

# STATE OF CONNECTICUT

**AUDITORS' REPORT  
DEPARTMENT OF PUBLIC SAFETY  
FOR THE FISCAL YEARS ENDED JUNE 30, 2003 AND 2004**

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

## Table of Contents

---

<b>INTRODUCTION</b> .....	1
<b>COMMENTS</b> .....	1
Foreword.....	1
Statewide Narcotics Task Force Policy Board .....	2
Résumé of Operations.....	3
General Fund.....	3
Special Revenue Funds .....	4
Capital Projects .....	5
Performance Evaluation .....	5
<b>CONDITION OF RECORDS</b> .....	7
Reporting – Annual Report Concerning Crime in Connecticut .....	7
P-Card Purchases .....	7
Workers’ Compensation Payments .....	8
Access to the Connecticut On-Line Law Enforcement Communications (COLLECT) System .....	10
Federal Drawdowns .....	11
Petty Cash Travel Advances .....	13
Longevity Payments .....	13
Payroll – Review of Timesheets .....	15
Expenditures – Procurement .....	16
Personal Service Agreements (PSAs) .....	17
Payroll – Overtime Payments to NP-2 Employees .....	17
Performance Evaluation – Follow-up .....	18
<b>RECOMMENDATIONS</b> .....	22
<b>CERTIFICATION</b> .....	26
<b>CONCLUSION</b> .....	28

April 21, 2006

**AUDITORS' REPORT  
DEPARTMENT OF PUBLIC SAFETY  
FOR THE FISCAL YEARS ENDED JUNE 30, 2003 AND 2004**

We have examined the financial records of the Department of Public Safety for the fiscal years ended June 30, 2003 and 2004.

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

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

**COMMENTS**

**FOREWORD:**

The Department of Public Safety (DPS) operates primarily under the provisions of Title 29, Chapters 528 through 541 of the General Statutes. The Commissioner of Public Safety is the chief administrative officer of the Department and is responsible for providing a coordinated, integrated program for the protection of life and property.

Department Organization:

Office of the Commissioner

Division of State Police:

Office of Administrative Services

Office of Field Operations

Division of Fire, Emergency and Building Services:

Office of Statewide Emergency Telecommunications

Office of State Fire Marshal  
Office of Education and Data Management  
Office of State Building Inspector

Division of Scientific Services:  
Forensic Science Laboratory  
Forensic Investigations  
Controlled Substances and Toxicology Laboratory

Division of Homeland Security (formerly the Division of Protective Services):  
Domestic Terrorism Section  
Office of Statewide Security

The Police Officer Standards and Training Council (formerly the Municipal Police Training Council), Board of Firearms Permit Examiners, Military Department, Statewide Narcotics Task Force Policy Board, and the Commission on Fire Protection and Control were within the Department of Public Safety for administrative purposes only during the audited period. Our examinations of these agencies are reported upon separately with the exception of the Statewide Narcotics Task Force Policy Board, which is included in this report.

Arthur L. Spada served as Commissioner until July 31, 2004; Leonard C. Boyle was appointed Commissioner on August 16, 2004 and currently serves in that position.

**STATEWIDE NARCOTICS TASK FORCE POLICY BOARD:**

Statutory Authority	Section 29-179 of the General Statutes
Relation to DPS	Within DPS for administrative purposes only
Number of members	Nine
Duties	Direct and supervise the formulation of policies and operating procedures and coordinate the activities of the Statewide Narcotics Task Force (SNTF) with other law enforcement agencies. Further, the Board may apply for and administer appropriations of grants made available for the SNTF, which operates under Sections 29-176 through 29-178 of the General Statutes. The operations of the SNTF are accounted for in the budgeted and restricted appropriation accounts of the Department of Public Safety.

The members of the Board at June 30, 2004, were as follows:

Arthur L. Spada, Commissioner of Public Safety  
Christopher L. Morano, Chief State's Attorney  
Thomas Pasquarello, Resident Agent-In-Charge, United States Drug Enforcement Administration  
Chief Edward Flaherty, Waterbury Police Department/President of the Connecticut Chiefs of Police Association

Chiefs of Police:

Wilbur Chapman, Bridgeport  
 Joseph Faughnan, Clinton  
 Thomas Flaherty, Milford  
 Michael E. Metzler, Seymour  
 Paul Scirpo, Wolcott

**RÉSUMÉ OF OPERATIONS:**

During the fiscal years ended June 30, 2003 and 2004, DPS activity was accounted for in the General Fund, Special Revenue Funds, and Capital Projects Funds.

A summary of revenues and expenditures of funds administered by the Agency during the audited period is shown below:

	<b>Revenues</b>		<b>Expenditures</b>	
	2002-2003	2003-2004	2002-2003	2003-2004
General Fund	\$50,061,878	\$16,078,963	\$158,792,498	\$129,844,006
Special Revenue Funds	203,425	22,955,542	1,673,868	34,351,057
Capital Projects Funds	0	0	794,777	1,154,241
Fiduciary Funds	19,089	66	8,208	0
Total	<u>\$50,284,392</u>	<u>\$39,034,571</u>	<u>\$161,269,351</u>	<u>\$165,349,304</u>

**General Fund:**

General Fund receipts are summarized below:

	2001-2002	2002-2003	2003-2004
Receipt Type:			
Licenses, permits and fees	\$ 2,992,414	\$ 2,966,546	\$ 3,385,340
Sales tax	54,929	13,921	0
Recoveries of expenditures	1,050,717	428,785	1,002,155
Refunds of expenditures:			
Services of resident trooper	4,084,401	7,841,581	7,500,167
Other refunds	10,404,179	9,614,965	3,762,827
Federal	6,768,533	9,595,087	0
Other grants and donations	22,536,502	19,292,870	0
Other receipts	272,094	308,123	428,474
Total General Fund Receipts	<u>\$48,163,769</u>	<u>\$50,061,878</u>	<u>\$16,078,963</u>

There were no significant changes in the General Fund receipts between the 2001-2002 and 2002-2003 fiscal years. The decrease during the 2003-2004 fiscal year was caused by the implementation of Core-CT, the State's new information system. Under Core-CT, receipts of

## ***Auditors of Public Accounts***

---

Federal and other grants previously recorded in restricted accounts within the General Fund are now recorded in a newly established Special Revenue Fund entitled "Federal and Other Restricted Accounts". Further comments on this Fund are presented later in this report.

General Fund expenditures are summarized below:

	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
Budgeted Accounts:			
Personal services	\$ 99,829,793	\$100,271,485	\$101,786,168
Contractual services	18,448,723	18,547,306	20,489,898
Commodities	6,334,483	5,650,992	5,117,483
Sundry charges	3,178,305	2,671,154	2,260,322
Equipment	<u>1,774,857</u>	<u>327,049</u>	<u>190,135</u>
Total Budgeted Accounts	<u>129,566,161</u>	<u>127,467,986</u>	<u>129,844,006</u>
Restricted Accounts:			
Federal	10,587,739	11,385,458	0
Other than Federal	<u>17,758,837</u>	<u>19,939,054</u>	<u>0</u>
Total Restricted Accounts	<u>28,346,576</u>	<u>31,324,512</u>	<u>0</u>
Total General Fund Expenditures	<u>\$157,912,737</u>	<u>\$158,792,498</u>	<u>\$129,844,006</u>

The significant decrease in expenditures in the fiscal year ended June 30, 2004, was due to the implementation of Core-CT. Expenditures previously borne by restricted accounts within the General Fund are now charged to a Special Revenue Fund.

### **Special Revenue Funds:**

Special Revenue Funds receipts totaled \$203,425 during the fiscal year ended June 30, 2003, and \$22,955,542 during the fiscal year ended June 30, 2004. The increase in the fiscal year ended June 30, 2004, was due to the implementation of Core-CT. As previously explained, beginning with the fiscal year ended June 30, 2004, receipts of Federal and other grants previously recorded in restricted accounts within the General Fund are now recorded in a Special Revenue Fund entitled, "Federal and Other Restricted Accounts."

Special Revenue Funds expenditures are summarized below:

	<u>2002-2003</u>	<u>2003-2004</u>
Personal services	\$	\$ 9,763,769
Contractual services	153,120	5,118,752
Commodities	6,079	2,523,959
Sundry charges	125,000	13,212,994
Equipment	1,361,669	3,731,583
Buildings	<u>28,000</u>	
Total Special Revenue Funds Expenditures	<u>\$ 1,673,868</u>	<u>\$ 34,351,057</u>

As presented above, total Special Revenue Funds expenditures for the fiscal year ended June 30, 2004, consisted primarily of sundry charges. These charges were comprised primarily of various grants.

**Capital Projects:**

Expenditures on capital projects totaled \$794,777 during the fiscal year ended June 30, 2003, and \$1,154,241 during the fiscal year ended June 30, 2004. Expenditures were primarily for capital improvements.

**PERFORMANCE EVALUATION:**

We conducted a performance audit concerning vehicle operations and management at the Department of Public Safety for the fiscal years ended June 30, 1999 and 2000. An audit report on that review was issued in February 2002. The scope of that performance audit was to determine if the agency utilized adequate management control systems for measuring, reporting, and monitoring the costs associated with its fleet operations. The report resulted in 12 recommendations concerning the controls over fuel consumption, vehicle maintenance, staff training, and reporting of fleet operations. At the time of our Office's previous audit of the Department of Public Safety as required by Section 2-90 of the General Statutes, it would not have been practical to follow-up on the agency's efforts in resolving the recommendations contained in the performance audit. As more than three years have passed since the performance audit was issued, we are now commenting upon the Department's progress in this area. A summary of the original recommendations made, along with a current status, follows:

- 1. The Gasboy system should be programmed to contain edit controls in order to ensure that activity at the pumps is controlled and information entered at the pumps is accurate and valid.** The agency addressed this recommendation by abandoning Gasboy and implementing a new system called Fuel Master. We tested this new system and noted that it has not significantly improved the amount of errors nor has it improved controls over fuel. This recommendation is being repeated.
- 2. Controls should be improved to ensure the safekeeping of the identification cards.** The fuel card system used by Gasboy is no longer applicable. The new system utilizes one card per vehicle and is linked to that vehicle by mileage. It appears vehicles are still being fueled using cards from other vehicles and the lack of controls over mileage reporting makes the change from two cards to one per vehicle insignificant in terms of improving controls. This recommendation is being restated and repeated.
- 3. DPS should establish reporting and administrative procedures to review the consumption of fuel.** Testing found that the new system's mileage controls are not functioning as described and efficiency is not being monitored. This recommendation is being repeated.

4. **DPS should implement procedures to ensure that all relevant information is provided to PHH Vehicle Management Services (PHH). DPS should also implement the use of comprehensive maintenance history reports for all vehicles to ensure that its vehicles receive preventive maintenance on a timely basis.** We tested four vehicles for compliance with this finding and noted no exceptions. This recommendation is not being repeated.
5. **DPS should implement procedures to ensure that information provided by PHH is reviewed in a timely manner and is in agreement with Agency records.** Fleet Operations employees have received training on the Fuel Master system and PHH reports. This recommendation is not being repeated.
6. **DPS should implement management control procedures to ensure that its vehicles receive preventive maintenance as economically and efficiently as possible.** PHH selects service providers and also ranks them in terms of quality and cost. This recommendation is not being repeated.
7. **DPS should implement reporting procedures that would provide periodic information on the economic and efficient performance of its fleet operations.** The agency has made plans to train each troop's commanding officers to use Fuel Master. This recommendation is not being repeated.
8. **DPS should provide pertinent training for employees promoted to upper management relevant to their supervision of Fleet Operations.** Fleet Operations employees have received training on the Fuel Master system and PHH reports. This recommendation is not being repeated.
9. **DPS should improve or replace the Gasboy system to ensure that reported information is reliable, accurate and effective for evaluating various aspects of Fleet Operations.** This recommendation is not being repeated.
10. **DPS should provide reports that are designed and targeted to provide relevant information for each level of management.** This recommendation is not being repeated.
11. **DPS should improve its procedures for recording and monitoring accident insurance claims and receiving payments from insurance companies.** This recommendation is not being repeated.
12. **DPS should require and provide adequate training for Fleet Operations staff to enable them to fully utilize the available computer equipment.** This recommendation is not being repeated.



## CONDITION OF RECORDS

Our review of the financial records at the Department of Public Safety disclosed some areas of concern. Those areas are described in this section of the report.

### Reporting - Annual Report Concerning Crime in Connecticut:

*Criteria:* Section 29-1c, subsection (d), of the Connecticut General Statutes requires the Commissioner to publish an annual report concerning the extent, fluctuation, distribution and nature of crime in the State.

*Condition:* The Department publishes the *Uniform Crime Report* on its website on an annual basis. We reviewed available reports at this website and noted that the most recently published report was for the calendar year 2002.

*Effect:* The Department is not in compliance with the reporting requirements of this statute.

*Cause:* The cause for this condition is unknown.

*Recommendation:* The Department should publish the *Uniform Crime Report* in a more timely manner. (See Recommendation 1.)

*Agency Response:* “The Department agrees that the Uniform Crime Reports should be published more quickly. The 2003 report has now been published. Connecticut’s Uniform Crime Report (Crime in Connecticut) compiles information provided by 100 police departments in the state. It is important that the annual report provide 100 percent of the state’s crime data. Without complete data there is no statewide perspective on crime. The 2003 annual Uniform Crime Report was delayed for three reasons. First, the police department of one of the state’s largest cities did not provide their information until 2005. Second, there were issues with the data provided by several other police departments that were not resolved until 2005. And finally, personnel reductions in the unit cut 3 staff positions (33 percent of the unit). The Department will continue to encourage police departments to submit their crime data more expeditiously.”

### P-Card Purchases:

*Criteria:* The State Comptroller has issued various authoritative documents including the *Purchasing Card Cardholder Work Rules*, and the *Agency Purchasing Card Coordinator Manual*. In addition, the Department of Public Safety has issued its own *Cardholder Purchasing Card Procedures*, which was issued to all departmental cardholders.

*Condition:* We reviewed monthly P-Card activity in the fiscal year ended June 30, 2004, for six cardholders. This testing noted the following:

- One instance in which a purchase was split in order to circumvent purchasing dollar limits.
- P-Card Log Sheets for two cardholders did not contain the required supervisor's approvals.
- Five purchase invoices did not have supporting documentation.

We also tested 25 randomly selected P-Card purchases in the same period. Results of these two tests revealed the following:

- Two purchases did not have supporting documentation and appeared to violate agency purchasing policies.
- Two purchases appear to be for routine purchases and therefore should not be purchased through the P-Card system.
- One purchase of services from a vendor who was not approved by the State Comptroller.
- One purchase was charged to the incorrect fund.

*Effect:* Purchases paid for through agency P-Cards were not in compliance with State and/or Department P-Card regulations.

*Cause:* Employees using the P-Cards were not aware of the requirements regulating their use.

*Recommendation:* The Agency should comply with all regulations related to P-Card purchases. (See Recommendation 2.)

*Agency Response:* "The Department agrees with this finding and notes that it revoked the P-Cards of two employees who had misused them. The Department will restate its guidelines regarding the use of purchasing cards and will disseminate its P-Card work rules to all P-Card holders and their Commanding Officers or Supervisors to review for compliance with regulations. The DPS guidelines regarding P-Cards will also be placed on the Department's website."

**Workers' Compensation Payments:**

*Criteria:* The Department of Public Safety Administration and Operation Manual Section 12.5, subsection (2), states, "No credit shall be given for a holiday

occurring when an employee is receiving disability compensation benefits.” The State Accounting Manual requires reimbursement of workers’ compensation benefits from the Third Party Administrator to be deposited into the Petty Cash Fund, and two checks issued to split between the employee and the State. One check made payable to the employee for the correct compensation benefit amount due and one to the State for the amount due the agency.

*Condition:* We tested 16 workers’ compensation reimbursement calculations performed by the Employee Benefits Unit of the Department of Public Safety. We noted the following:

- Four instances in which employees received compensatory time credit, ranging from one to three days, for holidays occurring while these employees were receiving workers’ compensation benefits.
- State practice for agencies using an averaging work schedule requires the agency to make its calculation based on the number of regular days worked in a bi-weekly pay period. We noted three instances in which this calculation was performed incorrectly, resulting in incorrect reimbursements to the State and employee.
- We noted one instance in which an input error in payroll resulted in an improper workers’ compensation reimbursement. The error has been corrected in payroll records, but the workers’ compensation reimbursement calculation was not revised accordingly.
- We noted one instance in which the calculation of the State share of workers’ compensation reimbursement was calculated incorrectly, resulting in an overpayment to the State of \$557.

*Effect:* Employees are receiving compensatory time for days in which they are not allowed to receive such time. The reimbursements paid to the State and the employee for workers’ compensation benefits are not always accurate.

*Cause:* Policies and procedures are not being consistently applied to all claims.

*Recommendation:* The Agency should comply with all policies and procedures when processing workers’ compensation claims. (See Recommendation 3.)

*Agency Response:* “The Department agrees in part with this finding. Lack of sufficient staffing of the Employee Benefits Unit of Human Resources, in conjunction with the increase in the process time since the conversion to CORE-CT, have had a significant negative impact on its ability to monitor and review the many facets of each workers’ compensation claim. The Department has recognized this as a major deficiency and has

recommended a reorganization of Human Resources to include an internal audit functional area to address this issue. Increased staffing in this area has been included in the recommended reorganization of Human Resources. Additionally, the Department has organized a statewide initiative to develop and implement a front end system to CORE-CT to allow for much needed audit tools which are currently lacking in the CORE-CT environment. It should be noted that the Department has not agreed with the formula/method approved by the Auditors' of Public Accounts when the state's automated workers' compensation system was implemented. The Department believes that this formula/method increases workers' compensation expenditures unnecessarily and inaccurately, but nevertheless has attempted to adhere to this methodology when reconciling workers' compensation lost time reimbursements."

*Auditors' Concluding Comments:*

The Auditors of Public Accounts did not develop or approve the method used by the Department of Public Safety for the calculation of workers compensation payments. We were responsible, in this case, to review the method *already in place* at the agency to determine whether its method was applied in a consistent manner. As noted, our review found several instances where the method was not consistently applied. Furthermore, if the agency believes the method "increases workers compensation expenditures unnecessarily and inaccurately," the agency should consider changing its policies and procedures. Until it does, the Department of Public Safety should comply with its current policies and procedures on a consistent basis .

**Access to the Connecticut On-Line Law Enforcement Communications Teleprocessing (COLLECT) System:**

*Background:*

COLLECT is a statewide information network that provides 24-hour on-line coverage to law enforcement and criminal justice organizations throughout the State. COLLECT coordinates information from several State agencies. For example, the following records are available in COLLECT:

- Protective orders from the Judicial Department
- Motor vehicle records from the Department of Motor Vehicles
- Inmate files from the Department of Corrections
- Selected corporate records from the Secretary of the State

Data is also retrieved from the Federal Bureau of Investigation (FBI) and the National Law Enforcement Telecommunications System.

COLLECT users include local police departments, the Departments of Corrections and Motor Vehicles, and several Federal agencies.

The Department of Public Safety is responsible for maintaining and managing the system for the State of Connecticut.

*Criteria:* Proper internal control procedures require that terminated employees have their access to the data in information systems disabled in a timely manner.

*Condition:* We tested the access of terminated employees to the COLLECT System and noted that five individuals continued to have access after their termination. At the date of our testing, the individuals had been terminated from DPS between four and 51 months.

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

*Cause:* The unit responsible for monitoring and authorizing users is not notified of changes in personnel status.

*Recommendation:* The Department should develop a procedure to ensure that the unit responsible for authorizing COLLECT System access is notified of all changes in personnel status in a timely manner. (See Recommendation 4.)

*Agency Response:* “The Department agrees with this finding, although noting that there are safeguards currently in place to prevent unauthorized access to the COLLECT system. The COLLECT terminals are located in secure areas within troops and units and are not available in public areas. Physical access to the terminals is restricted and terminated or retired employees are not allowed access to a terminal. A valid logon ID is required to access the data and these automatically expire based on the user’s certification date. The Department has implemented a policy that requires Human Resources to notify the COLLECT unit of all retirements and employee terminations so that the unit can deactivate their user ID.”

**Federal Drawdowns:**

*Criteria:* Adequate internal controls over Federal grants require drawdowns to be performed in a timely manner.

*Condition:* We reviewed drawdowns related to three Federally-funded grants. Our review is summarized below:

Community Oriented Policing Services Grant (COPS)

- \$5,044,738 in funds were received on January 24, 2003, between one and 13 months after the costs were incurred.

- \$1,132,250 in funds were received on October 3, 2003, between four and ten months after the costs were incurred.
- \$315,313 in funds were received on April 21, 2004, between ten and 16 months after the costs were incurred.
- \$2,474,000 in funds were received on September 28, 2004, up to two-and-a-half years after the costs were incurred.

High Intensity Drug Trafficking Areas Grant (HIDTA)

- \$437,419 in funds were received on April 2, 2003, between six and nine months after the costs were incurred.
- \$393,639 in funds were requested in January 2005, between one-and-a-half and two years after the costs were incurred.

Internet Crimes Against Children Grant

- \$79,449 in funds were received on February 11, 2005, between seven and ten months after the costs were incurred.

*Effect:* The Department did not maintain proper control over these Federal receivables.

*Cause:* The drawdown of funds from the Federal government of costs charged to Federally-funded programs did not receive sufficient priority.

*Recommendation:* The Department should draw down Federal receivables in a more timely manner. (See Recommendation 5.)

*Agency Response:* “The Department agrees with this finding and notes that all draw downs were received and that the State did not lose any Federal reimbursements. During this time period the Fiscal Services unit lost a significant number of personnel, including several key management positions, due to the Early Retirement Incentive Program and layoffs. Subsequently, existing employees were left with numerous functions to be performed by fewer individuals whose workloads were already at high levels. Implementation of the CORE-CT financial accounting system had significant impact on Fiscal Services. Therefore, issues had to be prioritized and the primary priority was to implement the new financial accounting system. In addition, new and transferred employees required significant training related to fiscal matters in general, and grants administration in particular, as they were replaced. The Fiscal Services unit has since established a monthly draw down practice for all Federal funds.”

**Petty Cash Travel Advances:**

*Criteria:* The State Accounting Manual requires that, within five days of return from State travel, an employee will submit a completed voucher, with the required documentation, to the business office.

*Condition:* We reviewed 20 travel vouchers submitted during the fiscal years ended June 30, 2003 and 2004. From this sample, we noted the following:

- 12 travel vouchers were not returned within the required five working days. These vouchers were returned between one and 51 days late, or 21 days on average.
- The average length of time for replenishment of petty cash for these 12 vouchers was 52 working days after the employees had returned.

*Effect:* The petty cash fund is not being replenished in a timely manner.

*Cause:* Requirements to ensure timely submission of travel vouchers were not followed.

*Recommendation:* Petty cash fund travel advances should be settled within the time frame established by the State Accounting Manual. (See Recommendation 6.)

*Agency Response:* “The Department agrees with this finding. During this time period the Fiscal Services unit lost a significant number of personnel, including several key management positions, due to the Early Retirement Incentive Program and layoffs. Subsequently, existing employees were left with numerous functions to be performed by fewer individuals whose workloads were already at high levels. Implementation of the CORE-CT financial accounting system had significant impact on Fiscal Services. Therefore, issues had to be prioritized and the primary priority was to implement the new financial accounting system. In addition, new and transferred employees required significant training related to fiscal matters in general, and grants administration in particular, as they were replaced. The Fiscal Services unit has implemented procedures to ensure that petty cash advances are received within 5 days of travel. These procedures will be restated to the Commanding Officers and Supervisors throughout the Department via Teletype.”

**Longevity Payments:**

*Criteria:* In accordance with Section 5-213 of the Connecticut General Statutes, employees who have completed more than ten years of State service will receive semiannual longevity payments according to the statute and provisions of the collective bargaining agreements.

*Condition:* We reviewed documentation to the longevity payments for 20 employees for the fiscal years ended June 30, 2003, and June 30, 2004. Our review noted the following:

- Eight instances in which an employee's length of service calculation was not in agreement with related documentation.
- One instance in which an employee received a longevity payment for which he was not eligible.

*Effect:* The Agency is not in compliance with the requirements of the statute.

*Cause:* The internal control procedures are not being followed.

*Recommendation:* The Agency should comply with the requirements of the statute. (See Recommendation 7.)

*Agency Response:* "The Department is in agreement that internal audit controls are lacking. This is an area that the agency has already recognized as a major deficiency since the conversion to CORE-CT. (See response to Recommendation 3.) The Department has been working with the CORE-CT Project Directors and the Departments of Correction and Mental Health and Addiction Services in an effort to acquire/develop a front-end system to CORE-CT. This would give the Human Resources unit the sorely needed auditing tools and current data to allow audit payroll processing on a current pre-transmit basis instead of post-transmit basis. In addition, the Human Resources unit has identified the need for an internal audit control function, which is part of a recommended reorganization plan stemming from the conversion to CORE-CT and the resulting change in processing and business practices. Although some of the instances identified were true calculation errors, resulting from manual calculations for 2000 employees, some of the instances identified noted differences in rounding and selected periods of service time calculated. Additionally, some instances questioned the calculation process of both the automated BOSS and CORE-CT systems. It is the Department's understanding that the Auditors of Public Accounts have approved the calculation and rounding process in these automated systems and that the differences in days between the automated and manual calculations are considered "acceptable differences."

*Auditors' Concluding Comments:*

The eight length of service calculations we presented to the agency included three calculations in which the variance was between three and nine months and another two calculations in which the variance was between one and two months. These are not insignificant differences.



**Payroll – Review of Timesheets:**

*Criteria:* Adequate internal controls related to payroll require that biweekly timesheets for civilians and daysheets for sworn employees be reviewed by each employee’s supervisor.

*Condition:* We reviewed biweekly timesheets for 14 civilians for the fiscal years ended June 30, 2003, and June 30, 2004. We also reviewed daysheets for two troops for the same fiscal years. From these reviews, we noted the following:

- One instance in which the timesheet for a civilian employee was not signed by their supervisor.
- Four instances in which the supervisor signed a civilian’s timesheet, but did not date their signature.
- Five instances in which a civilian’s timesheet included time worked after the date of the supervisor’s review.
- Numerous instances in which daysheets for sworn employees were not signed by the shift supervisor for that day.

*Effect:* Timesheets are not being reviewed properly.

*Cause:* Internal control procedures are not being followed.

*Recommendation:* Supervisors should be reviewing employees’ timesheets properly and approving such timesheets appropriately. (See Recommendation 8.)

*Agency Response:* “The Department agrees with this finding and will be re-issuing Human Resources Advisories concerning supervisors’ responsibilities in regard to approval and submission of biweekly timesheets and unit day sheets. As stated in the responses to Recommendations 3 and 8, the Department has identified the need for stronger internal audit controls in Human Resources and is addressing this issue. The reorganization of Human Resources will include an internal audit control functional area as well as organizing the statewide initiative for a front-end system to CORE-CT to allow for pre-transmission auditing of payroll in addition to post-transmission auditing. With this front-end system, the Department will be able to move toward remote entry once again which will allow for Human Resources staff to concentrate on these types of auditing issues which is impossible at this point due to the increase in the processing which occurred with the conversion to CORE-CT.”

**Expenditures - Procurement:**

- Criteria:*
- State agency purchasing regulations promulgated by the Department of Administrative Services (DAS) contain requirements related to obtaining quotations. These requirements are based on the dollar amount of each purchase.
  - Proper internal controls related to purchasing require that commitment documents be properly authorized prior to receipt of goods or services.

*Condition:* We selected a sample of 25 expenditures for the procurement of goods and/or services from each fiscal year. From this sample we noted the following:

- Two purchases in the fiscal year ended June 30, 2004, in which the agency did not receive three required quotations.
- Three instances in the fiscal year ended June 30, 2003, and five instances in the fiscal year ended June 30, 2004, in which goods or services were received prior to authorization of the purchase order. Authorization occurred between seven days and three months after receipt of goods or services
- One instance in the fiscal year ended June 30, 2003, in which goods or services were received prior to completion of the requisition document.

*Effect:* Internal control over the purchasing process was weakened.

*Cause:* The Agency did not place sufficient emphasis on completing the purchasing process in an orderly manner.

*Recommendation:* The Agency should place sufficient emphasis on completing the purchasing process in an orderly manner. (See Recommendation 9.)

*Agency Response:* “The Department agrees with this finding. During this time period the Fiscal Services unit lost a significant number of personnel, including several key management positions, due to the Early Retirement Incentive Program and layoffs. Subsequently, existing employees were left with numerous functions to be performed by fewer individuals whose workloads were already at high levels. Implementation of the CORE-CT financial accounting system had significant impact on Fiscal Services. Therefore, issues had to be prioritized and the primary priority was to implement the new financial accounting system. In addition, new and transferred employees required significant training related to fiscal matters as they were replaced. The Department is seeking critical resources to

sufficiently staff the Purchasing unit in order to be in compliance with State purchasing regulations.”

**Personal Service Agreements (PSAs):**

*Criteria:* Proper internal control related to PSAs requires adherence to Office of Policy and Management (OPM) procedures as noted in the *Personal Service Agreements Standards and Procedures* guide.

*Condition:* Our sample consisted of ten expenditures for personal service agreements from each fiscal year as well as an additional two items. From this sample, we noted the following:

- Two instances in the fiscal year ended June 30, 2003, in which services were provided before the authorization of the PSA, which was the commitment document during that fiscal year. Authorization occurred between one week and 42 days after the services had started. In the fiscal year ended June 30, 2004, we noted two instances in which services were provided before the authorization of either the PSA or the associated purchase order (the commitment document in Core-CT). Authorization occurred between three days and three-and-a-half months after the services had started.
- Two instances in the fiscal year ended June 30, 2004, in which services were committed on a purchase order rather than on a PSA.
- One instance of a PSA covering both fiscal years in which the agency did not adhere to OPM’s regulations covering PSAs. The actual cost of the PSA exceeded the authorized amount by \$213,992.

*Effect:* Internal controls over PSAs were not adequate.

*Cause:* The Agency was not in compliance with procedures and policies contained in OPM’s guide.

*Recommendation:* In the process of generating PSAs, the Agency should comply with the requirements contained in OPM’s *Personal Service Agreements Standards and Procedures* guide. (See Recommendation 10.)

*Agency Response:* “The Department agrees with this finding.”

**Payroll – Overtime Payments to NP-2 Employees:**

*Criteria:* Section 16(b) of the NP-2 bargaining unit contract states, “The State will continue to pay overtime to eligible employees at the straight time rate for hours over 37.5 but under 40, and at time and one half for hours worked

over 40.” Further, the State will pay overtime at the rate of time-and-one-half for hours over eight per day.

*Condition:* During our testing of payroll, we noted certain instances in which a portion of the hours worked in excess of the normal workweek of 37.5 hours but under 40 hours were paid at time-and-one-half, rather than at straight time.

*Effect:* Employees covered under the NP-2 bargaining unit are receiving overtime payments to which they are not entitled.

*Cause:* Overtime calculations performed by Core-CT for NP-2 employees are not in accordance with the requirements of the bargaining unit contract.

*Recommendation:* The Agency should ensure that payments to NP-2 employees for time-and-one-half are in accordance with collective bargaining unit agreements. (See Recommendation 11.)

*Agency Response:* “The Department agrees in part with this finding but notes that this issue was a global statewide CORE-CT problem which was identified by the NP-2 Union and the Office of Labor Relations. Notification from the Office of Labor Relations was received via email on August 2, 2005. The programming of rules and calculation issues has been addressed and a current resolution/settlement is in process. On August 24, 2005, the Department received background information concerning this issue from the Office of Labor Relations (copy attached). As previously mentioned, the Department is confident that internal audit controls resulting from the reorganization of Human Resources and the soon to be developed front-end system to CORE-CT will resolve many, if not all of these findings for the next audit period.”

### **Performance Evaluation – Follow-up:**

The three recommendations below are based on our follow-up to the performance evaluation of the Department’s vehicle operations and vehicle management. The previous performance evaluation involved testing activity in “Gasboy,” the information system used at that time to monitor fuel usage and maintain vehicle inventory. Our fieldwork related to the performance evaluation was concluded in August 2001; in the interim, the Department has implemented “Fuel Master,” a new system that replaces Gasboy. In our follow-up, we performed testing on Fuel Master.

#### Item No. 1

*Criteria:* The programming of edit controls in order to ensure that activity at the pumps is controlled and information entered at the pumps is accurate and valid, enhances internal control over State resources.

*Condition:* We randomly selected a single month of Fuel Master reports for a total of 191 vehicles from 11 sites. From this sample, we noted numerous instances of the following:

- The reported odometer reading for a fillup at the pump was lower than the reading for the previous fillup.
- The reported odometer reading for a fillup was zero.
- The reported odometer reading for a vehicle was the same as the employee's ID number.
- The employee's ID number was not that of a DPS employee.

*Effect:* The system is not being used to control activity at the fuel pumps.

*Cause:* The system is not programmed with the proper edit controls.

*Recommendation:* The Fuel Master system should be programmed with the proper controls to ensure that activity at the pumps is controlled and information entered at the pumps is accurate and valid. (See Recommendation 12.)

*Agency Response:* "The Department agrees with this finding and is taking the following actions. It is working with FuelMaster to re-program the system to make entry of the wrong mileage more difficult. The Department is implementing a Standard Operating Procedure that requires all personnel to leave their "gas key" in the vehicle it is assigned to and to not use that key in other vehicles. In addition, the Department is assigning another support staff position to Fleet. This will allow Fleet to incorporate a periodic review of the FuelMaster transaction report to identify persons that consistently enter improper or incomplete data into the system. The Commanding Officer of Fleet will then send a memo or e-mail to that individual's Commanding Officer identifying the problem and asking the Commanding Officer to correct it and respond with the steps taken (i.e. informing the individual and following up to ensure compliance)."

Item No. 2

*Criteria:* Fuel Master utilizes one identification card per vehicle; the identification is linked to that vehicle by mileage. Adequate controls should ensure the safekeeping of the identification cards.

*Condition:* From the same sample (see above), we noted several instances of the following:

- Per records on file, the same vehicle was filled up twice within several minutes or three times within the same day.
- Per records on file, the same vehicle was filled up several times within the month by many different employees.
- Per records on file, the quantity of gas at a fillup exceeded the capacity of the vehicle's fuel tank.

*Effect:* The controls are insufficient for ensuring the safekeeping of the fuel cards.

*Cause:* Due to the inconsistencies presented above, it would appear that fuel cards are being used on vehicles to which they are not assigned.

*Recommendation:* Fuel cards should be used only on the vehicles to which they are assigned. (See Recommendation 12.)

*Agency Response:* “The Department agrees with this finding and will implement a Standard Operating Procedure requiring all personnel to leave their “gas key” in the vehicle it is assigned to and not to use that key in other vehicles. It will also inform everyone in the Department who is assigned a gas key the location of “supervisor keys” and the procedure for their use. Presently most personnel keep the gas key on their key ring. This will reduce the opportunities to use the wrong key.”

Item No. 3

*Criteria:* An adequate internal control process would require that vehicle mileage consumption reports be monitored for efficiency purposes.

*Condition:* From the same sample (see above), we noted several instances in which the mileage use reported since the previous fillup was either unreasonable or impossible to attain.

*Effect:* Fuel consumption is not being monitored to review that it is being used efficiently.

*Cause:* This control did not receive sufficient priority from management.

*Recommendation:* The Department should establish reporting and administrative procedures to review the consumption of fuel. (See Recommendation 12.)

*Agency Response:* “The Department agrees with this finding in part, and is assigning another support staff position to Fleet. This will allow Fleet to incorporate a periodic review of the FuelMaster transaction reports so that fuel consumption is monitored. However, the Department believes that there is

little that it can do to improve fuel efficiency. Most of the patrol force prevents crime and motor vehicle violations by “omni-presence” (the assignment of patrol cars 24/7). In addition, all sworn personnel are responsible to respond to emergencies statewide. There is not much more that can be done in regards to fuel efficiency except receiving better gas mileage from Department vehicles. There are a limited number of makes and models that are rated as “police certified” vehicles. The driving factors in their selection are safety, durability in high stress performance and then fuel efficiency.”

*Auditors’ Concluding Comments:*

Documentation we reviewed in our testing revealed several instances in which a vehicle’s mileage was the same as in the previous fillup. We also noted numerous instances in which the mileage reported from the previous fillup ranged from 25 miles in nine minutes to 700,000 miles in two days. From this documentation, we concluded that the reports are not being monitored.

## RECOMMENDATIONS

### *Status of Prior Audit Recommendations:*

- The Department of Public Safety should convert State trooper accrued leave time per the employee attendance records in a manner consistent with the collective bargaining and management pay schedules. Due to a change to the State Police (NP-1) Bargaining Unit contract, which became effective May 25, 2005, DPS procedures are now consistent with the collective bargaining unit contract. This recommendation is not being repeated.
- The Agency should review its current work scheduling practices for scheduling dispatchers to minimize cost without diminishing performance. This recommendation is not being repeated.
- The Agency should notify the Department of Administrative Services (DAS) of the incorrect FLSA calculation made by the BOSS system for certain DPS employees and seek assistance from DAS to determine the appropriate means to review and adjust the incorrect payroll payments made since July 1998. As this recommendation concerns BOSS, an information system rendered obsolete with the implementation of Core-CT, this recommendation is not being repeated.
- The Agency should review its scheduling of dispatchers at the troop levels to optimize the use of its dispatchers and eliminate unnecessary overtime. This recommendation is not being repeated.
- The Agency should continue its efforts to deposit receipts in compliance with Section 4-32 of the General Statutes. We did not note any recurrences of this condition, so the recommendation is not being repeated.
- The Agency should comply with the requirements of Section 29-237, subsection (3), of the General Statutes and perform a biennial inspection of the low pressure boilers. The Bureau of Boilers within the Office of the State Building Inspector has recently implemented a new information system which will facilitate monitoring of boilers and scheduling of boiler inspections, so the recommendation is not being repeated.

### *Current Audit Recommendations:*

- 1. The Department should publish the *Uniform Crime Report* in a more timely manner.**

Comment:

The *Uniform Crime Report*, required by statute to be published annually, has not been published since the calendar year 2002.



**2. The Agency should comply with all regulations related to P-Card purchases.**

Comment:

Our testing disclosed various areas of noncompliance with regulations including instances of purchases without adequate supporting documentation, purchases without supervisory approval, purchases that should have gone through the Department's normal purchasing procedures, and an instance in which a purchase was split in order to circumvent purchasing dollar limits.

**3. The Agency should comply with all policies and procedures when processing workers' compensation claims.**

Comment:

In our testing, we noted that employees are receiving compensatory time for days in which they are not allowed to receive such time. We also noted that workers' compensation reimbursements to the State and to the employee are not always accurate.

**4. The Department should develop a procedure to ensure that the unit responsible for authorizing COLLECT System access is notified of all changes in personnel status in a timely manner.**

Comment:

We noted that five individuals who had terminated from the Department of Public Safety between four and 51 months continued to have access to the COLLECT System.

**5. The Department should draw down Federal receivables in a more timely manner.**

Comment:

Our review of Federally-funded grants noted several instances in which material receivables from various Federal agencies were outstanding for significant periods of time.

**6. Petty cash fund travel advances should be settled within the established time frame established by the State Accounting Manual.**

Comment:

We noted that travel vouchers were not returned within the required five working days. We also noted that, for 12 of the 20 travel vouchers we tested, replenishment of petty cash occurred an average of 52 days after the employees had returned from their travel.

7. **The Agency should comply with the requirements of Section 5-213 of the General Statutes in making longevity payments.**

Comment:

We noted numerous instances in which an employee's length of service calculation did not agree with related documentation and also noted one instance in which an employee received a longevity payment for which he was not eligible.

8. **Supervisors should be reviewing employees' timesheets properly and approving such timesheets appropriately.**

Comment:

Our testing of civilian employees' timesheets and sworn employees' daysheets revealed numerous instances in which the supervisory review of these payroll documents was not performed adequately.

9. **The Agency should place sufficient emphasis on completing the purchasing process in an orderly manner.**

Comment:

We noted instances of procurement exceptions including purchases completed without receiving the required three quotations, instances in which goods or services were received prior to authorization of the purchase order, and receipt of goods or services prior to completion of the requisition document.

10. **In the process of generating Personal Service Agreements, the Agency should comply with the requirements contained in OPM's *Personal Service Agreements Standards and Procedures* guide.**

Comment:

From a sample of ten expenditures for personal service agreement activity, we noted instances in which services were provided prior to authorization of the PSA, services were committed on a purchase order rather than on a PSA, and one instance in which the actual cost exceeded the authorized amount by \$213,992.

11. **The Agency should ensure that payments to employees in NP-2 for time-and-one-half are in accordance with collective bargaining unit agreement.**

Comment:

We noted that overtime payments for hours worked in excess of the normal workweek of

37 ½ hours but under 40 hours should be paid at straight time, rather than at time-and-one-half.

**12. Administrative procedures and internal controls over the Department's vehicle operations and management should be improved.**

Comment:

Our testing disclosed numerous instances of inaccurate information input prior to gasoline fillup. We also noted that the Department's monitoring of fuel consumption reports was inadequate.

## INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes, we have audited the books and accounts of the Department of Public Safety for the fiscal years ended June 30, 2003 and 2004. 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 reconciled, 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 Department of Public Safety for the fiscal years ended June 30, 2003 and 2004, are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

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

### **Compliance:**

Compliance with the requirements of laws, regulations, contracts and grants applicable to the Department of Public Safety is the responsibility of the Department of Public Safety'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, 2003 and 2004, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. 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 Controls over Financial Operations, Safeguarding of Assets and Compliance:**

The management of the Department of Public Safety is responsible for establishing and maintaining effective internal controls 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 controls 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 Department of Public Safety's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the internal controls over those control objectives.

However, we noted certain matters involving the internal controls over the Agency's financial operations, safeguarding of assets, and/or compliance that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal controls 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 findings represent reportable conditions: Federal drawdown weaknesses, review of payroll timesheets issues, purchasing procedures weaknesses, and personal service agreements weaknesses.

A material or significant weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants or 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 by the Agency being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal controls over the Agency's financial operations and over compliance would not necessarily disclose all matters in the internal controls that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material or significant weaknesses. However, of the reportable conditions described above, we believe the following reportable conditions to be material or significant weaknesses: review of payroll timesheets issues, and purchasing procedures weaknesses.

We also noted other matters involving the internal controls 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**

We wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Public Safety during the course of our examination.

Timothy M. LePore  
Principal Auditor

Approved:

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts