

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF PUBLIC SAFETY
FOR THE FISCAL YEARS ENDED
JUNE 30, 2009, 2010 AND 2011*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

Table Of Contents

INTRODUCTION	1
COMMENTS	1
FOREWORD:	1
STATEWIDE NARCOTICS TASK FORCE POLICY BOARD:	2
RÉSUMÉ OF OPERATIONS:.....	3
General Fund:	4
Special Revenue Funds:	5
Capital Improvement Funds:	6
CONDITION OF RECORDS	7
Compensatory Time:	7
Longevity:	8
Workers' Compensation:.....	9
Medical Certificates:	10
Dual Employment:	11
Overtime:.....	11
Purchasing Card:	12
Bank Reconciliation Review Procedures:	14
Prompt Deposit Of Receipts:.....	15
Internal Control Over Receipts:	17
Petty Cash Fund:	18
Accounts Receivable – Aged Receivables:	18
Unapproved Bank Account:	19
Property Control & Reporting:.....	20
Loss Reporting:	22
Construction Projects Administered By The Agency:	23
Core-CT – Segregation Of Duties:.....	24
Information System Controls:	25
Disaster Recovery:	26
Software Inventory:.....	27
Reporting – Uniform Crime Report:	28
RECOMMENDATIONS	30
INDEPENDENT AUDITORS' CERTIFICATION	37
CONCLUSION	39

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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July 30, 2014

AUDITORS' REPORT DEPARTMENT OF PUBLIC SAFETY FOR THE FISCAL YEARS ENDED JUNE 30, 2009, 2010 AND 2011

We have examined the financial records of the Department of Public Safety for the fiscal years ended June 30, 2009, 2010 and 2011. This report on that examination consists of the following Comments, Recommendations, and Certification that follow.

Financial statement presentation and auditing are performed 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 policies and procedures established to ensure such compliance.

Pursuant to Public Act 11-51, effective July 1, 2011, the Department of Public Safety (DPS), as well as the Department of Emergency Management and Homeland Security (DEMHS) were eliminated, and the Department of Emergency Services and Public Protection (DESPP) was created as a successor agency designated as the state's emergency management and homeland security agency for the state. That act established six divisions within DESPP to carry out the function formerly carried out by DPS. As such, this report on the audited period ending June 30, 2011 is the last reporting period for which a separate audit report will be issued on DPS. Subsequent reports will be issued on the combined successor agency.

COMMENTS

FOREWORD:

The Department of Public Safety operated primarily under the provisions of Title 29, Chapters 528 through 541 of the General Statutes. The Commissioner of Public Safety was the chief administrative officer of the department and was responsible for protecting and improving

the quality of life for all by providing enforcement, regulatory, and scientific services, 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 Education and Data Management

Office of Statewide Emergency Telecommunications

Office of State Fire Marshal

Office of State Building Inspector

Division of Scientific Services:

Toxicology and Controlled Substances Laboratory

Computer Crime and Electronic Evidence Laboratory

Forensic Science Laboratory

Bureau of Management Support

Fiscal Affairs

Human Resources

The Police Officer Standards and Training Council, Board of Firearms Permit Examiners, Statewide Narcotics Task Force Policy Board, and the Commission on Fire Prevention 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.

John A. Danaher III was appointed commissioner on March 5, 2007 and served in that position until May 10, 2010. James Thomas served as acting commissioner from June 11, 2010 to March 1, 2011. Reuben F. Bradford was appointed commissioner on March 25, 2011 and served until his retirement on February 1, 2014.

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. Furthermore, 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, 2011, were as follows:

Reuben F. Bradford, Commissioner of Public Safety

Kevin T. Kane, Chief State's Attorney

Brian Crowell, Resident Agent-In-Charge, United States Drug Enforcement Administration

Chief Douglas Dortenzio, President of the Connecticut Chiefs of Police Association

Chiefs of Police:

John DeCarlo, Branford

Michael Kehoe, Newtown

Lisa Maruzo-Bolduc, Willimantic

Daryl Roberts, Hartford

Eugene Torrence, Thomaston

RÉSUMÉ OF OPERATIONS:

During the fiscal years ended June 30, 2009, 2010, and 2011, DPS activity was accounted for in the General Fund, Special Revenue Funds, Non-Capital Improvement Funds, and Capital Improvement Funds.

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

Revenues:	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
General Fund	\$17,230,461	\$20,736,112	\$17,550,480
Special Revenue Funds	39,408,509	46,644,735	40,884,291
Capital Improvement Funds	<u>100</u>	<u>23</u>	<u>16</u>
Total	<u>\$56,639,070</u>	<u>\$67,380,870</u>	<u>\$58,434,787</u>
Expenditures:	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
General Fund	\$175,301,874	158,841,180	\$161,068,142
Special Revenue Funds	33,664,070	48,739,778	51,679,097
Non-Capital Improvement Funds	-	-	50,000
Capital Improvement Funds	<u>1,553,738</u>	<u>836,276</u>	<u>1,013,322</u>
Total	<u>\$210,519,682</u>	<u>\$208,417,234</u>	<u>\$213,810,561</u>

General Fund:

General Fund receipts are summarized below:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Licenses, Permits and Fees	\$ 4,758,388	\$9,157,073	\$ 8,746,503
Recoveries of Expenditures	183,036	226,336	384,449
Refunds of Expenditures:			
Services of Resident Troopers	10,124,350	9,502,698	6,644,795
Other Refunds	2,120,061	1,828,470	1,752,825
Other Receipts	<u>44,626</u>	<u>21,535</u>	<u>21,908</u>
Total General Fund Receipts	<u>\$17,230,461</u>	<u>\$20,736,112</u>	<u>\$17,550,480</u>

General Fund receipts increased by \$3,505,652 during the fiscal year ended June 30, 2010. This fluctuation is primarily attributable to the increase in the licenses, permits and fees category. The most significant increases involved the receipts associated with fees for elevator inspections, background checks and permits to carry pistols. The receipts associated with the inspection of elevators increased by \$1,948,485 during the fiscal year ended June 30, 2010. Public Act 09-3 of the June Special Session became effective October 1, 2009, and changed the initial elevator certificate of operation fee from \$200 to \$250, and the renewal fee from \$120 to \$240. In addition, the elevator certificates renewal period is every two years upon receipt of the renewal fee. The receipts associated with fees for providing background checks increased by \$972,446, during the fiscal year ended June 30, 2010, which correlates with the increased number of background checks performed by the department. In addition, the receipts associated with the fee for issuing permits to carry pistols increased by \$706,100.

Receipts decreased by \$3,185,632 during the fiscal year ended June 30, 2011. This fluctuation is primarily attributable to receipts for the services of resident state troopers. Fiscal Services sends out invoices for resident state troopers in May of each year for services for the upcoming year. A large amount of receipts related to the May 2010 invoices were received prior to June 30, 2010, while a significant amount of receipts related to the May 2011 invoices were received after June 30, 2011.

General Fund expenditures are summarized below:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Personal Services and Employee Benefits	\$137,311,880	\$125,049,322	\$127,589,354
Employee Expenses, Allowances, Fees	421,827	335,984	394,518
Contractual Services	34,681,095	31,015,540	31,328,207
Commodities	2,492,160	2,203,278	1,741,188
Grants and Other Charges	180,120	34,920	539

Capital Outlay	<u>214,792</u>	<u>202,137</u>	<u>14,336</u>
Total General Fund Expenditures	<u>\$175,301,874</u>	<u>\$158,841,181</u>	<u>\$161,068,142</u>

Expenditures decreased \$16,460,693 (9.4 percent) and increased \$2,226,961 (1.4 percent) during the fiscal years ended June 30, 2010 and 2011, respectively. The decrease in the personal services categories was primarily due to the retirement of employees under a retirement incentive program offered by the state at the close of the fiscal year ended June 30, 2009. The decrease in the contractual services expenditures category was the result of mandated statewide spending reductions.

Special Revenue Funds:

Special Revenue Funds receipts totaled \$39,408,509, \$46,644,735, and \$40,884,291 during the fiscal years ended June 30, 2009, 2010, and 2011, 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 casinos.

Special Revenue Fund expenditures are summarized below:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Personal Services and Employee Benefits	\$11,926,089	\$13,126,627	\$14,677,131
Employee Expenses, Allowances, Fees	267,421	212,228	190,849
Contractual Services	3,185,496	11,639,852	6,609,817
Commodities	916,502	571,757	891,392
Grants	11,585,898	9,861,305	18,531,232
Capital Outlay	3,018,822	10,125,222	7,535,324
Other	<u>2,763,842</u>	<u>3,202,787</u>	<u>3,243,352</u>
Total Special Revenue Fund Expenditures	<u>\$33,664,070</u>	<u>\$48,739,778</u>	<u>\$51,679,097</u>

Expenditures increased \$15,075,708 (45 percent) and \$2,939,319 (six percent) during the fiscal years ended June 30, 2010 and 2011, respectively. During the fiscal year ended June 30, 2010, DPS expended \$25,609,508 from the state's Enhanced 9-1-1 Telecommunication Fund, which is an increase of \$11,500,977 from the fiscal year ended June 30, 2009. The increase can be primarily attributable to increases in the contractual services and capital outlay expenditure categories. The majority of these expenditures were related to the purchase of information technology supplies and telecommunication equipment. In addition, during the fiscal year ended June 30, 2010, DPS expended nearly \$4,500,000 of funds awarded by the federal Department of Commerce for interoperable communications equipment.

During the fiscal year ended June 30, 2011, the increase in expenditures can be primarily attributable to the agency receiving several new federal grants to fund crime prevention and the advancement of community policing. DPS expended nearly \$1,800,000 of funds awarded by the federal Department of Justice. The majority of these grant expenditures were charged to the capital outlay expenditure categories for capital equipment related purchases. In addition, DPS expended nearly \$420,000 of funds awarded by the federal Department of Homeland Security to create programs for the protection of our ports against terrorism. These funds were also charged to the capital outlay expenditure category for capital related equipment.

Capital Improvement Funds:

Expenditures for capital projects totaled \$1,553,738, \$836,276, and \$1,013,322 during the fiscal years ended June 30, 2009, 2010, and 2011, respectively. Expenditures were primarily for capital improvements.

CONDITION OF RECORDS

Our testing of the Department of Public Safety's records identified the following areas that warrant comment.

Compensatory Time:

Criteria: The Department of Administrative Services (DAS) Management Personnel Policy 06-02 states that managers must receive written authorization in advance to work extra time by the agency head or a designee in order to record the extra hours as compensatory time. The written authorization must outline the reason(s) for compensatory time, and proof of advance authorization must be retained in the employee's personnel file for audit purposes.

Condition: Our review of the department's compensatory records pertaining to ten employees, disclosed four instances in which managers who earned compensatory time did not receive written authorization. Further review noted that all sworn managerial employees who earned compensatory time did not receive written authorization during our audited period.

Effect: The department has less assurance that the compensated services have actually been received.

Cause: At the time of our review, the department did not require sworn managerial employees to obtain written authorization to accrue compensatory time.

Recommendation: The Department of Public Safety should strengthen internal controls over compensatory time to ensure that the records are accurate and in compliance with established policies and procedures. The department should comply with the DAS Management Personnel Policy 06-02. (See Recommendation 1.)

Agency Response: "The agency agrees with this finding. The Human Resources Unit has issued an advisory (HR 2010-10) and has also put procedures into place which address this finding. Due to the emergency nature of some aspects of the agency mission, it is sometimes not feasible for managers, including sworn managers, to obtain prior written permission for compensatory time, but it is the policy of the agency to obtain written confirmation of approval as soon as possible, after the emergency services have been performed."

Longevity:

Criteria: Section 5-213 of the General Statutes authorizes the payment of semiannual longevity payments to state employees who have completed 10 years of state service. Payments are made in accordance with longevity rate schedules established by the Commissioner of the Department of Administrative Services. Payments increase after employees complete 15, 20 and 25 years of state service.

For the purpose of computing longevity payments, service time shall be defined as length of state service, including eligible war service.

The Department of Administrative Services (DAS) Employee Relations Memorandum 96-27, effective October 1, 1995, outlines the periods of war service that qualify for state service time. In addition, Public Act 09-117, effective June 8, 2009, changed the war service dates that are eligible to be included in an employee's length of state service.

Condition: Our review of longevity payments disclosed that the department had the incorrect service time on file for three of the ten employees reviewed. In two of these instances, the employees' service time was understated, resulting in an aggregate underpayment of \$218. Upon notification, the department made restitution to the employees.

Effect: The department's service time for certain employees was not accurate.

Cause: It appears that the department's large volume of employees with military service time has contributed to the delay in updating the longevity records.

Recommendation: The Department of Public Safety should continue its efforts to update its service time records for eligible war service to ensure that longevity records are accurate. (See Recommendation 2.)

Agency Response: "The agency agrees with this finding, and is in the process of updating personnel records to achieve and maintain compliance based on current effective dates. This is an ongoing process as employees continue to be called to military service. Military service of new employees to the Department of Emergency Services and Public Protection is audited at the start of their employment."

Workers' Compensation:

Criteria: The Department of Administrative Services (DAS) Workers' Compensation Manual provides guidance to state agencies on the workers' compensation claims process. This guidance provides information on the required forms that need to be completed, the timeframe for submission, methods for calculating the average weekly wage and the correct number of days in the first check.

The supervisor must complete DAS First Report of Injury form (WC 207) with the injured worker and then forward it along with the balance of the claim package to the Workers' Compensation Unit within 24 hours.

Condition: Our review of ten workers' compensation files disclosed the following:

- Eight instances in which the First Report of Injury form (WC 207) was not submitted to the Human Resources department in a timely manner. These forms were submitted between three and 38 days after the date of injury.
- Ten instances in which the agency incorrectly included meals and clothing allowances when calculating the average weekly wage for employees receiving workers' compensation benefits. In one of these instances the agency also included highway construction project meals and overtime.
- Three instances in which the department's first check day calculations were calculated incorrectly.

Effect: The department was not in compliance with the guidelines relative to workers' compensation claims processing.

Cause: Established policies and procedures were not followed.

Recommendation: The Department of Public Safety should comply with the policies and procedures for processing workers' compensation claims. (See Recommendation 3.)

Agency Response: "The agency agrees with part of this finding, although employees do have up to one year from the date of injury or onset of occupational illness to report the claim, per General Statutes Section 31-294c. The agency will review the current process of workers compensation reporting and will reissue procedures to emphasize timely reporting of injury or onset of occupational illness to bring the agency in compliance with the DAS Workers Compensation Manual."

Auditors' Concluding

Comments:

DAS was given authority to develop policies and procedures to provide guidance to state agencies on the workers' compensation claims process. Those policies and procedures require that injuries be reported in a timely manner. The instructions on the injury reporting form stipulate that the injury be reported within 24 hours. The statutory reference cited in the agency response does not negate the timely reporting but states that no proceedings for compensation can be processed unless a written notice of claim for compensation is given within one year from the date of the accident.

Medical Certificates:

Criteria:

Section 5-247-11 of the State Regulations requires the submission of an acceptable medical certificate signed by a licensed physician or other practitioner whose method of healing is recognized by the state to substantiate the use of sick leave for a period of more than five consecutive working days. Such certificates should be presented to the agency upon the employee's return to work.

Condition:

From a sample of five, we noted two instances in which an acceptable medical certificate supporting an employee's use of more than five consecutive sick leave days was not on file.

Effect:

There is a lack of compliance with the applicable state regulations as well as an increased risk that sick leave abuse may go undetected.

Cause:

The department did not adequately monitor employee usage of sick leave for compliance with established medical certificate requirements.

Recommendation:

The Department of Public Safety should take steps to ensure compliance with Section 5-247-11 of the State Regulations by obtaining an acceptable medical certificate for employees that use sick leave for a period of more than five consecutive working days. (See Recommendation 4.)

Agency Response:

“With the legislative approval of the State Police (NP-1) Bargaining Unit Contract in March 2014, the agency will discontinue past practice and be compliant with Section 5-247-11 of the State Regulations requiring an acceptable medical certificate for employees that use sick leave for a period of more than five consecutive working days.”

Dual Employment:

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

The Department of Administrative Services General Letter 204 – Dual Employment, last revised in 1999, provides direction to state agencies in complying with Section 5-208a of the General Statutes. A Dual Employment Request (PER-DE-1) form should be completed by the employee’s secondary and primary agency as prescribed in General Letter 204.

Condition: From a sample of eight employees identified with a dual employment arrangement, we noted five instances in which the department did not have a dual employment form on file.

Effect: The department is not in compliance with Section 5-208a of the General Statutes. In the absence of proper monitoring, duplicate payments and conflicts of interest may go undetected.

Cause: It appears that dual employment documents on hand were not maintained because the department was not aware that its employees were working at another state agency during the same period.

Recommendation: The Department of Public Safety should comply with Section 5-208a of the General Statutes and communicate dual employment policies to appropriately monitor dual employment situations. (See Recommendation 5.)

Agency Response: “The agency agrees with this finding. The Human Resources Unit will conduct an audit of agency staff to identify instances of dual employment and ensure that Form PER-DE-1 is completed and retained by the agency with the appropriate copy being forwarded to the other affected agency as outlined in General Letter-204.”

Overtime:

Criteria: Article 18, Section 16 (b) of the Maintenance and Service Unit (NP-2) Bargaining Unit Contract indicates that overtime will be paid to eligible

employees at the straight time rate for hours over thirty-five but under forty, and at time and one-half for hours worked over forty.

Sound business practices dictate that employees should only be paid for the hours actually worked.

Condition: From a sample of ten employees who received overtime payments, we noted two employees who were incorrectly paid time and one-half for hours worked over thirty-five but fewer than forty during the pay week. Further review of these two employees' overtime payments noted numerous instances in which they were incorrectly paid during the audited period. In addition, we noted one instance in which an employee had vacation time and regular pay recorded for the same hours.

Effect: Employees were paid inaccurate amounts for certain hours worked as overtime. There is a lack of compliance with the overtime provision in the bargaining unit contract.

In the case of the employee who had vacation and regular pay recorded on the same day, the employee was overpaid \$144.

Cause: It appears that data entry errors contributed to the condition.

Recommendation: The Department of Public Safety should strengthen its administrative oversight over the processing of overtime to ensure that such payments are made in accordance with the provisions of the collective bargaining unit contract. (See Recommendation 6.)

Agency Response: "The agency agrees with this finding. The Payroll Unit will now complete audits bi-weekly for all employees who work less than 40 hours a week. Any employees working less than 40 hours will be paid at a straight time overtime rate up to the 40 hour minimum.

The overpayment to the employee referenced above was recovered in the pay periods April 21, 2011 and May 5, 2011."

Purchasing Card:

Criteria: The State Comptroller, in conjunction with the Department of Administrative Services, has issued the State of Connecticut's Agency Purchasing Card Coordinator Manual, which sets forth the state guidelines and procedures on the use of purchasing cards by state agencies.

In addition, the Department of Public Safety has its own purchasing card procedures that require the cardholder to reconcile the monthly activity

utilizing a purchase log. The reconciled purchasing card log must be signed and approved by the cardholder's supervisor. The reconciled purchase log and original receipts must be received in Fiscal Services by the 25th of each month.

Condition: Our review of the department's purchasing card system included the review of transactions processed on 25 individual cardholder statements during the audited period. Our review noted the following:

- Three instances in which out-of-state travel expenses were incurred totaling \$5,150 without having the required travel authorization request form on file.
- Two instances in which the travel coordinator's cardholder statement was not signed by the supervisor.
- Three instances in which the purchasing card log was not signed by the cardholder and/or the cardholder's supervisor in a timely manner. The delays ranged from five to 64 days.
- One instance in which the cardholder was missing eight receipts for travel related charges.

We extended our testing to the remaining cardholders listed on the same monthly billing cycles as our primary sample, and noted the following:

- Fourteen instances in which the purchasing card log was not signed by the cardholder and/or the cardholder's supervisor in a timely manner.
- Two instances in which the purchasing card log was not signed as certification of approval by a supervisor.
- Three instances in which the travel coordinator's cardholder statement was not signed by the supervisor.

Effect: The department did not comply with its established policies and procedures, which weakens internal control and increases the likelihood that inappropriate expenditures may be made and not be detected by management in a timely manner.

Cause: The individual cardholders did not follow established procedures.

Recommendation: The Department of Public Safety should take steps to strengthen controls over purchasing card transactions by ensuring compliance with established purchasing card procedures. (See Recommendation 7.)

Agency Response: "The agency agrees with this finding. Measures have been implemented to ensure compliance with established purchasing card procedures, including the following:

- P-Card procedures are provided to all P-Card holders during training and receipt of p-card.
- P-Card procedures are provided to Agency personnel as requested, including additional training as requested.
- P-Card logs are signed by the cardholder and supervisor in a timely manner: If a P-Card log (envelope) is not returned by the due date, an email is sent by the purchasing P-Card Assistant, followed by email by the purchasing P-Card Coordinator.
- If a P-Card log (envelope) is turned in without receipts, an email is sent by the P-Card Assistant, followed by an email to the P-Card Coordinator.
- Any noncompliance issues are resolved.
- P-Cards are randomly audited by Office of State Comptroller (OSC); any non-compliance issues are promptly addressed, including any recommendations by OSC for agency P-Card procedures.”

Bank Reconciliation Review Procedures:

Background: The Department of Public Safety had an average of 24 approved bank accounts during the audited period.

Criteria: Sound business practices dictate that bank reconciliations be performed and reviewed in a timely manner.

Condition: Our review of the department’s primary petty cash bank account disclosed that there was no formal documented supervisory review of the monthly reconciliation process. In addition, we noted 24 instances in which the monthly reconciliation was not performed in a timely manner. In these instances, the reconciliation was performed 36 to 113 days after the monthly statement ending date.

Our review of 20 additional bank account reconciliations at the department noted the following:

- Six instances in which the monthly reconciliation was not performed in a timely manner. In these instances, the reconciliation was performed 33 to 79 days after the monthly statement ending date.
- Two instances in which the monthly reconciliation lacked supervisory review.

Cause: It appears that the department’s reconciliation procedures for its petty cash account lacked a control procedure for the supervisor to sign/date certifying that the review was performed. We were informed that, due to the increased duties of staff members, bank reconciliations were completed when time allowed.

A department representative informed us that the reconciliations were performed late and lacked supervisory reviews because the employees assigned to these responsibilities were not available.

Effect: The lack of an audit trail provides less assurance that a supervisory review was performed.

Bank reconciliations that are not performed in a timely manner increase the likelihood that errors may be made and not be detected by management in a timely manner.

Without proper oversight, there is increased risk of errors going undetected.

Recommendation: The Department of Public Safety should improve internal controls over the bank reconciliation process by ensuring that reconciliations are performed and reviewed in a timely manner. The supervisory review of the bank reconciliation process should be formally documented. (See Recommendation 8.)

Agency Response: “The agency agrees with this finding. Reconciliations have been assigned to an accountant within the department and will continue to be reconciled within 30 days.”

Prompt Deposit Of Receipts:

Background: The Department of Public Safety collects various types of receipts at its headquarters in Middletown and throughout its various troop locations. Receipts collected at the troop locations are delivered to the department’s headquarters where they are deposited by the accounting department staff.

Criteria: Section 4-32 of the General Statutes requires that an agency account for receipts within 24 hours, and if the total receipts are \$500 or more, deposit the same within 24 hours of receipt. Total daily receipts of less than \$500 may be held until the receipts total \$500, but not for a period of more than seven calendar days.

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

The State Accounting Manual requires agencies to keep a receipts journal that indicates the date of receipt.

- Condition:* Our audit of 45 revenue transactions disclosed the following:
- Twelve instances in which the receipts were not deposited in a timely manner. In all twelve instances, the receipts were deposited at least one business day late.
 - Three instances in which the receipts were not accounted for in a timely manner. The delay in the accounting ranged from five to 12 business days.
- Receipts collected at some of the troop locations lacked adequate records of the dates when funds were received. In these instances, we could not determine the precise degree to which the receipts were deposited late.
- Effect:* Untimely deposits increase the risk of loss or theft. Without a receipts journal, it is unknown whether agency receipts were deposited in a timely manner as required by Section 4-32 of the General Statutes. Furthermore, incomplete receipts records are in violation of the State Comptroller's requirements.
- Cause:* Internal control over the accounting for and depositing of receipts was inadequate. The department's internal policies and procedures for handling cash receipts in the Background Checks, Fingerprints, and Reports and Records Units prevented the timely deposit of receipts in accordance with Section 4-32 of the General Statutes.
- The delay in the confirming and journalizing steps appears to be caused by the backlog of deposits received when Core-CT was closed for year-end processing.
- It appears that the department did not have a policy requiring remote locations to use a standard receipts journal.
- Recommendation:* The Department of Public Safety should improve internal controls over cash receipts and ensure that all receipts are deposited and accounted for in accordance with Section 4-32 of the General Statutes. The department should consider implementing a control procedure that requires each location collecting funds to use a standard receipts journal to document the receipt date. (See Recommendation 9.)
- Agency Response:* "The agency agrees with this finding. Reports and Records Unit fees received at troop locations are no longer forwarded to the Reports & Records Unit at Headquarters. The troop locations are now receiving, recording and depositing fees directly according to Section 4-32 of the General Statutes."

Internal Control Over Receipts:

Criteria: The State Accounting Manual requires agencies that receive cash receipts to develop policies and procedures to safeguard receipts of money.

Proper internal control over receipts requires that incoming mail be opened daily to ensure that any funds received are recorded and accounted for in a timely manner.

Section 4-32 of the General Statutes requires that an agency account for receipts within 24 hours, and if the total receipts are \$500 or more, deposit the same within 24 hours of receipt. Total daily receipts of less than \$500 may be held until the receipts total \$500, but not for a period of more than seven calendar days.

Condition: During the process of documenting internal controls over the cash receipts process for the Report and Records Unit, it was noted that there was a significant amount of unprocessed/unopened interdepartmental mail. At the time of our review, we observed 22 full mail bins of such mail. We were unable to determine how long the unprocessed mail was on hand.

Effect: The lack of prompt deposits increases the opportunity for the loss or misappropriation of funds. If cash receipts are not recorded upon receipt, there is no assurance that the department is in compliance with Section 4-32 of the General Statutes.

Cause: The department indicated that a limited number of staff in the Report and Records Unit contributed to the finding.

Recommendation: The Department of Public Safety should implement a control procedure that requires all mail be opened upon receipt to ensure that any funds received are recorded and accounted for in a timely manner. (See Recommendation 10.)

Agency Response: “The agency agrees with this finding. The Reports and Records Unit has resolved the matter of internal control over receipts by implementing a statewide fiscal accounting system for all fees received in connection with requests for Connecticut State Police reports. All troops which receive monies for requests for reports are currently utilizing the statewide program and are completing the deposit of monies at each of their respective locations.”

Petty Cash Fund:

- Criteria:* The State Accounting Manual prescribes the requirements for the proper use of petty cash funds. The manual states that a journal or register must be kept in detail in order to provide complete accountability.
- Condition:* The Department of Public Safety’s Reports and Records Unit does not maintain a petty cash journal or register to account for its petty cash receipts and expenditures.
- Effect:* There is less assurance that funds are being properly used and transacted in accordance with state accounting policies and procedures. Incomplete petty cash records are in violation of the State Comptroller’s requirements.
- Cause:* Internal controls over these funds were inadequate.
- Recommendation:* The Department of Public Safety should improve its internal controls over petty cash funds by maintaining a petty cash journal or register. (See Recommendation 11.)
- Agency Response:* “The agency agrees with this finding. The Fiscal Services Unit administers the petty cash funds for the agency and will provide a sample petty cash log to all Units with a petty cash account on July 1, 2014 to utilize.”

Accounts Receivable – Aged Receivables:

- Criteria:* Sound business practice dictates that past due accounts receivable should be periodically reviewed to determine their collectability. Receivables judged by management to be uncollectible should be written off.
- Condition:* Our review of the department’s receivable records disclosed numerous delinquent accounts receivables as of June 30, 2011. Receivables greater than one year totaled \$1,051,475 and were originally established as much as six years earlier.
- Effect:* Untimely collection efforts increase the risk that receivables will not be collected and unnecessary staff resources are being used to account for receivables that are not collectible.
- Cause:* There were insufficient internal controls over receivables.
- Recommendation:* The Department of Public Safety should continue its efforts to review, collect and account for delinquent receivable accounts. (See Recommendation 12.)

Agency Response: “The agency agrees with this finding. Of the audited sample mentioned: 22 of the aged accounts were written off in the fiscal years ended June 30, 2012 and 2013; one of the accounts was settled in court and the balance has been paid; two of the accounts are in Bankruptcy Court and cannot be written off until the agency receives further notification. The agency continues to work with DAS on collections, and as of June 2013, is also working with an independent collection agency to reach and remain in compliance.”

Unapproved Bank Account:

Criteria: Section 4-33 of the General Statutes requires that state bank accounts be approved by the Office of the State Treasurer and the Office of the State Comptroller. The State Accounting Manual requires that, before opening any type of bank account, written permission from both the Office of the State Treasurer and the Office of the State Comptroller must be obtained by submitting a Bank Account Establishment Request Form and a Bank Account Identification Form.

Condition: The department was unable to provide written permission from both the Office of the State Treasurer and the Office of the State Comptroller for a checking account that appears to have been opened and closed during the audited period at State Police Troop A.

Effect: Approvals required by Section 4-33 of the General Statutes were not obtained.

Cause: This appears to be an administrative oversight.

Recommendation: The Department of Public Safety should comply with Section 4-33 of the General Statutes by seeking the required approvals to open a state bank account. (See Recommendation 13.)

Agency Response: “The agency agrees with this finding. The Department of Emergency Services and Public Protection Units and Troops are not authorized to open any accounts without approval from the agency’s Fiscal Services Department, and ultimately the Office of the State Treasurer. A memorandum reiterating these policies was issued agency-wide June 3, 2013.”

Property Control & Reporting:

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

The State Property Control Manual specifies requirements and standards that state agency property control systems must include to ensure that all assets currently owned by or in the custody of the state are properly acquired, managed and disposed of. The State Property Control Manual also provides specific requirements pertaining to the subsidiary records to support the categories included on the Asset Management/Inventory Report/GAAP Reporting Form (CO-59).

Condition: Our review of the department's CO-59 forms, submitted during the audited period disclosed that certain amounts reported were not accurate. A summary of the significant exceptions are noted below:

- The site improvements, buildings and construction in progress asset categories balance at June 30, 2011, appears to be understated. In each of the audited years, the department reported no additions to these categories on the CO-59, when there were significant amounts of agency-administered construction projects that occurred during each fiscal year. Furthermore, per information posted on the Department of Public Works' (DPW) website, there was an addition to the Connecticut Forensic Science Laboratory that exceeded eight million dollars, which was completed in 2010.
- The equipment asset category ending balance at June 30, 2011, is overstated. The balance included an asset totaling \$9,462,259 that is no longer in operation, with many of its component parts having been disposed of. When this asset was acquired, it was given one tag number to track 1,570 individual items. Records on hand during our review disclosed that at least 912 of these items were disposed of as far back as five years ago. In addition, we noted numerous other assets included within this category that were not reported or incorrectly reported in the equipment asset category ending balance.
- The capitalized software asset category appears to be overstated by \$267,489. We were informed that the software was removed from service several years ago and was no longer being utilized by the department.
- The fine art asset category is understated by at least \$185,100. The department has several pieces of fine art located at various buildings that are not included on the CO-59.

- The stores and supplies asset category does not reflect accurate addition and deletion amounts. We were informed that the department completed a physical inventory close to year end, based upon the value of the amount of supplies on hand at the time of the inventory; the amount is either adjusted as an addition or deletion. In the fiscal years ended June 30, 2009 and 2010, the department reported deletions of \$79,752 and \$42,086, respectively. In the fiscal year ended June 30, 2011, the department reported an addition of \$8,389. During each of the audited years, there were both additions and deletions to this asset category.

We also performed physical inspections of several samples of inventory items. The results of these inspections are noted below:

- From a sample of 35 equipment items selected from the inventory records, four equipment items could not be located. In three of these instances, the items were mounted to a vehicle without documentation as to the specific vehicle it was assigned to.
- From a sample of 29 newly purchased assets during the audited period, four equipment items could not be located. One of these items was not assigned a tag number and another item appeared to be missing its tag number. In addition, one of the items was not recorded on the property control records at the correct value.
- From a sample of ten vehicles, one vehicle could not be located. Further review noted that the vehicle was sold in July 2007, and was never removed from the property control records.

Effect: There appears to be significant deficiencies in the department’s reporting of real and personal property. Also, the risk of inventory loss is increased when accurate inventory records are not maintained. The department’s property control records are not in compliance with established policies and procedures.

Cause: Established internal control policies were not being followed.

Recommendation: The Department of Public Safety should improve internal control over asset accountability and reporting, and ensure compliance with the requirements of the State Property Control Manual. The department should adjust its property control records to reflect the actual value of its real and personal property. (See Recommendation 14.)

Agency Response: “The agency agrees with this finding. The Asset Management Unit will work with the Facilities Management Unit to: (1) Coordinate the updating of real property records as noted in the audit; and (2) Conduct a statewide survey to identify and provide an accurate updated report on all fine art.

The department will also take the necessary corrective actions to rectify the inaccurate software as well as equipment categories as cited in the findings. The Department of Emergency Services and Public Protection will begin a review and assessment of its internal controls regarding stores and supplies activities at the Quartermaster location with the understanding of implementing any revision(s) to current procedures to enhance the current inventory records system.”

Loss Reporting:

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

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

Condition: During the audited period, the department did not submit any CO-853 reports for equipment items that were deemed missing. A review of the department’s supporting documentation on file disclosed the following:

- One hundred fifty-one assets, totaling \$866,395, were deemed missing in the fiscal year ended June 30, 2011.
- Two assets, totaling \$1,466, were deemed missing in the fiscal year ended June 30, 2010.
- Ninety assets, totaling \$203,845, were deemed missing in the fiscal year ended June 30, 2009.

Effect: The department did not comply with Section 4-33a of the General Statutes and established policies and procedures.

Cause: Internal control policies were not being followed.

Recommendation: The Department of Public Safety should comply with Section 4-33a of the General Statutes, which requires that the Auditors of Public Accounts and the Office of the State Comptroller be notified immediately of all losses/damages to state property upon discovery. (See Recommendation 15.)

Agency Response: “The agency agrees with this finding. The agency will comply with Section 4-33a of the General Statutes and report any items discovered missing. Compliance activities include the implementation of a centralized process of asset tagging upon receipt within the agency. Secondly, processes are being put in place to enhance the physical inventory reconciliation process, which is scheduled to start much earlier in the fiscal year cycle. This is anticipated to result in more timely recognition of missing items and the implementation of the appropriate loss controls and reporting procedures.”

Construction Projects Administered By The Agency:

Criteria: Section 4b-52 of the General Statutes states that, before an agency can administer and/or award a contract for construction, renovations, repairs or alterations to any state facility, permission must be received from the Department of Public Works (DPW). Repairs that are made pursuant to such approval of the Commissioner of Public Works shall conform to all guidelines and procedures established by DPW for agency-administered projects.

The DPW Guidelines and Procedures Manual for Agency Administered Projects sets forth the specific requirements for such construction projects.

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

Condition: Our current audit examination of 15 construction projects administered by the department disclosed the following:

- Five instances in which there was no documentation on file to indicate the department submitted the required DPW supplement to OPM B-100 form to DPW for projects that exceed \$50,000.
- Two instances in which there was no documentation on file to indicate DPW was notified of emergency repairs that exceeded the monetary dollar limit for administering a project without seeking approval.
- Three instances in which there was no documentation on file certifying that DPW gave permission to the agency to administer the construction project.
- Fourteen instances in which we were unable to determine whether the contractor began work prior to the issuance of an approved purchase order. In another instance, the contractor completed the work prior to the issuance of a purchase order. In this instance, the work was completed on May 28, 2009, and the purchase order was approved December 16, 2009.

- Three instances in which there was no evidence that change orders exceeding \$10,000 were submitted to DPW for approval.
- Two instances in which the department did not submit a quarterly report listing all emergency projects under the \$7,500 limit.
- Thirteen instances in which the required Certificate of Compliance Form was not on file.
- Twelve instances in which the department did not report the value of the capitalized improvement on the CO-59. It is estimated that the aggregate understatement on the CO-59 in the categories titled “buildings and site improvements” was \$566,116.

Effect: The department did not comply with established policies and procedures, which weakens internal control.

The value of capitalized improvements to the department’s property is not being accounted for.

Cause: Internal control policies were not being followed.

Recommendation: The Department of Public Safety should comply with established policies and procedures and improve internal control over agency-administered projects. In addition, the department should review all of its agency-administered construction projects during the audited period to ensure that the amount of capitalized improvements were properly accounted for and reported. (See Recommendation 16.)

Agency Response: “The agency agrees with this finding. The agency’s Facilities Unit has taken steps, including the hiring of a Director of Facilities Operations, to ensure compliance with DAS/DCS/OPM requirements. These steps also include the use of excel tracking sheets to identify projects over \$10,000 that require DCS authorization in order to be agency-administered and also to track completion status. The unit now uses a shared drive for logging in B100s and other pertinent information on projects. The Joint Effort for State Inventory Reporting (JESTIR) database has also been updated to reflect a greater accuracy of square footage for each location, including properties now part of the Department of Emergency Services and Public Protection through the July 1, 2011 merger.”

Core-CT – Segregation Of Duties:

Criteria: A good internal control system requires a separation of duties among employees so that certain functions, such as authorizing, recording, and reviewing transactions are not performed by the same employee.

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

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

- Six employees were concurrently assigned the Billing Processor and Receivable Processor roles. These employees have the ability to create customers and apply payment to the customers.
- One employee was concurrently assigned the Voucher Approver and Agency Financial Asset Processor roles. This employee has the ability to approve vouchers and receive the goods purchased on the voucher.

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

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

Recommendation: The Department of Public Safety should remove its Core-CT access privileges for certain employees to improve the separation of duties. If the department deems such access is necessary and required, a compensating control system should be developed, documented and periodically reviewed. (See Recommendation 17.)

Agency Response: “The agency agrees with this finding. Incompatible roles have been removed from affected employees.”

Information System Controls:

Background: Our review of the department’s information system included the examination of access privileges to Core-CT, the state’s central financial and administrative computer system.

Criteria: In order to ensure system integrity, access to critical information systems should be disabled promptly when such access is no longer required.

Condition: Our testing disclosed four instances in which an employee separated from the department and the individual’s Core-CT access was not terminated in a timely manner. The delay in the department terminating these individuals’ access ranged from three to 104 days after the employee left. However, in one of these instances, the department never separated the employee’s access. In this instance, the employee separated on June 30,

2011, and the Core-CT Security Team removed the individual's roles in December 2012.

Effect: Internal control over access to Core-CT is weakened. There is also an increased risk of unauthorized access to Core-CT.

Cause: The department did not disable Core-CT accounts promptly upon an individual's separation.

Recommendation: The Department of Public Safety should disable all computer access to Core-CT promptly upon an individual's termination of employment or when such access is no longer required. (See Recommendation 18.)

Agency Response: "The agency agrees with this finding. Beginning July 1, 2013, Form 1092 is completed by the Human Resources Unit upon an employee's termination and forwarded to the Core-CT Security Unit. The Core-CT Security Unit then processes the agency's request. Termination of access is completed upon the employee's final payout."

Disaster Recovery:

Background: The Department of Public Safety is responsible for administering a number of information systems for mission critical operations. Most of the operations were supported in some way by the Department of Information Technology and/or contract employees, while other systems are maintained by department staff.

Criteria: Sound business practices include provisions that organizations have a current information technology disaster recovery plan in place to enable critical operations to resume activity within a reasonable period, should a disaster occur.

Condition: During the audited period, the department did not have a current comprehensive information technology disaster recovery plan in place.

Effect: In the event of a system catastrophe, the lack of a current information technology disaster recovery plan may reduce the likelihood of the department resuming critical operations in a timely fashion.

Cause: While the department has taken steps toward the development of an information technology disaster recovery plan, it is unknown why a comprehensive plan has yet to be completed.

Recommendation: The Department of Public Safety should continue its efforts to develop a comprehensive formal written information technology disaster recovery plan. (See Recommendation 19.)

Agency Response: “While disaster recovery plans are in place for certain agency computer applications, a comprehensive, formal information technology disaster recovery plan is in the process of being developed to encompass all current agency divisions.

This effort has been initiated and the goal is to have the plan fully written by June of 2015.”

Software Inventory:

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

Condition: Our review of the department’s software inventory disclosed the following:

- The software inventory database did not contain all the required data elements to track the individual software. Upon notification, the missing data elements were added to the department’s software inventory database.
- The department did not conduct a complete physical inventory of their software.

From a sample of 25 software items, we noted the following:

- Three items could not be located in the software library.
- Two items were listed twice on the software inventory report. Upon further review, we identified a total of 28 items that were reported multiple times, overstating the software inventory by \$86,394. Upon notification, the department removed the duplicate software items from the inventory report.
- One item was included on the software inventory report that was not a software item. Upon further review, we identified an additional four

- non-software items on the report. Upon notification, the department removed the non-software items from the software inventory database.
- One item had the incorrect software title listed on the inventory report. Upon notification, the department corrected the software title in the software inventory database.

Our review of expenditures also disclosed 34 individual software items totaling \$7,360 that were not included on the department's software inventory report.

Effect: The department's software inventory is not accurate. The department was not in compliance with software inventory requirements contained in the State Property Control Manual.

Cause: Internal control over software accountability and reporting was inadequate.

Recommendation: The Department of Public Safety should improve internal controls over software inventory and comply with the requirements contained in the State Property Control Manual. (See Recommendation 20.)

Agency Response: "The agency agrees with this finding. Efforts have been taken to add the missing data elements to the software inventory (Access database) utilized by the agency Information Technology (IT) department. It is the position of the IT Director that a single, trusted, source of information (i.e. Core-CT) should be utilized to track all the Department of Emergency Services and Public Protection IT assets at an enterprise level. An effort to reconcile these datasets is underway and a complete physical inventory and reconciliation is in process and is planned to be completed by June 30, 2014. The intent is to follow this with a physical inventory that will be conducted on an annual basis and cross-referenced against the trusted source of IT asset data."

Reporting – Uniform Crime Report:

Criteria: Section 29-1c of the General Statutes required that the Commissioner of Public Safety publish an annual report concerning the extent, fluctuation, distribution and nature of crime in Connecticut.

Condition: During the audited period, the department did not publish the annual uniform crime reports in a timely manner. The annual uniform crime reports for the calendar years ended December 31, 2010 and 2011 were published in April 2012 and January 2013, respectively.

- Effect:* The department is not in compliance with Section 29-1c of the General Statutes.
- Cause:* A department representative indicated that several local police departments had not submitted their uniform crime reporting statistics in a timely manner.
- Recommendation:* The Department of Public Safety should comply with Section 29-1c of the General Statutes by publishing the annual uniform crime report in a timely manner. (See Recommendation 21.)
- Agency Response:* “The agency agrees with this finding. The agency is working diligently to ensure that each organized police department required to submit its crime data to the agency do so in a timely fashion. Quality assurance practices have been put in place to ensure that prompt and thorough review is completed so that data is prepared for aggregation and dissemination. It is the agency’s intention to meet all statutorily mandated reporting requirements for the annual uniform crime report by the end of the third quarter of the following calendar year. The 2012 calendar year report was completed by August 2013.”

RECOMMENDATIONS

Our prior audit report on the department contained 11 recommendations for improving operations, three of which are being repeated or restated with modification in our current audit report. Our current audit report presents 21 recommendations, including 18 new recommendations.

Status of Prior Audit Recommendations:

- DPS should comply with the requirements of the State Property Control Manual. We noted additional exceptions in this area during our current audit. The recommendation is being repeated in modified form (Recommendation 14.)
- The COLLECT Unit should terminate an individual's access to the COLLECT System when the individual leaves state service. Improvement was noted. The recommendation is not being repeated.
- Petty cash fund travel vouchers should be submitted to the business office within the time frame established by the State Accounting Manual. Improvement was noted. The recommendation is not being repeated.
- 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. Testing conducted during this audit noted weaknesses in the area persisted. Furthermore, our current audit disclosed other exceptions related to construction projects administered by the department. The recommendation is being repeated in modified form. (See Recommendation 16.)
- The amendment to the Memorandum of Understanding related to DPS costs for the benefit of the CSU Infrastructure Act incurred after July 1, 2009, should be executed in accordance with MOU guidelines. The department executed the CSU Infrastructure Act in accordance with MOU guidelines. The recommendation is not being repeated.
- The agency should require that the receipt of goods or services is recorded by receivers. Improvement was noted. The recommendation is not being repeated.
- Supervisors should be reviewing and signing the daysheets for sworn personnel. Improvement was noted. The recommendation is not being repeated.
- Fees generated by blueprint reviews and new inspections performed by the Bureau of Elevators should not be processed by that department. The department made changes in the method by which fees were processed by the Bureau of Elevators. The recommendation is not being repeated.

- DPS should comply with the requirements of the State Property Control Manual. We noted additional exceptions in this area during our current audit. The recommendation is being repeated in modified form. (See Recommendation 20.)
- The Department of Public Safety and the Department of Transportation should execute an agreement for the law enforcement services provided by Troop W. The department executed an agreement. The recommendation is not being repeated.
- DPS should recover indirect costs related to applicable federal programs. The department was able to recover indirect costs to federal programs. The recommendation is not being repeated.

Current Audit Recommendations:

1. **The Department of Public Safety should strengthen internal controls over compensatory time to ensure that records are accurate and in compliance with established policies and procedures. The department should comply with the DAS Management Personnel Policy 06-02.**

Comment:

We noted that four out of ten employees who earned compensatory time did not receive written authorization to accrue such time. Further review noted that all sworn managerial employees who earned compensatory time did not receive written authorization during our audited period.

2. **The Department of Public Safety should continue its efforts to update its service time records for eligible war service to ensure that longevity records are accurate.**

Comment:

We noted instances in which an employee's incorrect service time was on file. In two of these instances, the employees' service time was understated resulting in an aggregate longevity underpayment totaling \$218.

3. **The Department of Public Safety should comply with the policies and procedures for processing workers' compensation claims.**

Comment:

In numerous instances, the department did not calculate employees' workers' compensation wages in the manner prescribed by the Department of Administrative

Services. In addition, there were instances in which the required reports were not submitted in a timely manner.

4. **The Department of Public Safety should take steps to ensure compliance with Section 5-247-11 of the State Regulations by obtaining an acceptable medical certificate for employees who use sick leave for a period of more than five consecutive working days.**

Comment:

We noted two instances in which an acceptable medical certificate supporting an employee's use of more than five consecutive sick leave days was not on file.

5. **The Department of Public Safety should comply with Section 5-208a of the General Statutes and communicate dual employment policies to appropriately monitor dual employment situations.**

Comment:

We noted instances in which the department did not have a valid dual employment form on file.

6. **The Department of Public Safety should strengthen its administrative oversight over the processing of overtime to ensure that such payments are made in accordance with the provisions of the collective bargaining unit contract.**

Comment:

From a sample of ten employees that received overtime payments, we noted two employees that were incorrectly paid in accordance with the provisions of the collective bargaining unit contract.

7. **The Department of Public Safety should take steps to strengthen controls over purchasing card transactions by ensuring compliance with established purchasing card procedures.**

Comment:

In a number of instances, the department did not comply with established purchasing card procedures. In some instances, the cardholder or cardholder's supervisor did not approve the purchasing card log. In other instances, the approval of the purchasing card log by required parties was not performed in a timely manner. We noted several other instances in which a required travel authorization was not on file. In one instance, a cardholder was missing eight receipts for travel related charges.

- 8. The Department of Public Safety should improve internal controls over the bank reconciliation process by ensuring that reconciliations are performed and reviewed in a timely manner. The supervisory review of the bank reconciliation process should be formally documented.**

Comment:

In some instances, the department did not perform monthly bank reconciliations in a timely manner. In addition, we noted other instances in which there was a lack of documentation supporting that a supervisor reviewed the monthly bank reconciliation.

- 9. The Department of Public Safety should improve internal controls over cash receipts and ensure that all receipts are deposited and accounted for in accordance with Section 4-32 of the General Statutes. The department should consider implementing a control procedure that requires each location collecting funds to use a standard receipts journal to document the receipt date.**

Comment:

We noted a number of instances in which receipts were not deposited into the bank in a timely manner. Receipts collected at some of the Troop locations lacked journals or other records to document when funds were received.

- 10. The Department of Public Safety should implement a control procedure that requires all mail be opened upon receipt to ensure that any funds received are recorded and accounted for in a timely manner.**

Comment:

During the process of documenting internal controls over the cash receipts process for the Report and Records Unit, it was noted that there was a significant amount of unprocessed/unopened interdepartmental mail. At the time of our review, we observed 22 full mail bins of such mail. We were unable to determine how long the unprocessed mail was on hand.

- 11. The Department of Public Safety should improve its internal controls over petty cash funds by maintaining a petty cash journal or register.**

Comment:

The department's Reports and Records Unit does not maintain a petty cash journal or register to account for its petty cash receipts and expenditures.

- 12. The Department of Public Safety should continue its efforts to review, collect and account for delinquent accounts receivable.**

Comment:

Our review of the department's receivable records disclosed numerous delinquent accounts receivables as of June 30, 2011. Receivables greater than one year totaled \$1,051,475 and were originally established as much as six years earlier.

- 13. The Department of Public Safety should comply with Section 4-33 of the General Statutes by seeking the required approvals to open a state bank account.**

Comment:

The department was unable to provide written permission documenting the approvals for a checking account that was opened and closed during the audited period.

- 14. The Department of Public Safety should improve internal control over asset accountability and reporting and ensure compliance with the requirements of the State Property Control Manual. The department should adjust its property control records to reflect the actual value of its real and personal property.**

Comment:

Our review of the department's property control system disclosed a significant number of inaccurate and other control weaknesses. Our review of the CO-59 reports submitted during the audited periods disclosed that certain amounts were significantly inaccurate. Our physical inspections of several samples of inventory items disclosed items that could not be located.

- 15. The Department of Public Safety should comply with Section 4-33a of the General Statutes, which requires that the Auditors of Public Accounts and the Office of the State Comptroller be notified immediately of all losses/damages to state property upon discovery.**

Comment:

During the audited period, the department did not submit any CO-853 reports to the appropriate state agencies for assets that were deemed missing. Our review noted a minimum of 243 assets totaling \$1,071,706 that were deemed missing and not reported.

- 16. The Department of Public Safety should comply with established policies and procedures and improve internal control over agency-administered projects. In addition, the department should review all of its agency-administered construction**

projects during the audited period to ensure the amount of capitalized improvements were properly accounted for and reported.

Comment:

Our review of a sample of construction projects administered by the agency disclosed that the department did not comply with established policies and procedures. The non-compliance included the lack of documentation for approval of projects; lack of documentation to confirm that the contractor began work prior to the issuance of an approved purchase order; and the lack of evidence that certain change orders were submitted to the Department of Public Works for approval. In addition, a significant number of the required reports were not on file.

- 17. The Department of Public Safety should remove its Core-CT access privileges for certain employees to improve the separation of duties. If the department deems such access is necessary and required, a compensating control system should be developed, documented and periodically reviewed.**

Comment:

We noted seven employees who had access to the Core-CT financial system which did not provide an adequate separation of duties during the audited years.

- 18. The Department of Public Safety should disable all computer access to Core-CT promptly upon an individual's termination of employment or when such access is no longer required.**

Comment:

We noted four instances in which an employee separated from the department and the individual's Core-CT access was not terminated in a timely manner.

- 19. The Department of Public Safety should continue its efforts to develop a comprehensive formal written information technology disaster recovery plan.**

Comment:

During the audited period, the department did not have a current comprehensive information technology disaster recovery plan in place.

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

Comment:

Our review of the department's software inventory disclosed that the software inventory database did not contain all the required data elements to track the individual software. We also noted other inconsistencies with items included on the software inventory database. The department did not conduct a complete physical inventory of its software. In addition, there were other instances in which software purchases were not added to the software inventory database.

21. The Department of Public Safety should comply with Section 29-1c of the General Statutes by publishing the annual uniform crime report in a timely manner.

Comment:

During the audited period, the department did not publish the annual uniform crime reports in a timely manner. The annual uniform crime reports for the calendar years ended December 31, 2010 and 2011 were published in April 2012 and January 2013, respectively.

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, 2009, 2010 and 2011. This audit was primarily limited to performing tests of the agency's compliance with certain provisions of laws, regulations, contracts and grant agreements 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 grant agreements applicable to the agency are complied with, (2) the financial transactions of the agency are properly initiated, authorized, recorded, processed, and reported on consistent with management's direction, 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, 2009, 2010 and 2011 are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

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

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct on a timely basis, unauthorized, illegal or irregular transactions, or breakdowns in the safekeeping of any assets or resources. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that noncompliance

which could result in significant unauthorized, illegal, irregular or unsafe transactions and/or material noncompliance with certain provisions of laws, regulations, contracts, and grant agreements that would be material in relation to the agency's financial operations will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance with requirements was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the agency's financial operations, safeguarding of assets, or compliance with requirements that we consider to be material weaknesses, as defined above. However, we consider the following deficiency, described in detail in the accompanying Condition of Records and Recommendations sections of this report, to be a significant deficiency: Recommendation 12 – accounts receivable – aged receivables; Recommendation 14 – property control and reporting; Recommendation 16 – construction projects administered by the agency; Recommendation 17 – Core-CT – segregation of duties; Recommendation 18 – information system privileges; and Recommendation 19 – disaster recovery. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters:

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

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

The Department of Public Safety's response to the findings identified in our audit is described in the accompanying "Condition of Records" section of this report. We did not audit the Department of Public Safety's response and, accordingly, we express no opinion on it.

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

CONCLUSION

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



Walter Felgate
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts