

STATE OF CONNECTICUT



*AUDITORS' REPORT
STATE ELECTIONS ENFORCEMENT COMMISSION
FISCAL YEARS ENDED JUNE 30, 2017 AND 2018*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

Table of Contents

EXECUTIVE SUMMARY	i
AUDITORS' REPORT.....	1
COMMENTS.....	2
FOREWORD	2
Significant Legislative Changes	3
RÉSUMÉ OF OPERATIONS	3
General Fund Receipts	4
General Fund Expenditures	4
Special Revenue Funds – Federal and Other Restricted Accounts	4
Special Revenue Fund Expenditures.....	5
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	6
Documentation of Internal Control Self-Assessment.....	6
Payroll - Compensatory Time and Overtime.....	7
Payroll - Dual Employment.....	8
Inadequate Segregation of Duties.....	8
Untimely Repayment of Surplus Funds	9
Lack of Formal Written Policies and Procedures.....	11
Untimely Post-Election Review of Candidate Campaigns.....	12
Equipment Inventory and CO-59 Reporting Deficiencies	14
Lack of General Control Over Reporting Requirements.....	14
Information Technology Disaster Recovery Plan Deficiencies	16
RECOMMENDATIONS	18
Status of Prior Audit Recommendations:	18
Current Audit Recommendations:	19
ACKNOWLEDGMENTS	22
CONCLUSION.....	23

December 3, 2020

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the State Elections Enforcement Commission. The objectives of this review were to evaluate the department’s internal controls; compliance with policies and procedures, as well as certain legal provisions; and management practices and operations for the fiscal years ended June 30, 2017 and 2018.

The key findings and recommendations are presented below:

Page 12	The commission did not complete five post-election audits within the statutorily-required timeframe of two months before the November 6, 2018 election. SEEC should complete the post-election review of candidate committees within the statutorily-required timeframe. The commission should obtain audit responses in a timely manner, and require repayment of grant funds to the Citizens’ Election Fund in accordance with Section 9-703(a)(2) of the General Statutes, when applicable. (Recommendation 6.)
Page 9	The commission did not enforce the March 31 st deadline for repayment of surplus monies to the Citizens’ Election Fund. SEEC should create procedures to ensure that candidate committees comply with Section 9-608(e) of the General Statutes which requires those committees to repay surplus funds before the statutory due date. (See Recommendation 4.)
Page 15	The commission did not file annual reports as required by the General Statutes. The SEEC should strengthen internal controls to ensure that it prepares and submits reports in accordance with the General Statutes. (Recommendation 8.)
Page 14	The commission did not report an estimated \$1,700,000 in internally-generated software inventory on its CO-59 report for the fiscal years ended June 30, 2017 and 2018. Our physical inspection of 35 items, with a total cost of \$176,710, disclosed that 9 of 35 items could not be physically located. The Commission disposed of 4 items and could not locate 5 items. SEEC should ensure that its CO-59 forms include all required items and should accurately report them. The commission should also ensure that all assets are accurately recorded, tagged, and account for properly. (Recommendation 7.)
Page 16	Our audit disclosed that the commission uses a Continuity of Operations Plan (COOP) in lieu of a disaster recovery plan for information technology. This plan provides only a high-level overview. SEEC should develop and regularly test a comprehensive information technology disaster recovery plan. (Recommendation 9.)
Page 7	The commission did not preapprove compensatory time and overtime for over 50% of instances reviewed. SEEC should properly approve and sufficiently document overtime and compensatory time. (Recommendation 1.)

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

ROBERT J. KANE

December 3, 2020

AUDITORS' REPORT

We have audited certain operations of the State Elections Enforcement Commission (SEEC) in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2017 and 2018. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions;
2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with policies and procedures or legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the State Elections Enforcement Commission.

COMMENTS

FOREWORD

The State Elections Enforcement Commission (SEEC) operates primarily under the provisions of Sections 9-7a and 9-7b of the General Statutes. The commission consists of 5 members appointed with the consent of the General Assembly. Members are appointed for 3-year terms and no member may serve more than two consecutive terms. Three members of the commission constitute a quorum. As of June 30, 2018, members with their appointing authorities were as follows:

	<u>Term expires</u>
Appointed by the Governor: Patricia Stankevicius	June 30, 2017*
Appointed by the President Pro Tempore of the Senate: Stephen T. Penny, Esq.	June 30, 2016*
Appointed by the Speaker of the House of Representatives: Anthony J. Castagno, Chair	June 30, 2015*
Appointed by the Minority Leader of the Senate: Michael J. Ajello	June 30, 2018
Appointed by the Minority Leader of the House of Representatives: Salvatore Bramante, Vice Chair	June 30, 2018

*Section 9-7a (2) allows members to serve until their successor is appointed and has qualified.

Michael J. Brandi, Esq. has served as the executive director and general counsel of SEEC since February 10, 2012, and throughout the audited period.

Significant Legislative Changes

Public Act 16-203, effective July 1, 2017, amended Section 9-675(b) of the General Statutes and mandated that the majority of committees registered with the commission file electronically. Specifically, the following committees are required to file electronically: (1) candidate committees and exploratory committees of candidates running for statewide office, General Assembly or judge of probate that raise or spend \$1,000 or more; (2) all state central committees, legislative caucus committees and legislative leadership committees; (3) town committees and political committees registered with the commission that raise or spend \$1,000 or more; (4) any other committees or other persons who make or obligate to make an independent expenditure in excess of \$1,000 on behalf of a statewide office, General Assembly, or judge of probate candidate.

Public Act 17-2 (June Special Session), effective October 31, 2017, amended Section 9-705 of the General Statutes and made significant changes to the Citizens' Election Program. The Act affected the 2018 election cycle by: (1) raising the qualifying contribution amounts from \$100 to \$250 for the General Assembly candidates; (2) adjusting the qualifying contribution threshold according to the consumer price index ("CPI"); (3) reverting the grant amounts back to their base grant amounts as set forth in the statutes with no CPI adjustment; (4) imposing a grant reduction schedule so the later a campaign applies for a grant, the smaller the grant it will be eligible to receive. The act also amended Section 9-7b (a)(5)(B) of the General Statutes and made changes affecting review and enforcement of the Citizens' Election Program. The Act modified the formula for selecting candidate committees for post-election review. The Act replaced the lottery with a weighted lottery and added a provision regarding the frequency of the district selection for post-election review. Also, the act amended Section 9-7a (g)(1) of the General Statutes and made revisions to the commission's complaints procedures. Any complaint received on or after January 1, 2018 must be dismissed if the commission does not issue a decision on the complaint within one year following the receipt date.

Public Act 18-81, effective May 15, 2018, amended Section 9-705(d) of the General Statutes and set forth that grant amounts for the 2018 campaign will be adjusted by the Consumer Price Index, using the 2014 grant amounts for statewide office campaigns and the 2016 grant amounts for General Assembly campaigns.

RÉSUMÉ OF OPERATIONS

The State Elections Enforcement Commission is an independent agency in the executive branch. The commission is charged with overseeing the state's election laws. It investigates alleged violations of the statutes pertaining to elections, primaries, and referenda, and is empowered to hold hearings, subpoena witnesses, require production of records and issue orders. The commission can impose civil penalties against those found to be in violation of laws.

The commission administers the Citizens' Election Program (CEP). The program is financed through the Citizens' Election Fund (CEF) and provides public campaign grants to qualified candidates for the General Assembly and statewide offices. The commission developed and

maintains an electronic campaign reporting system (eCRIS), which serves as the state’s electronic filing repository for campaign finance filings.

The commission has statutorily responsibility to conduct audits of campaign finance statements filed by candidates, political parties and political committees; render advice on the requirements of the campaign finance laws, and suggest revisions to the election laws to the Connecticut General Assembly.

General Fund Receipts

General Fund receipts during the fiscal years ended June 30, 2016, 2017, and 2018 are presented below:

	Fiscal Year Ended June 30,		
	2016	2017	2018
Civil Penalties Imposed	\$ 33,755	\$ 202,431	\$ 175,780
Late Fee-Elections/Financial Disclosure	20,200	16,500	7,300
Other	3,626	165	2,199
Total General Fund Receipts	\$ 57,581	\$ 219,096	\$ 185,279

According to the Digest of Administrative Reports, the commission closed 96 and 122 cases in the fiscal years ended June 30, 2016 and 2017, respectively. Those cases were the result of sworn citizens’ complaints, referrals from election officials, or a commission decision to investigate concerns related to election administration, the voting process or potential violations of the campaign finance laws. Of the closures, 21 and 24 cases, respectively, resulted in monetary sanctions (late filing fees, civil penalties or forfeitures) that were deposited into the General Fund. Since the commission did not file the annual report to the Governor for the fiscal year ended June 30, 2018, we were not able to verify the number of closed cases that resulted in monetary sanctions.

General Fund Expenditures

General Fund expenditures during the fiscal years ended June 30, 2016, 2017, and 2018 are presented below:

	Fiscal Year Ended June 30,		
	2016	2017	2018
Personal Services	\$ 2,937,779	\$ 2,901,929	\$ 2,845,850
Purchased and Contracted Services	235,148	132,748	128,134
Total General Fund	\$ 3,172,927	\$ 3,034,677	\$ 2,973,983

Special Revenue Funds – Federal and Other Restricted Accounts

Non-Federal Aid, Restricted account expenditures represent allocations from the General Fund to the Citizens’ Election Fund (CEF). CEF is a non-lapsing fund that receives most of its funding from the sale of unclaimed property in the state’s custody. According to Section 3-69a (a)(2) of

the General Statutes, each fiscal year the State Treasurer transfers the required amount to the Citizens' Election Fund, which is restricted for the expenditures of the Citizens' Election Program. Receipts during the fiscal years ended June 30, 2016, 2017, and 2018, including the required transfers, are presented below:

	Fiscal Year Ended June 30,		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Non-Federal Aid, Restricted	\$ 11,349,303	\$ 11,428,647	\$ 11,634,363
Interest	31,143	71,003	309,850
Campaign Committee Contrib.	2,555	177,065	278,937
Civil Penalties Imposed	1,000	0	0
Total Federal and Restricted Fund	<u>\$ 11,384,001</u>	<u>\$ 11,676,715</u>	<u>\$ 12,223,150</u>

Special Revenue Fund Expenditures

	Fiscal Year Ended June 30,		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Representative Campaign Grants	\$ 418,849	\$ 5,062,875	\$ 492,483
Senate Campaign Grants	80,887	5,506,528	288,552
Statewide Campaign Grants	(23,328)	0	3,143,488
Total Citizens' Election Fund	<u>\$ 476,408</u>	<u>\$ 10,569,403</u>	<u>\$ 3,924,523</u>

Variations in grant expenditures are dependent on the election cycle. There is an increase in the General Assembly candidate grants every other year and in the statewide campaign grants every fourth year.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the State Elections Enforcement Commission disclosed the following 10 findings and recommendations of which one has been repeated from the previous audit:

Documentation of Internal Control Self-Assessment

Background: In the interest of promoting responsible, efficient, and cost-effective governance, the Office of the State Comptroller issues the Internal Control Guide to assist agencies in evaluating and strengthening internal controls. The annual self-evaluation and risk assessment process allows managers to evaluate internal controls and identify possible deficiencies within their areas of responsibility.

Criteria: The Office of the State Comptroller issues an annual memorandum reminding agency heads to conduct an annual internal control self-assessment as required by the Internal Control Guide. In accordance with the guide, management is responsible for establishing and maintaining effective internal controls. Agencies must complete the internal control self-assessment annually by June 30th and keep it on file. The review of the self-assessment questions should be completed with a report noting weaknesses and recommendations for improvements.

Condition: The commission did not complete the annual internal control self-assessment for the fiscal years ended June 30, 2017 and 2018. However, the commission completed the internal control questionnaire for the 2020 fiscal year.

Effect: The commission may not have properly evaluated its internal controls and identified possible deficiencies.

Cause: It appears that the commission was not aware of this requirement.

Prior Audit Finding: This finding has not been previously reported.

Conclusion: Since the State Elections Enforcement Commission completed its latest internal control questionnaire by June 30, 2020, we will not have a recommendation in this area.

Agency's Response: "The State Elections Enforcement Commission agrees. The SEEC was not previously aware of the requirement. The agency has filed the Internal Control Assessment for the 2020 fiscal year."

Payroll - Compensatory Time and Overtime

Criteria: State Elections Enforcement Commission management practices require that overtime and compensatory time be approved in advance by an employee's supervisor. Management Personnel Policy 17-01, issued by the Department of Administrative Services (DAS) and the Office of Policy and Management (OPM), provides that an agency head may grant compensatory time for extra time worked by managers for unique situations. The manager or confidential employee must obtain advance written authorization from the agency head or a designee to work extra hours and record them as compensatory time. The time worked must be significant in duration; therefore, the extra hour or two a manager might work each day to complete normal work assignment is not appropriate for compensatory time. The authorization must include the employee's name and present the reasons for the compensatory time. Proof of advance authorization must be retained in the employee's personnel file for audit purposes.

Prudent business practices suggest that controls over compensatory time and overtime should ensure that recorded hours are valid, properly authorized, and completely and accurately recorded.

Condition: We tested 15 instances of earned compensatory time to supporting preapproval forms and noted 7 exceptions. We could not locate 3 forms, and 2 were not preapproved. In addition, we noted that one managerial employee earned compensation time, which did not appear to be significant in duration. Another employee received blanket approval but failed to document the extra hours they actually worked. We tested 6 instances of overtime to supporting preapproval forms and noted that 4 did not appear to have properly documented preapprovals.

Effect: The failure to approve compensatory or overtime in advance could lead to unnecessary expenses.

Cause: There was a lack of proper administrative oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The State Elections Enforcement Commission should properly approve and sufficiently document overtime and compensatory time. (See Recommendation 1.)

Agency's Response: "The State Election Enforcement Commission agrees. Agency management is reviewing processes and will verify that all overtime and compensatory time requests are pre-approved."

Payroll - Dual Employment

Criteria: Section 5-208a of the General Statutes bars state employees from being compensated by more than one state agency unless the appointing authorities at such agencies certify that the duties performed and hours worked are outside the responsibilities of the employee's primary position, there is no conflict in schedules between the positions, and no conflicts of interest exist between or among the positions.

Department of Administrative Services General Letter 204 requires the employee's secondary and primary agency to complete a Dual Employment Request (PER-DE-1) form.

Condition: We reviewed 6 dual employment arrangements and noted one exception. One employee's form did not have the secondary agency's official signature on the completed form.

Effect: There is reduced assurance that no conflicts existed between the dually-employed individual's primary and secondary positions.

Cause: Existing controls did not prevent this from occurring.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The State Elections Enforcement Commission should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes by documenting, through signed certifications, that no conflicts exist for employees who hold multiple state positions. (See Recommendation 2.)

Agency's Response: "The State Elections Enforcement Commission agrees in part and disagrees in part with this finding. The SEEC has signed all dual employment requests and one of six other agencies did not also sign. The SEEC disagrees that it is our job to monitor the compliance of those other agencies but with a new human resources specialist will better track the paperwork being executed by the secondary agency."

Auditors' Concluding

Comments: The lack of the secondary agency's signature decreases the assurance that there is no conflict of interest as a result of dual employment and that the hours worked in each assignment do not overlap. Both agencies are responsible to complete and fully execute Form CT-HR-25.

Inadequate Segregation of Duties

Criteria: Core-CT Human Resource Management System (HRMS) Segregation of Duties Procedures for Justification and Approval provides HRMS security guidelines. These guidelines state that for proper segregation of duties, agencies should not assign the Agency HR Specialist role to an employee who has either the Agency Payroll Specialist or Agency Time and Labor Specialist roles. Access to any combination of those roles could allow an individual to hire and pay someone inappropriately. For agencies that have employees with these combinations of roles, agency security liaisons must provide supporting documentation to explain the necessity of the dual roles and the internal audit procedures in place to prevent inappropriate or fraudulent transactions.

Condition: During our review, we noted that 2 employees had both the human resources specialist role and the agency payroll specialist role in Core-CT HRMS.

Effect: Employees with both of these roles would be able to create an employee in Core-CT, prepare and approve their timesheet, and then process payments.

Cause: A small business office contributes to this condition, but two employees should not have both HR and Payroll user roles in Core-CT.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The State Election Enforcement Commission should improve segregation of duties between payroll and personnel functions by eliminating conflicting roles. (See Recommendation 3.)

Agency's Response: "The State Election Enforcement Commission agrees that an agency security liaison should provide internal audit procedures to prevent inappropriate or fraudulent transactions, along with supporting documentation. The lack of staffing has required staff to assume multiple roles. The agency is working with the Freedom of Information Commission and the Office of State Ethics to fill the human resources specialist role for all three agencies to remedy the issue."

Untimely Repayment of Surplus Funds

Background: The State Elections Enforcement Commission administers the Citizens' Election Program (CEP). The program is financed through the Citizens' Election Fund (CEF), a non-lapsing fund that receives most of its funding from the sale of abandoned property in the State of Connecticut's custody. The CEP is a voluntary program, which provides public grants to qualified candidates for statewide office and the General Assembly. Each candidate

committee, which received a grant from the CEF, must return the surplus funds after the election.

Criteria: Sec. 9-608(e) of the General Statutes requires the treasurer of a candidate or political committee to distribute or expend surplus funds by March 31 following an election held in November, unless the committee is selected for post-election review.

The 2018 Citizens' Election Program Guide requires the candidate committee to distribute its surplus funds by March 31, 2019, or by June 30, 2019 if notified of a post-election review by the commission.

Condition: It appears the SEEC did not enforce the March 31 deadline for the repayment of surplus funds.

Context: We identified 20 candidate committees, not under post-election review, that did not repay \$66,311 surplus funds to the Citizens' Election Fund by March 31, 2019.

Effect: The CEF did not receive these surplus funds by March 31, 2019 as required by statute.

Cause: The lack of administrative oversight and internal control contributed to the late payments.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The State Elections Enforcement Commission should create procedures to ensure that candidate committees comply with Section 9-608(e) of the General Statutes which requires those committees to repay surplus grant funds by the statutory due date. (See Recommendation 4.)

Agency's Response: "The State Elections Enforcement Commission disagrees. The statutes gave committees that were not selected for audit until April 8, 2019 to file the campaign finance reports that reported their surplus distribution. Absent that report, we cannot know what amount of surplus is due and owing. We do not have access to the bank accounts and by definition are not permitted to audit those General Assembly committees not selected in the lottery.

The statutes specify when campaign finance filings must be received in the agency's offices by a certain date when mailed. This "received by" language is not included in the surplus distribution provision and the State Election Enforcement Commission's processes therefore allow for time for the checks to be received by the agency through the mail after their distribution date. Generally speaking, the agency allows two weeks for items to be delivered before staff takes action for late filing when filing by

mail is permitted. Fourteen of the twenty checks arrived within this time period and were deposited.

Due to changes to the statutes made in 2011, the State Elections Enforcement Commission is not permitted to audit more than fifty percent of the General Assembly candidate committees. The agency is, however, permitted to seek voluntary compliance. Once the reports due April 8 were filed and the mail had had a chance to arrive, agency staff did seek compliance from those committees with outstanding surplus checks. There were six committees that reported surplus distributions to the Citizens' Election Fund that the agency had not yet received within approximately two weeks after the distribution date and within one week of the due date for the campaign finance filings that reported the surplus as being owing. Within four months of the distribution due date, the agency was able to utilize voluntary compliance to bring in distributions from four of the six committees totaling \$38,394.28. Only two committees have reported unreturned surplus, totaling less than \$350."

*Auditors' Concluding
Comments:*

The statute requires the distribution of surplus funds by March 31 and the filing of the termination statements not later than 7 days after the distribution. Allowing an additional week after the termination statement due date for surplus checks to be delivered seems unreasonable since the distribution of surplus funds should precede the termination statements.

Lack of Formal Written Policies and Procedures

Background:

Public Act 16-3, effective July 1, 2016, removed the State Elections Enforcement Commission from the Office of Governmental Accountability (OGA) and reestablished it as an independent agency. The act made the commission responsible for its personnel, payroll, affirmative action, and administrative and business office functions. The act also granted independent decision-making authority to the commission.

Criteria:

Proper internal control dictates that formal written policies and procedures should be established, maintained, and distributed to employees to provide guidance in the performance of their assigned duties.

Condition:

The commission did not develop and implement a set of comprehensive personnel policies and procedures including, but not limited to, personnel, affirmative action, and ethics.

Effect:

The effectiveness and efficiency of human resources functions may be diminished.

Cause: The commission did not allocate the necessary and appropriate resources to establish formal written policies and procedures.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The State Elections Enforcement Commission should establish and maintain formal written human resources policies and procedures. (See Recommendation 5.)

Agency's Response: "The State Elections Enforcement Commission agrees. The process of establishing written policies following the re-establishment of the agency's independence in 2016 was proceeding under the prior human resources specialist who has left the position. Upon hiring a replacement, this project will continue."

Untimely Post-Election Review of Candidate Campaigns

Background: The commission has the authority to inspect the campaign finance reports and perform post-election examinations of the accounts or records of campaign treasurers. These examinations are intended to ensure compliance with campaign finance requirements in Chapters 155 and 157 of the General Statutes. The commission shall randomly audit not more than 50% of candidate committees, selected through the process of a weighted lottery.

A candidate committee selected for a post-election review by the commission must distribute its surplus funds by June 30th of the year following the election and file a termination statement within 7 days of its surplus distribution. However, a committee may terminate any time between the election and the above deadlines and is strongly encouraged to terminate as soon as possible.

Criteria: Section 9-7b(a)(5)(A) of the General Statutes states that when the commission conducts an audit of the committee whose candidate runs in the next election cycle, the audit should be completed not later than two months preceding election day.

Section 9-703(a)(2) of the General Statutes states that a candidate must repay any monies not expended in accordance with Section 9-607(g) of the General Statutes, if the candidate filed written certification to abide by the expenditure limits under the Citizens' Election Program.

According to the Citizens' Election Program Guide, the campaign should respond to the draft summary of examination in a timely manner, even if the campaign agrees with the proposed findings or has no further information.

Condition: We reviewed 30 candidate committees' SEEC audits selected from the 2016 general election. Our review disclosed the following:

- Of the 15 candidate committees whose candidate sought reelection in the next election cycle (2018), the SEEC did not complete five audits within the statutorily-required timeframe of two months before the next election day (November 6, 2018). For these five audits, the commission issued the Final Summary of Examination Reports 350 to 683 days after the statutorily required due date.
- The commission did not request responses to the audit findings from 6 candidate committees as required by the Citizens' Elections Program Guide.
- In addition, we noted an average delay of 603 days between the issuance of the Draft of Summary of Examination and the Final Summary of Examination Reports, for the 5 audits not completed within the statutorily-required timeframe.

Effect: When the post-election review of candidate committees' audits are not completed in a timely manner, there is an increased risk that matters will not be settled and the public may not be properly informed before the next election cycle. In addition, if the candidate committees do not provide responses to audit findings, there is less assurance that the grants from the Citizens' Election Fund were properly spent.

Cause: The State Elections Enforcement Commission indicated it has limited resources to process the statutorily required audits.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The State Elections Enforcement Commission should complete the post-election review of candidate committees within the statutorily-required timeframe. The commission should also obtain audit responses in a timely manner, and require repayment of grant funds to the Citizen's Election Fund in accordance with Section 9-703(a)(2) of the General Statutes, when applicable. (See Recommendation 6.)

Agency's Response: "The State Elections Enforcement Commission agrees. When there is a docketed matter involving a committee that is also subject to audit, the final post-election review generally is not released until the case is finalized. The Commission is working to complete these matters in a more timely matter."

Equipment Inventory and CO-59 Reporting Deficiencies

- Criteria:* Section 4-36 of the General Statutes requires each state agency to keep inventory records in the form prescribed by the Office of the State Comptroller and to submit an annual report of its inventory balances. Internally generated software owned by the agency should be included. Accuracy of records should be maintained by following the guidance within the Comptroller’s State Property Control Manual.
- Condition:* The commission did not report an estimated \$1,700,000 in internally-generated software inventory on its CO-59 report for the fiscal years ended June 30, 2017 and 2018, despite being notified that it should be included during a prior audit. In addition, our physical inspection of 35 items, with a total cost of \$176,710, disclosed that 9 of 40 items could not be physically located. The commission disposed of 4 items and could not locate 5 items.
- Effect:* The commission appears to have understated its inventory to the Office of the State Comptroller and may not know the location of at least 5 state-owned equipment items.
- Cause:* There appears to be a lack of administrative control.
- Prior Audit Finding:* The matter was partially disclosed within the report of the Office of Governmental Accountability covering the 2012 through 2014 fiscal years.
- Recommendation:* The State Elections Enforcement Commission should ensure that its CO-59 forms include all required items and should accurately report them. The commission should also ensure that all assets are accurately recorded, tagged, and accounted for properly. (See Recommendation 7.)
- Agency’s Response:* “The State Elections Enforcement Commission agrees. The State Elections Enforcement Commission is reviewing processes post 2016 deconsolidation and is accurately recording assets.”

Lack of General Control Over Reporting Requirements

- Criteria:* Section 4-60 of the General Statutes requires each budgeted agency to provide a report to the Governor of its activities of the previous fiscal year. The Governor then provides these reports to the Commissioner of Administrative Services for annual publication by December 1st.
- Section 9-7a (c) of the General Statutes requires that the commission reports the “action it has taken including, but not limited to a list of all complaints investigated by the commission and the disposition of each such complaint, by voting districts, where the alleged violation occurred; the names, salaries

and duties of the individuals in its employ and the money it has disbursed” to the General Assembly and Governor each fiscal year.

Section 9-716 (a) of the General Statutes requires that “not later than June 1, 2007, and annually thereafter, the commission shall issue a report on the status of the Citizens’ Election Fund during the previous calendar year. Such report shall include the amount of moneys deposited in the fund, the sources of moneys received by category, the number of contributions, the number of contributors, the amount of money expended by category, the recipients of moneys distributed from the fund and an accounting of the costs incurred by the commission in administering the provisions of this chapter.”

Section 9-719 (a) of the General Statutes requires the commission after each general election to compile and analyze the amount of grants made during the election cycle from the Citizens ‘Election Funds (CEF); the amount of expenditures reported by each candidate participating in the Citizens’ Election Program; the amount of money returned to the CEF; the overall and average amounts of spending for election contest for each office; and the amount of independent expenditures for each election contest for each office. Section 9-719 (b) of the General Statutes requires, not later than January 1, 2012 and biennially thereafter, the commission to report its analysis to the General Assembly.

Condition: The commission did not file its report to the Governor as required by Section 4-60 of the General Statutes for the fiscal year ended June 30, 2018.

SEEC did not file reports required by Section 9-716 (a), Section 9-7a (c) and Section 9-719 (b) of the General Statutes for the fiscal years ended June 30, 2017 and 2018.

Effect: The commission did not provide required information to public officials and the general public.

Cause: The lack of reporting compliance appears to be the result of managerial inaction.

Prior Audit Finding: This finding has been previously reported in the last three audit reports covering the 2009 through 2016 fiscal years.

Recommendation: The State Elections Enforcement Commission should strengthen internal controls to ensure that it prepares and submits reports in accordance with General Statutes. (See Recommendation 8.)

Agency Response: “The State Elections Enforcement Commission agrees that the reports were not done. Due to staffing shortages and a related backlog of cases, as well

as legislative changes to the docketing process and administration of the Citizens' Election Program, the agency had to set priorities and was unable to meet these deadlines while also meeting deadlines critical to its core mission. It is the agency's hope that permission to hire and replace staff will allow it to return to issuing these reports timely."

Information Technology Disaster Recovery Plan Deficiencies

Criteria: Sound business practices include provisions that organizations have a current information technology disaster recovery plan in place to enable the resumption of critical operations within a reasonable period after a disaster. This plan should be updated and routinely tested to ensure that systems and data can be recovered promptly following a disaster or other interruption.

Condition: The commission uses the All Hazard Continuity of Operations Plan (COOP) in lieu of a disaster recovery plan. The plan only provides a general overview of the recovery process. The plan does not specify procedures for the recovery process or an alternate facility, and does not identify the individuals who will perform those procedures. The plan was not approved, signed or internally distributed within the commission. Additionally, the SEEC was not able to provide formal documentation that it periodically tested the plan.

Effect: The lack of a comprehensive and tested disaster recovery plan may lead to increased costs due to service interruptions or the loss of data from an information technology disaster.

Cause: The commission did not devote its resources to develop and test a comprehensive disaster recovery plan.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The State Elections Enforcement Commission should develop and regularly test a comprehensive information technology disaster recovery plan. (See Recommendation 9.)

Agency's Response: "The State Elections Enforcement Commission disagrees. The SEEC discussed and reviewed the adoption of the All Hazards COOP plan superseding a traditional Disaster Recovery plan. Traditional Disaster Recovery plans are considered obsolete due to lack of flexibility. The agency utilizes shared services provided by the Department of Administrative Services / Bureau of Enterprise Systems & Technology and engages with them during a service outage restore services.

The State of Connecticut operates redundant data centers in Groton and Springfield Mass. The agency's Information Technology Services staff

verifies the viability and redundancy of the recovery components at each site on a regular basis. The loss of data is highly unlikely due to this redundancy.

As a result of the continued COVID-19 pandemic that impacted services to all state agencies, the Commission was able to immediately put into practice its COOP plan due to the Stay Safe – Stay Home initiative with the office being closed. The agency has been operating remotely since March 2020 with no major service or data disruptions to its staff or external customers. The plan works as designed.”

*Auditors’ Concluding
Comments:*

A well-developed disaster recovery plan should identify key COOP personnel and support staff. In addition, the COOP concept of operations is expressed through training and testing. Our review disclosed that the SEEC did not test its COOP plan or distribute it to its staff.

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Office of Governmental Accountability contained two recommendations related to SEEC. One has been implemented or otherwise resolved and one has been repeated or restated with modifications during the current audit.

- The Office of State Ethics and the State Elections Enforcement Commission should file their annual reports required by the General Statutes in a timely manner. The reports should include all statutorily required information. **This recommendation is being repeated. (See Recommendation 8.)**
- The State Elections Enforcement Commission should strengthen controls over access to Core-CT when employees terminate employment. The agency should add necessary steps to its separation procedures to ensure that it promptly disables employee access at the time of separation. **The commission took corrective action; therefore, this recommendation will not be repeated.**

Current Audit Recommendations:

- 1. The State Elections Enforcement Commission should properly approve and sufficiently document overtime and compensatory time.**

Comment:

The commission did not preapprove compensatory time and overtime for over 50% of instances reviewed.

- 2. The State Elections Enforcement Commission should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes by documenting, through signed certifications, that no conflicts exist for employees who hold multiple state positions.**

Comment:

We reviewed 6 dual employment arrangements and noted one exception. One employee's form did not have the secondary agency's official signature on the completed form.

- 3. The State Election Enforcement Commission should improve segregation of duties between payroll and personnel functions by eliminating conflicting roles.**

Comment:

We noted that two employees had the human resources specialist and agency payroll specialist roles in the Core-CT human resources module, allowing them to hire and compensate an employee.

- 4. The State Elections Enforcement Commission should create procedures to ensure that candidate committees comply with Section 9-608(e) of the General Statutes which requires those committees to repay surplus grant funds by the statutory due date.**

Comment:

The commission did not enforce the March 31 deadline for repayment of surplus funds.

- 5. The State Elections Enforcement Commission should establish and maintain formal written human resources policies and procedures.**

Comment:

The commission did not develop and implement a set of comprehensive personnel policies and procedures related to personnel, affirmative action, and ethics.

- 6. The State Elections Enforcement Commission should complete the post-election review of candidate committees within the statutorily-required timeframe. The commission should obtain audit responses in a timely manner, and require repayment of grant funds to the Citizens' Election Fund in accordance with Section 9-703(a)(2) of the General Statutes, when applicable.**

Comment:

We reviewed 30 candidate committees' SEEC audits. The commission did not complete five audits within the statutorily-required timeframe of two months before the next election day (November 6, 2018). The commission issued the audits 350 to 683 days after the statutorily required due date. The commission did not request responses to the audit findings from 6 candidate committees as required by the Citizens' Elections Program Guide.

- 7. The State Elections Enforcement Commission should ensure that its CO-59 forms include all required items and should accurately report them. The commission should also ensure that all assets are accurately recorded, tagged, and account for properly.**

Comment:

The commission did not report an estimated \$1,700,000 in internally-generated software inventory on its CO-59 report for the fiscal years ended June 30, 2017 and 2018.

Our physical inspection of 35 items, with a total cost of \$176,710, disclosed that 9 of 35 items could not be physically located. The Commission disposed of 4 items and could not locate 5 items.

- 8. The State Elections Enforcement Commission should strengthen internal controls to ensure that it prepares and submits reports in accordance with General Statutes.**

Comment:

The commission did not file its report to the Governor as required by Section 4-60 of the General Statutes for the fiscal year ended June 30, 2018. The commission did not file reports required by Section 9-716(a), Section 9-7a(c) and Section 9-719 (b) of the General Statutes for the fiscal years ended June 30, 2017 and 2018.

- 9. The State Elections Enforcement Commission should develop and regularly test a comprehensive information technology disaster recovery plan.**

Comment:

The commission used a Continuity of Operations Plan (COOP) in lieu of a disaster recovery plan. The COOP only provides a general overview of the recovery process. The plan does not specify procedures for the recovery process or an alternate facility, and does

not identify the individuals who will perform those procedures. The commission was not able to provide formal documentation that it periodically tested its plan.

ACKNOWLEDGMENTS

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

Shirley Huang
Andrew Kane
Anna Karpiej
Nikolaos Perdikakis

CONCLUSION

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



Anna Karpiej
Auditor II

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor