 POSTC entered into another agreement with the Department of Administrative Services' Business Advisory Group to assist POSTC in managing all aspects of its Equal Employment Opportunity/Affirmative Action programs. Under terms of this agreement the MOU shall automatically renew for each fiscal year period thereafter unless either party provides written notice. Charges for services beyond fiscal year 1998-1999 were to be negotiated and agreed upon by the parties; transfers to DAS-FSC for services rendered were \$26,985 for fiscal year 1999-2000 and \$26,985 for fiscal year 2000-2001.

In our "2001 Annual Report to the Connecticut General Assembly" under "Technical Corrections and Other Matters", we noted an apparent conflict in the General Statutes that should be addressed relative to POSTC. Section 4-9 of the General Statutes provides that the Governor appoint Executive Directors of all boards and commissions with few exceptions. However, Section 7-294d, subsection (a) (14), authorizes the Police Officer Standards and Training Council to employ an Executive Director.

CONDITION OF RECORDS

Our review of the financial records of the Police Officer Standards and Training Council disclosed some areas requiring additional attention. These areas are discussed in this section of the report.

Administrative Controls:

Background: In our prior auditors' report we recommended that POSTC complete a comprehensive Administrative Policy and Procedures Manual (or manuals) inclusive of accounting systems control processes and procedures. The following is a result of our current review.

Criteria: Pursuant to Section 7-279d, subsection (a) (14), of the General Statutes the Police Officer Standards and Training Council is authorized to employ an executive director and any other personnel that may be necessary in the performance of its functions; and subsection (a) (15), allows the Police Officer Standards and Training Council to perform any other acts that may be necessary and appropriate to carry out the functions of the Council. In respect to these functions, it is management's responsibility to establish guidelines, policies and procedures for the internal operation and administration of the agency and disseminate such information to all POSTC personnel.

Condition: POSTC has not developed adequate written procedures which document the Agency's control environment. The current Policy and Procedures Manual has not been updated in over eight years; the majority of procedures predate 1990. The current Manual contains several processes and procedures that are no longer applicable to State and POSTC operations and does not include revised Agency policies and procedures relative to State centralized data processing functions. During fiscal year 2001-2002 POSTC began a review of the existing Manual and updated sections including petty cash, billing of the copy machines (shared by POSTC and State Police), meal ticket procedures, and developed new forms for scrap/surplus items, equipment sign-out log, and DP hardware inventory; however the core accounting systems have not been updated. An adequate Manual, documenting the Agency's control environment, policies, and procedures, is especially important to an entity that has limited staff to provide routine Business Office functions. In the event of unforeseen absences, a complete comprehensive Administrative Policy and Procedures Manual (or manuals) may provide management with the tools to continue agency services without interruption.

As noted in the Résumé of Operations section of this report, POSTC has entered into an agreement with the Department of Administrative Services'

Financial Services Center to provide certain fiscal and administrative services, to the agency. These functions should also be properly documented as a component of POSTC's accounting systems control processes and procedures.

Effect: Administrative control over POSTC's procedures is weakened.

Cause: According to POSTC officials, the Policy and Procedures Manual was not revised due to limited staff and time constraints of such a project.

Recommendation: POSTC should complete a comprehensive Administrative Policy and Procedures Manual (or manuals) inclusive of accounting systems control processes and procedures. (See Recommendation 1.)

Agency Response: "The Agency accepts this recommendation and will continue to review, update and implement a comprehensive Administrative Policy and Procedures Manual, which will include Agency ... policies and procedures ... [that] emphasize the core accounting systems. The time frame [for completion of the Manual] will depend on the everyday workflow and any special projects that relate to the Business Office, including the Core-CT project."

Generally Accepted Accounting Principles (GAAP) Reporting:

Background: In conjunction with our audit of the State Comptroller's Office and preparation of the State's 2001 Comprehensive Annual Financial Report (CAFR) we reviewed the financial data submitted by POSTC to the Comptroller in its GAAP reporting package. The following is a result of that review.

Criteria: The State Comptroller's Office annually requires each State agency to submit GAAP Closing Packages to enable the State Comptroller to prepare accurate financial reports in accordance with generally accepted accounting principles (GAAP). The GAAP Reporting Form – Contractual Obligations and Retainages should include amounts that the State is contractually obligated to spend in future years based on contracts outstanding (in force) at June 30. The GAAP Reporting Form – Compensated Absences should include amounts that the State is liable for in respect to additional compensation earned by employees in the form of vacation and sick leave benefits, as of June 30.

Condition: As noted in the Résumé of Operations section of this report, POSTC has entered into an agreement with the Department of Administrative Services' Financial Services Center (DAS-FSC) to provide certain fiscal and administrative services to the agency, inclusive of GAAP reporting with the

exception of the Compensated Absences report. The GAAP Reporting Form - Contractual Obligations and Retainages was prepared by DAS-FSC.

The amount of \$250,000 that was reported on the GAAP form does not meet the definition of a contractual obligation. This transaction represents the obligation for a one-time purchase/payment for a Mobile Firearms Training System (equipment item) that was obligated within fiscal year 2001 but not received until fiscal year 2002.

The GAAP Reporting Form – Compensated Absences was prepared by POSTC based on employee time and attendance records. The number of hours of accumulated sick leave for employees with five or more years of service and accumulated vacation leave were understated and overstated by 88 and 80 hours, respectively, due to a posting error on a corrected time sheet. The net effect of the misstatement was eight hours or \$220 at the average hourly salary rate (\$27.50). The Agency corrected the accumulated balances on the employee’s time and attendance records subsequent to the submission of the GAAP Reporting Form - Compensated Absences.

Effect: Financial reporting of GAAP contractual obligations and retainages (as prepared by DAS-FSC), and compensated absences (prepared by POSTC) were inaccurately reported to the State Comptroller.

Cause: The conditions noted above appear to be attributable to a miscommunication between POSTC and DAS-FSC in respect to the type of purchase identified as a contractual obligation and reported on the GAAP Reporting Form - Contractual Obligations and Retainages, and to inadequate review of time and attendance records prior to completion of the Compensated Absences GAAP Form.

Recommendation: POSTC should submit complete and accurate GAAP reports to the State Comptroller and implement appropriate review procedures to ensure the accuracy of reported balances. (See Recommendation 2.)

Agency Response: "Per the Memorandum of Understanding, DAS/FSC is to prepare GAAP reports, with the exception of the Compensated Absences Report, and submit [the reports] to the State Comptroller. DAS/FSC has responded ... that the reporting of the \$250,000 for the Mobile Firearms Training System was in error. They also stated that ... [the cause was due to] human error and DAS/FSC will check all submissions for contractual obligations to prevent future reoccurrences."

"The Agency accepts this recommendation on the error [reported on] the Compensated Absences Report. This was due to a human error while data entering [employees’ accrued] time. The Agency will review the data before submitting the Compensated Absences ... GAAP report."

RECOMMENDATIONS

Our prior auditors' report on the Police Officer Standards and Training Council contained six recommendations. Of the six recommendations, five have been implemented or otherwise resolved and one has been repeated herein as a current audit recommendation.

Status of Prior Audit Recommendations:

- Equipment inventory controls should be strengthened to provide more accurate information and to ensure compliance with laws and regulations. In February 1998, the Police Officer Standards and Training Council (POSTC) entered into an agreement with the Department of Administrative Services' Financial Services Center (DAS-FSC), to provide certain business office functions including inventory management and reporting services. During the 2000-2001 fiscal year, POSTC and DAS-FSC completed an internal review of all Agency property. The master inventory listing was corrected and/or adjusted to reflect actual physical inventory and reconciled to the annual fixed assets report. Testing of Agency equipment inventory disclosed only minor variances. This recommendation has been sufficiently resolved.
- Permanent longevity records should be established and maintained to ensure accurate information and proper payments. Effective March 2002 permanent longevity records have been established for all applicable employees and a review of recorded service time was completed by Agency personnel. This recommendation has been sufficiently resolved.
- The terms of the agreement between the Police Officer Standards and Training Council and the Department of Administrative Services' Financial Services Center (DAS-FSC) should be complied with or the agreement should be amended to include only those services that the Department of Administrative Services' Financial Services Center provides. A revised Memorandum of Understanding (MOU), dated May 23, 2001 was drafted and formerly approved by POSTC, June 12, 2001 and DAS-FSC, June 13, 2001. The revised MOU more clearly defines each party's responsibilities with respect to fiscal and administrative support services required by POSTC and to be provided by DAS-FSC. Our review of selected accounting and fiscal matters, subsequent to the date of the MOU, did not disclose any significant deviancies from the terms of the agreement. This recommendation has been sufficiently resolved.
- The Police Officer Standards and Training Council should establish adequate procedures for recording, depositing and reporting of revenue receipts to comply with the provisions of Section 4-32 of the General Statutes. Our current review did not disclose any instances of noncompliance with Section 4-32 of the General Statutes. This recommendation has been sufficiently resolved.
- The Police Officer Standards and Training Council should take action to ensure compliance with the State Comptroller's Imprest Petty Cash Fund procedures. The Agency has implemented revised petty cash procedures that appear adequate given the current level of staffing within the Business Office. This recommendation has been sufficiently resolved.

- The Police Officer Standards and Training Council should complete a comprehensive Administrative Policy and Procedures Manual (or manuals) inclusive of accounting systems control processes and procedures. During fiscal year 2001-2002 POSTC began to assemble data for inclusion in an updated manual, however the core accounting systems have not been addressed. This recommendation has not been complied with and is restated as Recommendation 1.

The following two recommendations include one recommendation which has been repeated from our prior auditors' report, and one which has been developed as a result of this examination.

Current Audit Recommendations:

- 1. The Police Officer Standards and Training Council should complete a comprehensive Administrative Policy and Procedures Manual (or manuals) inclusive of accounting systems control processes and procedures.**

Comment:

POSTC has not completed a comprehensive Administrative Policy and Procedures Manual (or manuals) inclusive of accounting systems control processes and procedures, and their relationship to operational phases of the Agency.

- 2. The Police Officer Standards and Training Council should submit complete and accurate GAAP reports to the State Comptroller and implement appropriate review procedures to ensure the accuracy of reported balances.**

Comment:

POSTC reported inaccurate amounts for contractual obligations and retainages, and compensated absences on the fiscal year 2001 GAAP report submitted to the State Comptroller.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Police Officer Standards and Training Council for the fiscal years ended June 30, 2000 and 2001. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants, and to understanding, and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the Police Officer Standards and Training Council for the fiscal years ended June 30, 2000 and 2001, are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial-related audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Police Officer Standards and Training Council complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grants and to obtain a sufficient understanding of the internal control to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Compliance:

Compliance with the requirements of laws, regulations, contracts and grants applicable to the Police Officer Standards and Training Council is the responsibility of the Police Officer Standards and Training Council's management.

As part of obtaining reasonable assurance about whether the Agency complied with laws, regulations, contracts and grants, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the Agency's financial operations for the fiscal years ended June 30, 2000 and 2001, we performed tests of its compliance with certain provisions of the laws, regulations, contracts and grants. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial or less than significant instances of noncompliance, which are described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

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

The management of the Police Officer Standards and Training Council is responsible for establishing and maintaining effective internal control over its financial operations, safeguarding of

assets, and compliance with the requirements of laws, regulations, contracts and grants applicable to the Agency. In planning and performing our audit, we considered the Agency's internal control over its financial operations, safeguarding of assets, and compliance with requirements that could have a material or significant effect on the Agency's financial operations in order to determine our auditing procedures for the purpose of evaluating the Police Officer Standards and Training Council's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the internal control over those control objectives.

However, we noted certain matters involving the internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that, in our judgment, could adversely affect the Agency's ability to properly record, process, summarize and report financial data consistent with management's authorization, safeguard assets, and/or comply with certain provisions of laws, regulations, contracts and grants. We believe the following finding represents a reportable condition: inaccuracies in reporting GAAP contractual obligations and retainages, and compensated absences.

A material or significant weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with certain provision of laws, regulations, contracts and grants or the requirements to safeguard assets that would be material in relation to the Agency's financial operations or noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions to the Agency being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over the Agency's financial operations and over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material or significant weaknesses. However, we believe that the reportable condition described above is not a material or significant weakness.

We also noted other matters involving internal control over the Agency's financial operations and over compliance which are described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

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

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation shown to our representatives by the Police Officer Standards and Training Council personnel during the course of our examination.

Michele L. Cosgrove
Associate Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts