

# STATE OF CONNECTICUT



***AUDITORS' REPORT  
DEPARTMENT OF PUBLIC SAFETY  
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2006***

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

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July 9, 2008

**AUDITORS' REPORT  
DEPARTMENT OF PUBLIC SAFETY  
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2006**

We have examined the financial records of the Department of Public Safety for the fiscal years ended June 30, 2005 and 2006.

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 protecting and improving the quality of life for all by providing enforcement, regulatory, and scientific services and through prevention, education, and innovative use of technology.

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

Bureau of Management Support  
Human Resources  
Fiscal Services  
Purchasing

The Police Officer Standards and 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 August 1, 2004. Leonard C. Boyle was appointed Commissioner on August 16, 2004, and served in that position until March 2, 2007. John A. Danaher III was appointed Commissioner on March 5, 2007, 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, 2006, were as follows:

Leonard C. Boyle, Commissioner of Public Safety  
Christopher L. Morano, Chief State's Attorney  
Thomas Pasquarello, Resident Agent-In-Charge, United States Drug Enforcement

Administration

Chief Harry Rilling, Norwalk Police Department/President of the Connecticut Chiefs of Police Association

Chiefs of Police:

Douglas Dortenzio, Wallingford  
 Joseph Faughnan, Clinton  
 Michael E. Metzler, Seymour  
 Francisco Ortiz, New Haven  
 Paul Scirpo, Wolcott

**RÉSUMÉ OF OPERATIONS:**

During the fiscal years ended June 30, 2005 and 2006, 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 presented below:

	<u>Revenues</u>		<u>Expenditures</u>	
	<u>2004-2005</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2005-2006</u>
General Fund	\$12,963,458	\$17,377,404	\$139,585,910	\$150,624,062
Special Revenue Funds	30,288,565	38,245,480	26,585,463	48,115,131
Capital Projects Funds	0	0	1,203,916	2,221,652
Fiduciary Funds	134	258	0	0
Total	<u>\$43,252,157</u>	<u>\$55,623,142</u>	<u>\$167,375,289</u>	<u>\$200,960,845</u>

**General Fund:**

General Fund receipts are summarized below:

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Receipt Type:			
Licenses, permits and fees	\$ 3,385,340	\$ 3,950,858	\$ 3,678,620
Recoveries of expenditures	1,002,155	303,924	237,092
Refunds of expenditures:			
Services of resident trooper	7,500,167	4,955,927	8,266,638
Other refunds	3,762,827	3,579,597	4,946,442
Other receipts	428,474	173,152	248,612
Total General Fund Receipts	<u>\$16,078,963</u>	<u>\$12,963,458</u>	<u>\$17,377,404</u>

General Fund receipts decreased \$3,115,505 between the fiscal years ended June 30, 2004, and June 30, 2005, while General Fund receipts increased \$4,413,946 between the fiscal years ended June 30, 2005, and June 30, 2006. These fluctuations are attributable to receipts for the

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

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services of resident State troopers. Fiscal services sends out the bills for resident State troopers in May of each year for services for the upcoming year. A significant amount of the billings in May 2004 were received prior to June 30, 2004, while a significant amount of the billings in May 2005 were received after June 30, 2005. This would explain the decrease during the fiscal year ended June 30, 2005.

General Fund expenditures are summarized below:

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Personal services	\$101,786,168	\$107,458,363	\$112,393,407
Contractual services	20,489,898	21,053,955	24,882,903
Commodities	5,117,483	7,952,915	9,338,734
Sundry charges	2,260,322	3,080,559	3,820,873
Equipment	<u>190,135</u>	<u>40,118</u>	<u>188,145</u>
Total General Fund Expenditures	<u>\$129,844,006</u>	<u>\$139,585,910</u>	<u>\$150,624,062</u>

Expenditures increased \$9,741,904 (7.5 percent) and \$11,038,152 (7.9 percent) during the fiscal years ended June 30, 2005 and 2006, respectively. These increases can be primarily attributed to salary increases and increases in the number of filled General Fund positions. Filled General Fund positions were 1,627 at June 30, 2004, 1,676 at June 30, 2005, and 1,738 at June 30, 2006.

### **Special Revenue Funds:**

Special Revenue Funds receipts totaled \$30,288,565 and \$38,245,480 during the fiscal years ended June 30, 2005 and 2006, respectively. These receipts consist primarily of non-Federal restricted revenue, such as collections to administer the State's 9-1-1 telecommunications system and the recovery of costs related to law enforcement services at the Mashantucket Pequot and Mohegan Indian casinos.

Special Revenue Funds expenditures are summarized below:

	<u>2004-2005</u>	<u>2005-2006</u>
Personal services	\$ 5,485,050	\$ 5,874,383
Contractual services	2,629,596	5,499,487
Commodities	2,997,665	2,123,968
Sundry charges	12,718,614	18,749,001
Equipment	2,738,192	15,868,092
Revenue refunds	<u>16,346</u>	<u>200</u>
Total Special Revenue Funds Expenditures	<u>\$ 26,585,463</u>	<u>\$ 48,115,131</u>

Expenditures increased \$21,529,668 (81 percent) during the fiscal year ended June 30, 2006, which can be primarily attributed to an increase in equipment expenditures. Significant equipment expenditures included the purchases of emergency vehicles for the benefit of

municipalities in the State; these purchases are funded by a Federal grant. Other significant equipment expenditures were noted in the upgrade of the State's 9-1-1 telecommunications system.

### **Capital Projects Funds:**

Expenditures on capital projects totaled \$1,203,916 during the fiscal year ended June 30, 2005, and \$2,221,652 during the fiscal year ended June 30, 2006. Expenditures were primarily for capital improvements.

### **Other Matters:**

In December 2006, the Attorney General for the State of Connecticut and the New York State Police jointly issued a "Report on the Evaluation of the Connecticut Department of Public Safety Internal Affairs Program." The report contained evaluations on the handling of 19 cases brought to the Internal Affairs Unit. Because three of the cases in the report contained financial implications, we followed-up on them during the course of this audit. A summary of each of these three cases follows along with the current status of each case.

#### Inadequate Discipline for Falsifying Overtime Records

This case contained allegations that a sergeant had falsified documentation related to overtime. Following an Internal Affairs investigation, the sergeant was found guilty of submitting false documentation and of making changes to his work schedule for the purpose of accruing unauthorized overtime in the amount of \$5,227. The sergeant received discipline consisting of a five-day suspension. We were told by DPS management that the State's Attorney declined to pursue this case criminally, and that the sergeant has agreed to reimburse the State in the amount of \$5,227.

#### Rifle Scope Stolen from Property Vault

Detective "A" was custodian of the weapons vault. While on sick leave, Detective "B" assumed his duties. Upon his return, Detective "A" noted that a particular rifle scope was missing from the vault. He questioned Detective "B" who told him that the scope had been given to a member of the SWAT team. In subsequent inquiries, it was determined that the scope had actually been given to Lieutenant "A". A scope was eventually returned to the vault, but it was determined that it was not the rifle scope that had initiated these events. The second scope was eventually destroyed and a negative Performance Observation Report (POR) was issued to Detective "B". Several subsequent investigations into this matter resulted in no conclusion regarding the theft of property and no disciplinary action against any of the personnel involved.

In our follow-up, we noted that there was a criminal investigation of Lieutenant "A" (who has since retired). We were told by DPS management that the State's Attorney declined to pursue the investigation further. This matter was the subject of an internal affairs investigation, which is concluded. We were also told by DPS management that policy changes have been implemented regarding the storage of property and that these changes were made prior to either the criminal

investigation or the internal affairs investigation.

Overtime Coordinator Received Gifts from Overtime Abuser

This case contained allegations that Trooper “A” overcharged the State more than \$8,000 related to overtime by falsifying documents. During an investigation, it was determined that this trooper had received 25 percent of the total statewide allocation of overtime for his specific activity. Trooper “A” regularly contacted the overtime coordinator on her direct telephone line to ask about overtime assignments. The overtime coordinator also called Trooper “A” when there were assignments available due to cancellations by other troopers. This was a violation of the established protocol regarding the fair and equitable distribution of overtime to all personnel participating in the program.

In subsequent inquiries, it was determined that the overtime coordinator had received gifts from Trooper “A” over several years. The assistant overtime coordinator (who was new to the unit) had initially received some gifts from Trooper “A”, but eventually declined to accept gifts from Trooper “A”.

In our follow-up, we noted that Trooper “A” and the overtime coordinator were criminally investigated and both have since retired.

## 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.

### **Payroll – Review of Daysheets – Sworn Personnel:**

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

*Condition:* We reviewed daysheets for a period of time for 17 sworn personnel for the fiscal year ended June 30, 2005, and for 18 sworn personnel for the fiscal year ended June 30, 2006. From these reviews we noted numerous instances in which these daysheets were not signed by the shift supervisor for that day.

*Effect:* Daysheets are not being reviewed properly.

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

*Recommendation:* Supervisors should be reviewing the daysheets for sworn personnel. (See Recommendation 1.)

*Agency Response:* “The Agency agrees with this finding. The Agency is currently preparing to negotiate a contract with a vendor to develop a front-end system to Core-CT which will reduce data entry into Core-CT and possibly allow for electronic signatures (if approved by the Auditors). This will increase auditing capabilities which we believe will allow us to take a more proactive approach to this and other issues which have diminished our ability to audit efficiently since the inception of Core-CT.”

### **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 has issued its own *Cardholder Purchasing Card Procedures*, which were provided to all departmental cardholders.

*Condition:* We reviewed monthly P-Card activity in the fiscal year ended June 30, 2006. This testing disclosed the following:

- Numerous instances in which required documentation (either the P-Card log (Form CO-501) or the Statement of Account) was either not

completed, did not contain the required supervisory approval, or was not submitted by the 20<sup>th</sup> of the month.

- One instance in which a restricted, personal charge was made on a P-Card.
- One instance in which no supporting documentation was submitted as required.
- Two instances in which both the employee and their supervisor did not sign the Statement of Account.

*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 Agency agrees with this audit finding. The Agency will be revising its P-Card procedures to remove the necessity for the P-Card Log (envelope) in Agency procedures if “no activity” to be approved by DAS. Internal controls are not jeopardized since the bank statement reflecting a “no activity” status is sent to the P-Card holder and reviewed and signed off by their commanding officer or supervisor. The P-Card Log (envelope) reflecting no activity being forwarded to Fiscal Services is redundant and, as noted, will be removed from the procedure. The review process for the P-Card program has been transferred to the Accounts Payable Unit whereas a standard practice of review for signatures and dates will be implemented. The review process will be revised to include a notification of all card holders who are not in compliance for submission date after five business days with notice to the Commanding Officer or Supervisor. If the P-Card documentation is not received in the Fiscal Services Unit after ten business days, a second notification will be submitted to the Chief of Staff or Division Head for immediate action.”

### **Expenditures – Procurement:**

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

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

- One instance in each fiscal year in which services were provided prior to authorization of the purchase order. In the instance noted from the fiscal year ended June 30, 2005, authorization of the purchase order occurred ten days after receipt of the services. In the instance noted from the fiscal year ended June 30, 2006, authorization occurred 15 days after the receipt of services.
- One instance in the fiscal year ended June 30, 2006, in which services were received prior to authorization of the purchase requisition. The purchase requisition was completed six days after the receipt of services.
- One instance in each fiscal year in which the Agency did not obtain three written quotations for the purchase of goods or services.
- One instance in the fiscal year ended June 30, 2005, in which only one bid was solicited without proper justification and documentation for a sole source purchase.

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

*Cause:* The cause is not known.

*Recommendation:* The Agency should comply with proper internal controls and DAS requirements related to the procurement process. (See Recommendation 3.)

*Agency Response:* “The Agency agrees with this audit finding. The Agency has implemented procedures for troops and units to submit requests for goods and services (DPS-33s) by fax when they are urgently needed so that a purchase order can be generated. State guidelines on when three bids are necessary and on sole sourcing have been sent to troops and units, and the Purchasing Unit of Fiscal Services is working with the commanding officers of units to ensure that they are followed.”

**Expenditures - Receiving:**

*Criteria:* The State Accounting Manual (SAM), promulgated by the State Comptroller, requires the receiver to record the date of receipt of goods or services on the CO-17 - Invoice – Voucher for Goods or Services Rendered to the State of Connecticut.

- Condition:* We selected a sample of 25 expenditures for the procurement of goods and/or services from each fiscal year. From these samples, we noted one instance in the fiscal year ended June 30, 2005, and five instances in the fiscal year ended June 30, 2006, in which the date of receipt of goods or services was not recorded.
- Effect:* Internal control weaknesses related to receiving were noted. The risk that certain expenditures may be applied to an incorrect fiscal year increases when proper receipt dates are not recorded.
- Cause:* The Department did not comply with established criteria in this area.
- Recommendation:* The Agency should require that the receipt date of goods or services should be noted by receivers. (See Recommendation 4.)
- Agency Response:* “The Agency agrees that the receipt date of goods or services should be noted by receivers. The Accounts Payable Unit has revised the instructions for completing a Form CO-17 to include “#36, Commodities Received or Services Rendered – Signature: Your signature, this attests that goods/services were received. Put the date goods or services were received next to your signature.” If the CO-17 is not dated, it will be returned to Troop/Unit as incomplete. The Accounts Payable staff has been instructed to review the CO-17 for signature and date. If the CO-17 is not dated the CO-17 will be returned to the Troop/Unit as incomplete. The instructions will be redistributed to all Troops/Units.”

**Personal Service Agreements (PSAs):**

- Criteria:* Proper internal control related to PSAs requires compliance with Office of Policy and Management (OPM) procedures as noted in the *Personal Service Agreements Standards and Procedures* guide.
- Condition:* From samples of ten PSA expenditures from the fiscal year ended June 30, 2005, and 15 PSA expenditures from the fiscal year ended June 30, 2006, we noted the following:
- Three instances from the fiscal year ended June 30, 2005, in which both the Agency and the contractor signed and authorized the PSA after the start of the contract period. Authorization by DPS occurred between two months and 11 months after the start of the contract, while authorization by the contractor occurred between two months and ten months after the start of the contract.
  - One instance from the fiscal year ended June 30, 2005, and one from the fiscal year ended June 30, 2006, in which DPS entered into a PSA

prior to receiving a waiver from competitive solicitation from OPM. The PSA from the fiscal year ended June 30, 2005, started nine months before receipt of the waiver from OPM, while the PSA from the fiscal year ended June 30, 2006, started two days before receipt of the waiver.

*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:* The Agency should comply with the requirements contained in OPM's *Personal Service Agreements Standards and Procedures* guide. (See Recommendation 5.)

*Agency Response:* "The Agency agrees with this audit finding. The Agency has updated its PSA policies to require six weeks for the processing of a PSA in order to ensure all approvals are received prior to the start date of the contract. The Commissioner has sent a letter to Agency units informing them of this policy."

**Elevator Inspections Receipts:**

*Criteria:* Proper internal control over cash receipts requires that the department that generates receipts should not also receive those funds.

*Condition:* Fees related to elevator inspections totaled more than \$555,000 in the fiscal year ended June 30, 2006. These fees consisted of receipts from renewal inspections and also from blueprint reviews and new inspections. Renewal inspections generated approximately \$437,000 in revenues while blueprint reviews and new inspections generated approximately \$118,000.

We reviewed the internal processing of all of these receipts and noted that the fees generated through blueprint reviews and new inspections are received in the Bureau of Elevators. We consider this to be an internal control weakness.

*Effect:* An internal control weakness exists related to the fees generated by blueprint reviews and new inspections.

*Cause:* The funds (checks exclusively) for fees generated by blueprint reviews and new inspections are initially received in the Bureau of Elevators in order to facilitate internal procedures related to these services. These services could still be performed with a minor change in the internal processing of these funds.

*Recommendation:* Fees generated by blueprint reviews and new inspections performed by the Bureau of Elevators should not be processed by that department. (See Recommendation 6.)

*Agency Response:* “The Agency does not agree with this audit finding and does not believe that it is an internal control weakness. CGS Section 29-193 determines the process of approval of plans and fees submitted in triplicate for review to the bureau with a fee accompanying such plans. A Bureau Processing Tech reviews the check, verifies the amount, (no fee for final acceptance inspection for State of Connecticut installations), and writes the elevator invoice and registration numbers on that check for reference. The invoice and registration numbers are automatically generated by our computer system (PRAESES) when the blueprint data and check information are entered. A Fiscal Services staff person picks the checks up twice daily from the Bureau. The checks do not stay in the Bureau overnight or for any length of time.”

*Auditor’s Concluding*

*Comments:* Section 29-193 of the General Statutes states, “No new elevator or escalator shall be erected or installed and no elevator or escalator shall be relocated or altered until detailed plans and specifications of the proposed construction or other work have been submitted in triplicate to the department for approval. A fee of one hundred fifty dollars for each elevator or escalator payable to the department shall accompany each such proposal.”

This statute does not require the payment to go to the Bureau of Elevators. It only requires that both the plans and the payment go to the Department of Public Safety.

**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 two individuals continued to have access after their termination. At the date of our testing, one individual had been terminated from DPS for two months and the other for 17 months.

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

*Cause:* The COLLECT Unit is responsible for monitoring and authorizing access to users of the COLLECT System. The Unit has not been terminating access to the System of employees who leave State service.

*Recommendation:* The COLLECT Unit should terminate an individual's access to the COLLECT System when the individual leaves State service. (See Recommendation 7.)

*Agency Response:* "The Agency agrees with this audit finding. The Human Resources Unit provides the supervisor of the COLLECT Unit with a list of all personnel who have left the department on a monthly basis. Once received by the COLLECT Unit the names are cleared within 24 hours."

**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 a sample of 25 travel vouchers submitted during the fiscal years ended June 30, 2005 and 2006. From this sample, we noted the following:

- 12 travel vouchers were not returned within the required five working days. These vouchers were returned an average of 22 days later than required.

- Five of these vouchers, in which funds were due to the department, were returned an average of 40 days later than required.

*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 8.)

*Agency Response:* “The Agency agrees with this audit finding. The Fiscal Services Unit has implemented significant changes to the process effective November 20, 2006. An employee acknowledgement letter has been developed that all employees receiving petty cash are required to sign. The Petty Cash due dates are reviewed on a weekly basis and past due notifications are prepared and submitted to the employee. Subsequently, a second Petty Cash Late Notification letter will follow, with a third letter sent to the employee’s supervisor for non-compliance. So far it has not been necessary to send out a third past due notification.”

**Agency-administered Construction Projects:**

*Criteria:* Section 4b-52 of the General Statutes states, “No repairs, alterations or additions involving expense to the state of five hundred thousand dollars or less shall be made to any state building or premises occupied by any state department and no contract for any repairs shall be entered into without the prior approval of the Commissioner of Public Works. Repairs which are made pursuant to such approval of the Commissioner of Public Works shall conform to all guidelines and procedures established by the Department of Public Works for agency-administered projects.”

The guidelines and procedures are presented in the Department of Public Works (DPW) *Guidelines and Procedures Manual for Agency Administered Projects*.

*Condition:* The Agency administered the repair of a heating and air conditioning unit at one of the State troops. The cost of this project was \$62,000. The repair was undertaken on August 23, 2005, while the approval of DPW was received on October 3, 2005.

*Effect:* Repair work was performed prior to the approval of the Department of Public Works.

*Cause:* The cause is not known.

*Recommendation:* The Agency should comply with Section 4b-52 of the General Statutes, which requires an agency to obtain the approval of the Commissioner of Public Works prior to performing any repairs, alterations or additions costing less than five hundred dollars on a state building. (See Recommendation 9.)

*Agency Response:* “The Agency agrees with this audit finding. The Agency is developing and implementing Administrative Procedures and training to address this issue. We have already reviewed and are implementing procedures that are designed to address the issues identified in the Audit. These new procedures have been reviewed with the personnel in the Office of Administrative Services.”

**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 is made payable to the employee for the correct compensation benefit amount due and one is made payable to the State for the amount due the agency.

*Condition:* We tested a total of 20 workers’ compensation reimbursement calculations performed by the Employee Benefits Unit of the Department of Public Safety. We noted the following:

- Two instances in which an employee received credit for holidays while they were receiving workers compensation benefits. One employee received credit for one holiday and another employee received credit for three holidays.
- One instance in which the calculation of reimbursement for an employee was made incorrectly resulting in an incorrect reimbursement to the State as well as to the employee.

*Effect:* Employees are receiving compensatory time for days in which they are not allowed to receive such time. The reimbursement paid to the State and the employee for workers’ compensation benefits may not always be 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 10.)

*Agency Response:* “The Agency agrees with this audit finding. The Agency is currently preparing to negotiate a contract with a vendor to develop a front-end system to Core-CT which will reduce our data entry into Core-CT and possibly allow for electronic signatures (if approved by the Auditors). This will increase our auditing capabilities which we believe will allow us to take a more proactive approach to this and other issues which have diminished our ability to audit effectively since the inception of Core-CT.”

## RECOMMENDATIONS

### *Status of Prior Audit Recommendations:*

- The Department of Public Safety should publish the *Uniform Crime Report* in a more timely manner. The Uniform Crime Report has been delayed primarily because the City of New Haven has been unable to submit its crime statistics to the Department in a timely manner. We were provided with documentation showing that the former commissioner contacted the Chief of Police for the City of New Haven several times requesting a more timely submission of this information. The recommendation is not being repeated.
- The Agency should comply with all regulations related to P-Card purchases. Our review of P-Card purchases noted similar findings from the previous audit. This recommendation is being repeated. (See Recommendation 2.)
- The Agency should comply with all policies and procedures when processing workers' compensation claims. This recommendation is being repeated. (See Recommendation 10.)
- The Agency 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. Testing conducted during this audit noted that this condition persists; the recommendation is being repeated. (See Recommendation 7.)
- The Department should drawdown Federal receivables in a more timely manner. Our review of the drawdown of Federal receivables in the current audit noted a significant improvement in the timeliness of drawdowns. The recommendation is not being repeated.
- Petty cash fund travel advances should be settled within the time frame established by the State Accounting Manual. We tested petty cash fund travel advances in the current audit and noted recurrences of this condition. The finding is being repeated. (See Recommendation 8.)
- The Agency should comply with the requirements of Section 5-213 of the General Statutes in making longevity payments. Our testing of longevity payments noted that the agency is in compliance with this Section of the General Statutes. The recommendation is not being repeated.
- Supervisors should be reviewing employees' timesheets properly and approving such timesheets appropriately. We noted that daysheets for sworn personnel are not being reviewed appropriately, and, as such, the recommendation is being repeated. (See Recommendation 1.)
- The Agency should place sufficient emphasis on completing the purchasing process in an orderly manner. We noted similar conditions in the current audit. This recommendation is being repeated. (See Recommendations 3 and 4.)

- In the process of generating Personal Service Agreements (PSAs), the Agency should comply with the requirements contained in OPM's *Personal Service Agreements Standards and Procedures* guide. We noted continuing instances of noncompliance with both OPM's *Personal Service Agreements Standards and Procedures* guide and statutes related to PSAs. This recommendation is being repeated. (See Recommendation 5.)
- The Agency should ensure that payments to employees in NP-2 for time-and-one-half are in accordance with collective bargaining unit agreement requirements. We noted no recurrences of this condition in our testing of this area in the current audit. Accordingly, the recommendation is not being repeated.
- Administrative procedures and internal controls over the Department's vehicle operations and management should be improved. We reviewed procedures and controls over the Department's vehicle operations in this audit and noted improvement. The recommendation is not being repeated.

*Current Audit Recommendations:*

**1. Supervisors should be reviewing the daysheets for sworn personnel.**

Comment:

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

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

Comment:

Our testing disclosed various areas of noncompliance with regulations including lack of supervisory approval, untimely submission, and lack of supporting documentation.

**3. The Agency should comply with proper internal controls and DAS requirements related to the procurement process.**

Comment:

We noted instances of procurement exceptions including services being provided prior to authorization of the associated purchase order, services being provided prior to authorization of the internal purchase requisition, a purchase completed without receiving the required three quotations, and an instance in which only one bid was solicited without proper justification and documentation for a sole source purchase.

- 4. The Agency should require that the receipt date of goods or services should be noted by receivers.**

Comment:

From our testing, we noted numerous instances in which the date of receipt of goods or services was not recorded.

- 5. The Agency should comply with the requirements contained in OPM's *Personal Service Agreements Standards and Procedures* guide.**

Comment:

From samples of personal service agreement expenditures, we noted instances in which both the Agency and the contractor signed the PSA after the start of the contract period, and instances in which the Agency entered into a PSA prior to receiving a waiver from competitive solicitation from OPM.

- 6. Fees generated by blueprint reviews and new inspections performed by the Bureau of Elevators should not be processed by that department.**

Comment:

We reviewed the internal processing of fees generated through elevator blueprint reviews and new inspections for elevator systems. We noted that the fees for these services are received in the Bureau of Elevators, which we consider to be an internal control weakness.

- 7. The COLLECT Unit should terminate an individual's access to the COLLECT System when the individual leaves State service.**

Comment:

We noted that two individuals who had terminated from the Department of Public Safety continued to have access to the COLLECT System after their terminations. At the time of our testing, one individual had been terminated from DPS for two months and the other had been terminated 17 months earlier.

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

Comment:

From a sample of 25 travel vouchers submitted during the audited period, we noted that 12 travel vouchers were returned an average of 22 days later than required. Five of these vouchers, in which funds were due to the Department, were returned an average of 40

days later than required.

- 9. The Agency should comply with Section 4b-52 of the General Statutes, which requires an agency to obtain the approval of the Commissioner of Public Works prior to performing any repairs, alterations or additions costing less than five hundred thousand dollars on a state building.**

Comment:

We noted that the Agency administered the repair of a heating and air conditioner unit costing \$62,000 at one of the State troops. The approval of the Department of Public Works was obtained six weeks after the repair was completed.

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

Comment:

Our review disclosed that employees are receiving compensatory time for days in which they are not allowed to receive such time. We also noted an instance in which the calculation of reimbursement for an employee was made incorrectly resulting in an incorrect reimbursement to the State, as well as to the employee.

## **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, 2005 and 2006. 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, 2005 and 2006, 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, 2005 and 2006, 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: inadequate review of daysheets for sworn personnel, 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 condition to be a material or significant weakness: inadequate review of daysheets for sworn personnel.

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