

STATE OF CONNECTICUT



*AUDITORS' REPORT
STATE MARSHAL COMMISSION
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2009
AND THE PERIOD ENDED OCTOBER 4, 2009*

AUDITORS OF PUBLIC ACCOUNTS

KEVIN P. JOHNSTON ❖ ROBERT G. JAEKLE

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September 15, 2010

**AUDITORS' REPORT
STATE MARSHAL COMMISSION
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2009 AND THE PERIOD
ENDED OCTOBER 4, 2009**

We have made an examination of the books, records and accounts of the State Marshal Commission for the fiscal years ended June 30, 2008 and 2009, and the period ended October 4, 2009. Financial statement presentation and auditing is performed annually on a Statewide Single Audit basis to include all State agencies. This audit examination has been limited to assessing the Commission's compliance with certain provisions of laws and regulations, and evaluating the internal control structure policies and procedures established to ensure such compliance. This report on that examination consists of the Comments, Recommendations, and Certification that follow.

Pursuant to Section 31 of Public Act 09-7 of the September Special Session, effective October 5, 2009, the State Marshal Commission was placed within the Department of Administrative Services, provided that the Commission has independent decision-making authority. This report on the audited period ended October 4, 2009, is the last reporting period for which a separate report will be issued on the State Marshal Commission.

COMMENTS

FOREWORD:

The State Marshal Commission (hereafter, the Commission) operates primarily under the provisions of Title 6, Sections 6-29 to 6-49a of the General Statutes.

In accordance with Section 6-38a of the General Statutes, State Marshals are identified as individuals who shall have the authority to provide legal execution and service of process in the counties of the State as an independent contractor compensated on a fee for service basis, subject to any minimum rate promulgated by the State, by agreement with an attorney, court or public agency requiring execution or service of process.

Auditors of Public Accounts

The function of the Commission, in consultation with the State Marshals Advisory Board, is to adopt regulations to establish the selection requirements for filling State Marshal vacancies, as well as establish the applicable professional standards, training requirements, and minimum fees for the execution and service of process. The Commission is also responsible for the equitable assignment of service of restraining orders to State Marshals in each county and ensuring that such restraining orders are served expeditiously.

Per Section 6-38b, subsection (l), of the General Statutes, during the audited period, the Commission was within the Department of Administrative Services for administrative purposes only. As previously indicated, Public Act 09-7 of the September Special Session placed the Commission within the Department of Administrative Services, effective October 5, 2009, provided that the Commission has independent decision-making authority.

State Marshal Commission Membership:

Section 6-38b, subsection (a), provides that the State Marshal Commission is to consist of eight members appointed as follows: the Chief Justice shall appoint one member who shall be a judge of the Superior Court; the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the majority and minority leaders of the House of Representatives and the majority and minority leaders of the Senate shall each appoint one member; and the Governor shall appoint one member who shall serve as chairperson. No member of the Commission shall be a State Marshal, except that two State Marshals appointed by the State Marshals Advisory Board in accordance with Section 6-38c of the General Statutes, shall serve as ex-officio, nonvoting members of the Commission.

As of October 4, 2009, the Commission consisted of the following members:

Appointed by Governor:

Herbert J. Shepardson (Chairman)

Appointed by Chief Justice:

Honorable William Cremins

Appointed by Legislative Leaders:

Marie Knudsen

Joseph Ubaldi

William Cote, Esquire

Vincent Mauro

Joseph Quinn, Jr., Esquire

Erron Smith

Ex-Officio Members:

Allan DeLorenzo

Lisa Stevenson

Herbert J. Shepardson subsequently resigned from the Commission. Peter J. Martin, Esquire, was appointed as Chairman on April 13, 2010.

State Marshals Advisory Board:

Section 6-38c of the General Statutes establishes a State Marshals Advisory Board to consist of 24 State Marshals. The State Marshals in each county shall elect from amongst themselves the following number of State Marshals to serve on the board: Hartford, New Haven, and Fairfield counties, four State Marshals; New London and Litchfield counties, three State

Marshals; and Tolland, Middlesex and Windham counties, two State Marshals. The Board serves the Commission in an advisory capacity only.

RÉSUMÉ OF OPERATIONS:

During the audited period, the Department of Administrative Services handled the business office duties for the Commission, including revenue accounting, and expenditure and payroll processing. The Commission's revenues and expenditures for the audited period are summarized below:

Operating Revenues:

	<u>Fiscal Year</u> <u>Ended</u>		<u>Period</u> <u>Ended</u>
	<u>6/30/08</u>	<u>6/30/09</u>	<u>10/4/09</u>
Annual State Marshal Fees	\$ 54,750	\$ 53,500	\$ 174,750 *
Miscellaneous Revenues	964	3,238	50
Total Revenues	<u>\$ 55,714</u>	<u>\$ 56,738</u>	<u>\$ 174,800</u>

* \$174,750 represents the total Annual State Marshal Fees that were due October 1, 2009, and collected through October 26, 2009.

Annual State Marshal fees are required to be paid by each State Marshal not later than October first of each year, to the State Marshal Commission for deposit into the General Fund, as required by Section 6-38m of the General Statutes. During the fiscal years ended June 30, 2008 and 2009, the fee was \$250 per year. Section 74 of Public Act 09-1 of the June Special Session, effective July 1, 2009, increased the fee to \$750 per year, commencing October 1, 2009, resulting in a significant increase in fee revenue. It should be noted that the Annual State Marshal fees that were recorded after October 4, 2009, were recorded in the records as revenue of the State Marshal Commission.

Operating Expenditures:

	<u>Fiscal Year Ended</u>		<u>Period Ended</u>
	<u>6/30/08</u>	<u>6/30/09</u>	<u>10/4/09</u>
Personal Services	\$ 288,844	\$ 296,933	\$ 51,782*
Other Expenses	94,659	108,938	17,301*
Total Expenditures	<u>\$ 383,503</u>	<u>\$ 405,871</u>	<u>\$ 69,083*</u>

*Expenditures for the Period Ended October 4, 2009 are the net expenditures of the State Marshal Commission, as recorded in Core-CT.

Total expenditures increased by \$22,368 during the fiscal year ended June 30, 2009. The increase in personal services expenditures was attributed to salary increases. The increase in other expenses was caused by the training of 21 State Marshals, who were appointed in June of 2009.

Other Matters:

Auditors of Public Accounts' Reports on Individual State Marshal Trust Accounts:

Pursuant to Section 6-38e of the General Statutes, the State Marshal Commission is required to periodically review and audit the records and accounts of the State Marshals. The Commission never had the staffing or the funding that would be required to meet its statutory requirement regarding audits, thus the Commission has not and does not perform any audits. The Commission has developed a written Audit Policy which the State Marshals are made aware of and should be complying with.

Pursuant to Public Act 06-186, codified as Section 2-90a of the General Statutes, effective July 1, 2006, the Auditors of Public Accounts have the authority to audit the trust accounts maintained by State Marshals. The Auditors of Public Accounts have been reviewing the trust accounts of randomly selected State Marshals since the passage of that Public Act, and issuing formal reports on those reviews to the State Marshal Commission and the selected State Marshals. Each report consists of a listing of the areas reviewed and any related findings. The findings result from the exceptions noted in our tests of the State Marshals' compliance with the Commission's Audit Policy.

We issued 44 reports on State Marshal trust account reviews during the period from January 12, 2007 through December 4, 2009. The reports were all based on 2-year reviews, covering the calendar years 2004 and 2005, 2005 and 2006, 2006 and 2007, or 2007 and 2008. Information regarding the reviews and reported findings is presented below.

Items Included in Each Review:

In each of the 44 State Marshal reports issued we reported on the following eight criteria regarding the activities pertaining to the trustee bank accounts:

1. Whether the account was in the State Marshal's name only and that the Commission was notified within five days of any changes to the account information.
2. Whether there was any evidence of commingling funds.
3. Whether the State Marshal's fees retained in the account did not exceed the regulatory maximum.
4. Whether receipts were recorded in a proper manner and deposited in a timely manner.
5. Whether disbursements were properly paid to authorized parties in a timely manner.
6. Whether the State Marshal's fees received for activities associated with their trust account activities were in compliance with Section 52-261a of the General Statutes.
7. Whether the trust account records were complete and accurate.
8. Whether the required Book and Bank reconciliations were performed.

Summary of the Findings Included in the 44 Reports:

General:

There were a total of 192 findings included in the 44 reports.

- 3 of the 44 reports had no findings (7 percent)

- 30 of the 44 reports had three or more findings (68 percent)
- 17 of the 44 reports had six or more findings (39 percent)
- 1 of the 44 reports had eight findings (2 percent)

Findings by Report Years:

- There were seven findings in the three reports issued on the 2004 and 2005 calendar year reviews (2.33 findings/report)
- There were 70 findings in the 15 reports issued on the 2005 and 2006 calendar year reviews (4.67 findings/report)
- There were 72 findings in the 15 reports issued on the 2006 and 2007 calendar year reviews (4.80 findings/report)
- There were 43 findings in the 11 reports issued on the 2007 and 2008 calendar year reviews (3.91 findings/report)
- Overall: There were 4.36 findings per report for the 44 reports issued during the period from January 12, 2007 through December 4, 2009

Most Frequent Findings:

There were findings for six of the eight criteria tested in at least 50 percent of the reports issued as summarized below:

Criteria #	Description of Finding	Number of Reports that Included the Finding	Percentage Based on 44 Reports Issued
1	The account was not in the State Marshal's name only and/or the Commission was not notified within five days of any changes to the account information	11	25.00 %
2	There was evidence of commingling funds	14	31.82%
3	The State Marshal's fees retained in the account exceeded the regulatory maximum	27	61.36%
4	Receipts were not recorded in a proper manner or deposited in a timely manner	33	75.00%
5	Disbursements were not properly paid to authorized parties in a timely manner	25	56.82%
6	The State Marshal's fees received for activities associated with their trust account activities were not in compliance with Section 52-261a of the General Statutes	22	50.00%
7	The trust account records were not complete and accurate	28	63.64%
8	The required Book and Bank reconciliations were not properly performed	32	72.73%

The comprehensive requirements detailed in the Commission's Audit Policy, which we based our review and findings on, contribute to the high percentages noted above. Generally, the purpose of the trust accounts is for the State Marshal to accurately account for the monies held for others and to provide for the disbursement of these monies to the authorized parties within the statutorily allowed time frame. Therefore, under that basic premise, one of the most important criteria would be accurate and timely reconciliation of the account balance to the State Marshal's fees remaining in the account and the monies collected but not yet disbursed. The Commission's Audit Policy requires that the Marshal perform this reconciliation at least monthly. The reconciliations, if performed in accordance with the Audit Policy, would provide a degree of assurance that several of the other requirements included in the Audit Policy are being met. As indicated in the table above, our reviews disclosed a finding regarding the lack of Book and Bank reconciliations for 32 of the 44 State Marshals reviewed. (See the "Condition of Records" Section of this Report, regarding State Marshal Trust Account Reporting).

The overall number of findings, combined with the percentage of reviews with findings, brings into question the awareness that the State Marshals have of their responsibility to comply with the requirements included in the Audit Policy. While the Policy is included in the Commission's State Marshal Manual, it is a relatively small part of the Manual, and its importance may be overlooked. The Audit Policy has been in effect since May 26, 2004, and there have been amendments made to it since then. The State Marshals are notified of such amendments; however, the Commission does not have any other procedure in place to periodically remind them of their responsibility to comply with the Audit Policy. (See the "Condition of Records" Section of this Report, regarding Audit Policy Reminder Notices).

Follow-up on the Findings Included in the Auditors of Public Accounts Reports:

The State Marshal Commission has an Audit Report Review Policy in place, which was formalized through the issuance of Administrative Bulletin 07-08, August 23, 2007. The policy requires that the Administrative Office of the State Marshal Commission review each report issued by the Auditors of Public Accounts, to determine what action, if any, is needed. The report review focuses on the State Marshal's obligations to comply with the Commission's Audit Policy, State Statutes, and Regulations that are relevant to the State Marshal's records and the trust account. The Audit Report Review Policy includes an administrative review process that requires the Commission staff to notify each State Marshal in writing regarding the auditors' findings and obtain written explanations from the State Marshals that satisfactorily address the findings. Pursuant to the Audit Report Review Policy, the Commission reserves the right to commence a grievance complaint at any time in the report review process, and/or seek an emergency summary suspension under the State Marshal Commission Regulations, Section 6-38b-8, when deemed appropriate. The Policy also allows for the Commission to re-review a State Marshal's account at any time. We reviewed the State Marshal Commission files to determine whether it has procedures in place to comply with the Audit Report Policy and whether those procedures were followed on a consistent basis. We reviewed a total of 23 of the 44 State Marshals' files for which reports were issued. It was clear from our review of those files that the State Marshal Commission staff has adequate procedures in place, and consistently followed them. We note that, due in part to the findings included in our reports, the Commission staff filed complaints against five of the 23 State Marshals whose files we reviewed.

Summary:

Although there is an Audit Policy in place, which is established in part to provide for uniform policies and procedures and to provide guidance on the maintenance of trust accounts and the related recordkeeping, it is clear from the results of the reviews we performed that the Audit Policy is not being consistently followed by all of the State Marshals we reviewed. (See the “Condition of Records” Section of this Report.)

CONDITION OF RECORDS

Our examination of the records of the State Marshal Commission disclosed certain areas requiring attention, which are detailed in this section of the report.

State Marshal Trust Account Reporting:

Criteria: Section 6-38e of the General Statutes states in part that “The State Marshal Commission shall periodically review and audit the records and accounts of the state marshals...” Section 2-90a states that “The Auditors of Public Accounts shall have the authority to audit the trust accounts maintained by state marshals.”

An effective internal control system includes management’s monitoring of the internal controls to consider whether they are operating as intended and that they are modified as appropriate for changes in conditions. This process is accomplished through ongoing activities, separate evaluations or a combination of the two. An entity’s internal controls are procedures carried out by management and staff of the entity.

The State Marshall Commission has adopted an Audit Policy regarding State Marshals’ Client Fund Accounts (trust accounts) “to direct State Marshals to manage their trust accounts in a fiduciary manner that is consistent with laws, standards, procedures and the State Marshal Commission Professional Standards.” The Policy includes a requirement that, at least monthly, State Marshals reconcile the book balance of the trust account to the Marshal fee due and the monies collected but not yet disbursed. It also includes requirements regarding accounting for receipts and disbursements processed through the account. There are no requirements in the Audit Policy for State Marshals to periodically report information regarding the status of their trust accounts to the Commission.

Condition: The Commission never had the staffing or the funding that would be required to meet its statutory requirement regarding audits, thus has not and does not perform any audits. As previously indicated in this report, we perform reviews of the trust accounts for randomly selected State Marshals and issue formal reports thereon. The Commission relies on our reports as a monitoring tool to ensure that the Marshals are complying with the Audit Policy. The 44 reports we issued for the period from January 12, 2007 through December 4, 2009, disclosed findings for six of the eight criteria tested in at least 50 percent of the reports issued. In particular, 73 percent of the reports issued included a finding that the required book and bank reconciliations were not properly performed.

Effect: By relying solely on the Auditors of Public Accounts' trust account reviews, the State Marshal Commission cannot become aware of a Marshal's non-compliance with its Audit Policy until an Auditors of Public Accounts report on the Marshal is issued.

Cause: We did not determine the cause.

Recommendation: The State Marshal Commission should require that each State Marshal who engages in trust account activity, submit to the Commission, their trust account reconciliation as of December 31. The reconciliations should be submitted within 45 days after the close of the year, and should include a listing of the owners of the monies being held and the total Marshal's fee remaining in the account, reconciled to the account balance. The Commission staff should review the reconciliations for reasonableness and follow-up on them as necessary. (See Recommendation 1.)

Agency Response: "The State Marshal Commission (SMC) did not and currently does not have the staff or expertise to accomplish this recommendation. As mentioned above, because SMC has not had the staff and expertise to complete audits, the SMC has worked with the Auditors of Public Accounts to fulfill the requirements to periodically review and audit the accounts of the State Marshals. If the SMC were to require Marshals to submit annual account reconciliations to the office, it would have to rely on the Auditors to review these reconciliations for reasonableness and necessary follow-up."

Auditors' Concluding Comments:

It is the State Marshal Commission's responsibility to enforce its Audit Policy and to maintain and monitor the internal controls it has set up. The reconciliations are required under the State Marshal Commission's Audit Policy, and if performed in accordance with the Audit Policy, would provide a degree of assurance that several of the other requirements included in the Audit Policy are being met; such as whether disbursements to authorized parties were made in a timely manner and whether the State Marshal's fees retained in the account did not exceed the regulatory maximum. As indicated in the *Condition* section of this finding, in 73 percent of the reports issued by the Auditors of Public Accounts there was a finding that the State Marshal did not properly perform the book and bank reconciliations required pursuant to the Commission's Audit Policy. The recommended annual reporting requirement would create a useful and effective monitoring tool for the Commission.

Audit Policy Reminder Notices:

Criteria: Communication is an internal control component that can be used as an effective tool for increasing compliance with required procedures.

Condition: The State Marshal Commission does not perform audits of State Marshals and its monitoring of the State Marshals compliance with its Audit Policy is dependent upon reviews conducted by our Office. As previously indicated in this report, our reports on randomly selected State Marshals' trust accounts disclosed a considerable number of findings in a majority of the reports issued. The findings resulted from State Marshals not complying with certain requirements of the Audit Policy. The Commission did not have a procedure in place to periodically remind State Marshals of their responsibility to comply with the Audit Policy. Such a procedure would increase the Marshals' awareness of their responsibility to comply with the requirements included in the Audit Policy and serve as a reminder that their trust accounts may be selected for review at any time. We note that the State Marshal Commission is constantly communicating with the State Marshals regarding other aspects of their duties.

Effect: Had the State Marshal Commission been periodically reminding the State Marshals of their responsibility for complying with the Audit Policy, there probably would have been fewer findings in our reports.

Cause: We did not determine the cause.

Recommendation: The State Marshal Commission should implement a procedure to periodically remind State Marshals of their responsibility to comply with the Audit Policy. (See Recommendation 2.)

Agency Response: "The SMC has periodically notified Marshals of the Audit Policy. It has previously mailed this policy to Marshals and has provided all Marshals with a Marshal Manual that includes the Audit Policy. However, moving forward, SMC will implement a more systematic reminder procedure that DAS will help the SMC implement."

Medical Certificates:

Criteria: Section 5-247-11 of the State Regulations requires a medical certificate to be on file for employees who are out on sick leave for more than five consecutive workdays.

Condition: There were two instances in which a medical certificate was not on file for employees who were out on sick leave for more than five consecutive workdays.

Effect: Employees could be abusing their sick leave benefits.

- Cause:* We did not determine the cause.
- Recommendation:* The State Marshal Commission should enforce the requirement that employees who are out on sick leave for more than five consecutive workdays submit a medical certificate. (See Recommendation 3.)
- Agency Response:* “Upon the merger and physical relocation of the SMC with the Department of Administrative Services (“DAS”), the SMC no longer hires and manages its own employees; DAS now staffs the SMC and provides all human resources functions for the employees. DAS human resources will enforce the requirement that employees who are out on sick leave for more than five consecutive workdays submit all required documentation.”

Compensatory Time:

- Criteria:* Article 17, Section 9 (e), of the Administrative Clerical (NP-3) Bargaining Unit Contract exempts employees who are paid above the applicable rate for Grade 20, Step 10 from being paid overtime, and instead authorizes them to receive compensatory time off.
- Condition:* Our review of compensatory time off disclosed that compensatory time off was authorized for an ineligible employee. The employee was in a Grade 19 position and under the Collective Bargaining Agreement, should have been paid overtime. The employee retired from State service, July 1, 2009.
- Effect:* The employee was not paid in accordance with the Collective Bargaining Agreement.
- Cause:* We did not determine the cause.
- Recommendation:* The State Marshal Commission should implement an effective procedure to determine an employee’s eligibility to receive compensatory time prior to awarding it. (See Recommendation 4.)
- Agency Response:* “Upon the merger and physical relocation of the SMC with the DAS, the SMC no longer hires and manages its own employees; DAS now staffs the SMC and provides all human resources functions for the employees, including enforcing overtime and compensatory time rules. The DAS management that staffs the SMC has reviewed the rules regarding compensatory time with DAS human resources, and has assured the SMC that compensatory time is only being authorized in instances that comply with applicable collective bargaining agreements, State law and policy.”

RECOMMENDATIONS

We presented ten recommendations in our previous report. The Commission has implemented nine of those recommendations. One recommendation is repeated in this report. This report contains four recommendations, one repeated from our prior report, and three from our current review. The following is a summary of the recommendations presented in our prior report and the actions taken by the Commission:

Status of Prior Audit Recommendations:

- The Commission should enforce the requirement that employees who are out on sick leave for more than five consecutive workdays be required to submit a medical certificate in accordance with Section 5-247-11 of the State Regulations. This recommendation has not been resolved and will be repeated. (See Recommendation 3.)
- The Advisory Board should file meeting schedules with the Office of the Secretary of the State. We note that the Advisory Board did not file such schedules, and further, it does not maintain its records in accordance with the requirements of the Freedom of Information Act. However, the State Marshal Commission does not have any authority over the Advisory Board. The Advisory Board is represented on the Commission with two ex-officio members, and would bring to the Commission meetings any issues discussed at the Advisory Board meetings. The prior audit recommendation will not be repeated in this report.
- The Commission should establish a control to evaluate personal liability insurance obtained by State Marshals and ensure that such coverage specifically includes tortious acts as defined in Section 6-30a of the General Statutes. The Commission has addressed this recommendation.
- The Commission should maintain documentation of the consideration of an applicant's prior conviction of a crime. The Commission has complied with this recommendation.
- The Commission should establish and implement procedures to ensure that all annual fees are received from State Marshals by the required date in accordance with Section 6-38m of the General Statutes. The Commission should establish and implement procedures to ensure that the receipt date of revenue received is recorded in a receipt log. The Commission should develop and implement procedures to ensure that receipts are deposited in accordance with Section 4-32 of the Connecticut General Statutes. The Commission has complied with this recommendation.
- The Commission should comply with Section 6-38e of the General Statutes by establishing a written policy regarding the distribution of State Marshal accounts upon death or resignation. The Commission has established a written policy addressing this matter.

- The Commission should develop continuing education requirements for State Marshals. Our current review disclosed that adequate training is offered to State Marshals and that an adequate communication system is in place to alert State Marshals of various training requirements. This recommendation will not be repeated.
- The Commission should process expenditures in accordance with the State Accounting Manual. There were no exceptions noted in our audit tests. This recommendation will not be repeated.
- The Commission should take steps to ensure its compliance with the record retention requirements of Section 11-8a of the General Statutes. The Commission has developed a formal record retention policy, assigned a record retention liaison, and has submitted its retention schedule to the State Library. This recommendation has been resolved.
- The Commission should consult with the Departments of Administrative Services (DAS) and Information Technology to establish a disaster recovery plan, including provisions for routine back-up of data files with offsite storage. As of October 5, 2009, the Commission is within the Department of Administrative Services. The Commission will be working with DAS to determine its needs for electronic file storage and back-up. This recommendation will not be repeated.

Current Audit Recommendations:

- 1. The State Marshal Commission should require that each State Marshal who engages in trust account activity, submit to the Commission, their trust account reconciliation as of December 31. The reconciliations should be submitted within 45 days after the close of the year, and should include a listing of the owners of the monies being held and the total Marshal's fee remaining in the account, reconciled to the account balance. The Commission staff should review the reconciliations for reasonableness and follow-up on them as necessary.**

Comment:

The Auditors of Public Accounts issued 44 reports on the trust account activity of randomly selected State Marshals for the period from January 12, 2007 through December 4, 2009. There was a finding in 32 of the 44 reports issued that the book and bank reconciliations, which are required pursuant to the State Marshal Commission's Audit Policy, were not properly performed.

- 2. The State Marshal Commission should implement a procedure to periodically remind State Marshals of their responsibility to comply with the Audit Policy.**

Comment:

The State Marshal Commission does not perform audits of State Marshals and its monitoring of the State Marshals' compliance with its Audit Policy is dependent upon reviews conducted by our Office. Our reports on randomly selected State Marshals' trust accounts disclosed a considerable number of findings in a

majority of the reports issued that were the result of State Marshals not complying with certain requirements of the Audit Policy. The Commission did not have a procedure in place to periodically remind State Marshals of their responsibility to comply with the Audit Policy. Such a procedure would increase the Marshals' awareness of their responsibility to comply with the requirements included in the Audit Policy and serve as a reminder that their trust accounts may be selected for review at any time.

- 3. The State Marshal Commission should enforce the requirement that employees who are out on sick leave for more than five consecutive workdays submit a medical certificate.**

Comment:

Our review disclosed instances in which the Commission did not have medical certificates on file for employees who were out on sick leave for more than five consecutive workdays.

- 4. The State Marshal Commission should implement an effective procedure to determine an employee's eligibility to receive compensatory time prior to awarding it.**

Comment:

Our review disclosed that compensatory time off was authorized for an employee who was not eligible to receive it. The employee retired from State service, July 1, 2009.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes, we have audited the books and accounts of the State Marshal Commission for the fiscal years ended June 30, 2008 and 2009, and the period ended October 4, 2009. 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 State Marshal Commission for the fiscal years ended June 30, 2008 and 2009, are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years. The financial statement audit of the State Marshal Commission for the period ended October 4, 2009, will be included as a part of our Statewide Single Audit of the State of Connecticut for the fiscal year ended June 30, 2010.

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 State Marshal Commission 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 controls 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:

In planning and performing our audit, we considered the State Marshal Commission'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 providing assurance on the effectiveness of the Agency's internal control over those control objectives.

A *control deficiency* 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 on a timely basis unauthorized, illegal, or irregular transactions or the breakdown in the safekeeping of any asset or resource. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to properly initiate, authorize, record, process, or report financial data reliably consistent with management's direction, safeguard assets, and/or comply with certain provisions of laws, regulations, contracts, and grant agreements such that there is more than a remote likelihood that a financial misstatement, unsafe treatment of assets, or noncompliance with laws, regulations, contracts and grant agreements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with certain provisions of laws, regulations, contracts, and grant agreements or the requirements to safeguard assets that would be material in relation to the Agency's financial operations, noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions, and/or material financial misstatements by the Agency being audited will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over the Agency's financial operations, safeguarding of assets, and compliance with requirements would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the Agency's financial operations, safeguarding of assets, and compliance with requirements that we consider to be material weaknesses, as defined above.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the State Marshal Commission 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 State Marshal Commission'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 State Marshal Commission's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of 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

In conclusion, we wish to express appreciation for the courtesy and cooperation extended to our representatives by the personnel of the State Marshal Commission during the course of this examination.

Michael DiDomizio
Principal Auditor

Approved:

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