

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
DEPARTMENT OF EMERGENCY SERVICES  
AND PUBLIC PROTECTION  
FOR THE FISCAL YEARS ENDED JUNE 30 2015, 2016, AND 2017*

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

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April 8, 2020

## EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes we have audited certain operations of the Department of Emergency Services and Public Protection (DESPP). The objectives of this audit 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, 2015, 2016 and 2017.

The key findings are presented below:

<b>Page 9</b>	Our audit disclosed deficiencies in various processes, including (1) maintaining capital asset records and tracking equipment; (2) properly documenting the disposal of capital assets; (3) maintaining proper back-up to support additions, deletions, and balances of capital assets reported to the Office of the State Comptroller; and (4) conducting annual physical inspections of capital assets. The Department of Emergency Services and Public Protection should strengthen controls over capital assets, maintain accurate inventory records, and annually perform physical inspections. (Recommendation 1.)
<b>Page 11</b>	The Connecticut Fire Academy's bookstore utilizes an information system other than the state's information system, Core-CT. We noted variances between the revenue reported in the 2 systems totaling \$202,846 during the audited period. The Department of Emergency Services and Public Protection's Commission on Fire Prevention and Control division should establish control procedures over the Connecticut Fire Academy bookstore to provide reasonable assurance that financial records are accurately maintained. (Recommendation 2.)
<b>Page 13</b>	DESPP maintains a weapons inventory outside of Core-CT for confidentiality reasons. Our audit disclosed several deficiencies in relation to DESPP's weapons inventory, including untimely inspections and inaccurate or incomplete records. The Department of Emergency Services and Public Protection should continue to improve internal controls to ensure that it tracks and accounts for all weapons in accordance with established policies and procedures. (Recommendation 3.)
<b>Page 16</b>	Our audit disclosed weaknesses in the dual employment process. We noted 5 instances out of the 6 dual employment situations tested where employees held multiple positions without dual employment forms in place. In the instances noted, the employees earned a total of \$105,461 in gross pay during the audited period. The Department of Emergency Services and Public Protection should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes. (Recommendation 5.)

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

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April 8, 2020

### **AUDITORS' REPORT DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION FOR THE FISCAL YEARS ENDED JUNE 30, 2015, 2016, AND 2017**

We have audited certain operations of the Department of Emergency Services and Public Protection (DESPP) 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 fiscal years ended June 30, 2015, 2016, and 2017. 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 Department of Emergency Services and Public Protection.

## COMMENTS

### FORWARD

The Department of Emergency Services and Public Protection operates primarily under the provisions of Title 29, Chapters 528 through 541a of the Connecticut General Statutes. The DESPP commissioner is the chief administrative officer of the department and is responsible for protecting and improving the quality of life by providing enforcement, regulatory, and scientific services, through prevention, education, and innovative use of technology. Dora B. Schriro served as commissioner during the audited period.

DESPP is comprised of 6 divisions: the Commission on Fire Prevention and Control, the Connecticut State Police, the Division of Emergency Management and Homeland Security, the Police Officer Standards and Training Council, the Division of Scientific Services, and the Division of Statewide Emergency Telecommunications. A description of the divisions and their missions is presented below.

#### **Commission on Fire Prevention and Control**

The Commission on Fire Prevention and Control operates primarily under the provision of Title 7, Chapter 104, Part VI of the Connecticut General Statutes. The mission of this division is to prevent or mitigate the effects of fire and disasters through leadership and collaboration with municipalities, fire departments and regional fire schools. This is achieved through training, education and professional competency certification of career and volunteer fire service personnel.

#### **The Connecticut State Police**

The Connecticut State Police operates primarily under Title 29, Chapter 529 of the Connecticut General Statutes. Since 1903, the Connecticut State Police has provided a full range of law

enforcement services to the State of Connecticut. There are currently 11 troops located throughout the state with state police troopers providing the primary law enforcement services in 82 of the 169 municipalities in Connecticut. Additionally, the division provides the entire state major crime investigations, emergency services, cause and origin investigations, and traffic and truck enforcement.

### **The Division of Emergency Management and Homeland Security**

The Division of Emergency Management and Homeland Security operates primarily under the provisions of Title 28 of the Connecticut General Statutes. The division works closely with local, state, federal, tribal, and private sector partners to provide a coordinated, integrated program for statewide emergency management and homeland security. The division directs and coordinates all available resources to protect the life and property of the residents of Connecticut in the event of a disaster or crisis, whether natural or manmade, through a collaborative program of prevention, planning, preparedness, response, recovery, mitigation, and public education. This mission includes strategic and operational planning, operations, training and exercise, grants, and disaster relief. The division also coordinates statewide security communications and establishes standards and protocols for the use and dissemination of intelligence.

### **The Police Officer Standards and Training Council**

The Police Officer Standards and Training Council operates primarily under the provisions of Title 7, Chapter 104, Sections 7-294a through 7-294dd of the Connecticut General Statutes. The council's mission is: (1) providing innovative, credible and responsive high quality basic, advanced, and specialized training to Connecticut police officers; (2) adopting and enforcing professional requirements for individual police officer certification; and (3) providing a body of comprehensive professional law enforcement accreditation standards for state law enforcement agencies, managing such program, and granting accredited status to agencies that demonstrate and maintain compliance with applicable standards.

### **The Division of Scientific Services**

The Division of Scientific Services provides forensic support to local, state, and federal agencies throughout Connecticut. The division is divided into three sections: (1) the Chemistry Section, which includes toxicology, controlled substances, and arson; (2) the Biology/DNA Section; and (3) the Identification Section, which includes computer crimes.

### **The Division of Statewide Emergency Telecommunications**

The Division of Statewide Emergency Telecommunications operates primarily under the provisions of Title 28, Chapter 518a of the Connecticut General Statutes. The division provides for the development and maintenance of coordinated statewide emergency service telecommunications for public safety organizations and the residents of Connecticut. The division is responsible for the 9-1-1 system, public safety data network, public safety frequency coordination, telecommunicator training, geographic information systems, the Connecticut alert

emergency notification system, and support for the consolidation of public safety answering points.

### **Significant Legislation**

- **Public Act No. 14-149** – Effective January 1, 2015, **section 1** of this act required the Department of Emergency Services and Public Protection to adopt and maintain a written policy regarding the use of electronic defense weapons that meets or exceeds the model policy developed by the Police Officer Standards and Training Council by January 31, 2015. It further required police officers to document any use of electronic defense weapons in use-of-force reports and for DESPP to prepare an annual report that details the use of such weapons by police officers. The act required these reports to be submitted to the Criminal Justice Policy and Planning Division within the Office of Policy and Management no later than January 15, 2016, and annually thereafter.

**Section 2** of this act required the Police Officer Standards and Training Council to develop a model policy that provides guidelines on the use of electronic defense weapons by police officers and a standardized form for reporting the use of electronic defense weapons. These policies and standards were to be developed no later than January 1, 2015.

- **Public Act No. 15-4** – Effective October 1, 2015, **sections 2 and 6** of this act required the development and implementation of guidelines for recruitment, retention, and promotion of minority police officers to promote diversity. It also set forth restrictions on hiring previously employed police officers who were dismissed for malfeasance or other serious misconduct, or that resigned or retired while under investigation for such malfeasance or other serious misconduct.

**Section 5** of this act required law enforcement units to create and maintain a record detailing any incident during which a police officer (1) uses physical force that is likely to cause serious physical injury to or death of another person, or (2) discharges a firearm, except for during training or in the course of dispatching an animal.

**Section 7** of this act required DESPP to evaluate and approve the minimal technical specifications of body-worn police officer recording equipment, guidelines pertaining to the use of such equipment, retention of data, and methods of storage for that data. It also required that those minimal technical specifications and guidelines be made available to law enforcement agencies by January 1, 2016.

- **Public Act No. 15-244** – Effective July 1, 2015, **section 170** of this act increased the amount each town must pay for receiving resident state trooper services from 70% to 85% of the cost of compensation, maintenance and other expenses of the first 2 state troopers detailed in such town, and 100% of the cost of any additional state troopers detailed to such town.

- **Public Act No. 16-150** – Effective October 1, 2016, **section 1** of this act made various technical changes to Section 28-24 of the General Statutes and added the requirement that the Division of Statewide Emergency Telecommunications be charged with the implementation and coordination of the next generation 9-1-1 telecommunication system.

## RÉSUMÉ OF OPERATIONS

### General Fund

General Fund receipts during the audited period and the preceding fiscal year are presented below:

	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
Refunds of Expenditures:				
Services of Resident Troopers	\$ 10,974,451	\$ 11,178,695	\$ 14,215,780	\$ 13,374,443
Other Refunds	2,520,093	2,511,807	2,492,695	2,306,037
Licenses, Permits and Fees	7,517,215	7,221,438	9,107,494	9,106,890
Recoveries of Expenditures	330,339	375,716	462,113	528,939
Other Receipts	12,088	5,405	8,039	6,656
Total Receipts	\$ 21,354,186	\$ 21,293,061	\$ 26,286,120	\$ 25,322,964

General Fund receipts totaled \$21,293,061, \$26,286,120, and \$25,322,964 during the fiscal years ended June 30, 2015, 2016, and 2017, respectively, compared to \$21,354,186 during the fiscal year ended June 30, 2014. These receipts decreased \$61,125 (0.3%) during the 2015 fiscal year, increased \$4,993,059 (23.5%) during the 2016 fiscal year, and decreased \$963,156 (3.7%) during the 2017 fiscal year.

The decrease in receipts during the fiscal year ended June 30, 2015 was caused by a reduction in revenues for licenses, permits and fees. The bulk of this decrease was due to a drop in funds collected for permits to carry firearms.

The increase in receipts during the fiscal year ended June 30, 2016 can be primarily attributed to a gain in funds from municipalities for resident state trooper services. This increase was the direct result of a change in legislation that increased the reimbursement rate charged to municipalities for these services. Various increases in licenses and fees also accounted for increases during the fiscal year.



The slight decrease in revenue during the fiscal year ended June 30, 2017 was due in large part to the reduction in collections from municipalities for services of resident state troopers. The reduction is the result of budget constraints at the municipal level.

General Fund expenditures during the audited period and the preceding fiscal year are presented below:

	<b>Fiscal Year Ended June 30,</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Personal Services & Employee Benefits	\$145,786,472	\$151,504,859	\$150,290,558	\$143,784,717
Motor Vehicle/Aircraft/Watercraft Costs	13,569,038	14,271,411	12,788,281	12,176,642
Premises and Property Expenses	6,060,944	6,200,975	5,571,366	5,856,872
Informational Technology	4,995,460	4,244,986	5,720,902	5,743,518
Purchased Commodities	3,093,999	3,416,727	3,180,752	2,456,857
Rental and Maintenance - Equipment	2,679,100	2,524,323	3,094,987	1,700,034
Communications	2,148,949	2,045,203	2,214,102	2,398,472
Other Services	1,681,844	1,199,166	1,159,990	1,137,047
Fixed Charges	1,496,874	1,530,452	746,186	385,846
Professional, Scientific, & Technical Services	334,424	423,091	599,747	647,513
Employee Travel	185,004	211,116	248,623	190,316
Capital Outlays - Equipment	110,709	138,121	87,003	25,199
Other Expenditures	31	151,356	3,491	9,588
Capital Outlays - Building/Improvement	-	-	-	240
Total Expenditures	<u>\$182,142,849</u>	<u>\$187,861,785</u>	<u>\$185,705,986</u>	<u>\$176,512,861</u>

General Fund expenditures totaled \$187,861,785, \$185,705,986, and \$176,512,861 during the fiscal years ended June 30, 2015, 2016, and 2017, respectively, as compared to \$182,142,849 during the fiscal year ended June 30, 2014. These expenditures increased by \$5,718,936 (3.1%) during the 2015 fiscal year, decreased by \$2,155,800 (1.2%) and \$9,193,124 (5%) during the 2016 and 2017 fiscal years, respectively.

The increase in expenditures during the fiscal year ended June 30, 2015 was primarily the result of a rise in personal services and employee benefit expenditures driven by contractual salary increases. Additional overtime costs also accounted for the increase in expenditures in that category during the fiscal year.

The decrease in expenditures during the fiscal year ended June 30, 2016 can be attributed to a drop in personal services and employee benefit expenditures, which was caused by the DESPP efforts to reduce overtime costs. In addition, the reduction in motor vehicle/aircraft/watercraft costs helped decrease total expenditures, which was due to lower fuel costs as compared to the prior fiscal year.

The decrease in expenditures during the fiscal year ended June 30, 2017 is largely the result of a reduction in personal services overtime expenditures. An upgrade to the department's radio system also reduced the cost of equipment maintenance during the fiscal year, which helped decrease overall expenditures.

**Special Revenue Funds**

Special revenue fund receipts for the audited period and preceding fiscal year are as follows:

	<b>Fiscal Year Ended June 30,</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Federal Aid, Restricted	\$ 74,475,951	\$ 41,551,964	\$ 36,892,925	\$ 27,545,746
Non-Federal Aid, Restricted	43,084,211	42,394,760	34,486,055	31,434,607
Federal Grant Transfer - Restricted	2,894,536	2,018,085	3,258,528	3,768,817
Non-Federal Grant Transfer Restricted	1,337,378	1,909,399	1,595,329	2,093,608
Grant Transfer - Other	1,268,305	556,782	2,262,208	1,351,741
Other Receipts	31,325	55,486	137,755	290,299
Total Receipts	<u>\$ 123,091,706</u>	<u>\$ 88,486,476</u>	<u>\$ 78,632,799</u>	<u>\$ 66,484,817</u>

Special revenue fund receipts totaled \$88,486,476, \$78,632,799, and \$66,484,817 during the fiscal years ended June 30, 2015, 2016, and 2017, respectively, as compared to \$123,091,706 during the fiscal year ended June 30, 2014. These receipts decreased \$34,605,230 (28.1%), \$9,853,677 (11.1%), and \$12,147,982 (15.5%) during the fiscal years 2015, 2016, and 2017, respectively.

The decrease in receipts during the fiscal year ended June 30, 2015 was primarily due to the reduction in funding received from Federal Emergency Management Agency (FEMA) Public Assistance Grants, which fell \$42,036,543 as compared to the prior fiscal year. This decrease was slightly offset by increases in State Homeland Security and Hazard Mitigation Grants funds, which totaled \$8,615,135.

The decrease in receipts during the fiscal year ended June 30, 2016 was caused by a reduction in federal and non-federal aid received by DESPP. Decreases in funds received through various grant programs during the fiscal year amounted to \$16,183,009. This reduction was offset by increased funding in other grant programs. In particular, there was a \$7,022,768 increase in FEMA Public Assistance Grant funds and a \$3,105,380 increase in Hazard Mitigation Grant funds. The decrease in non-federal aid was primarily the result of a reduction of \$8,697,442 in Enhanced 9-1-1 Telecommunication Fund Grant funds.

The decrease in receipts during the fiscal year ended June 30, 2017 was due, in large part, to a decrease of \$14,156,771 in FEMA Public Assistance Grant funds. This reduction was somewhat offset by increased funding for other grants. The decrease in non-federal aid, which was primarily caused by a reduction of \$2,943,961 in Enhanced 9-1-1 Telecommunication Fund Grant funds, also contributed to the overall reduction in receipts during the fiscal year.

Special revenue fund expenditures for the audited period and preceding fiscal year are presented below:

	<b>Fiscal Year Ended June 30,</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Fixed Charges	\$ 78,691,034	\$ 38,871,438	\$ 48,960,598	\$ 41,611,381
Personal Services & Employee Benefits	12,168,889	10,672,502	11,647,567	12,477,952
Capital Outlays	5,937,705	9,723,376	6,072,645	3,156,334
Informational Technology	5,742,077	5,470,226	6,608,261	6,126,275
Other Charges	3,224,393	3,381,202	3,540,832	4,219,841
Purchased Commodities	2,000,626	2,092,617	2,907,518	3,192,407
Communications	1,745,617	1,320,787	1,981,463	1,967,126
Other Services	1,511,977	1,337,960	1,422,615	1,749,870
Employee Travel	399,308	370,849	404,179	411,805
Premises and Property Expenses	369,229	313,804	261,585	87,938
Professional, Scientific, & Technical Services	368,190	432,232	478,352	423,092
Rental and Maintenance - Equipment	332,934	268,779	399,118	440,831
Motor Vehicle/Aircraft/Watercraft Costs	62,444	54,000	88,142	14,114
Total Expenditures	<u>\$ 112,554,422</u>	<u>\$ 74,309,773</u>	<u>\$ 84,772,875</u>	<u>\$ 75,878,966</u>

Special revenue fund expenditures totaled \$74,309,773, \$84,772,875, and \$75,878,966 during the fiscal years ended June 30, 2015, 2016, and 2017, respectively, as compared to \$112,554,422 during the fiscal year ended June 30, 2014. These expenditures decreased by \$38,244,649 (34%) during fiscal year 2015, increased by \$10,463,102 (14.1%) during fiscal year 2016, and decreased again by \$8,893,909 (10.5%) in fiscal year 2017.

The decrease in expenditures during the fiscal year ended June 30, 2015 was mainly due to a reduction in fixed charges caused by an overall reduction in grant funds passed through to subrecipients, the largest of which was a \$40,064,219 decline in FEMA funds.

The increase in expenditures during the fiscal year ended June 30, 2016 was caused by a rise in fixed charges from increased FEMA and enhanced 9-1-1 telecommunication funding of \$6,128,083 and \$4,069,842 passed through the department to subrecipients, respectively. These increases were slightly offset by a number of decreases in other pass-through grant expenditures.

The decrease in expenditures during the fiscal year ended June 30, 2017 was largely the result of a decline in fixed charged caused by a \$10,712,305 reduction of FEMA funds passed through to subrecipients. This decrease was offset, in part, by small increases in various other pass-through grant expenditures.

### **Capital Project Funds**

Expenditures for capital projects totaled \$4,787,212, \$31,924,891, and \$14,385,348 during the fiscal years 2015, 2016, and 2017, respectively. The bulk of these expenditures were related to improvements to the statewide telecommunication system. This was the result of legislation requiring the implementation of the next generation 9-1-1 telecommunication system.

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

### Asset Management

*Criteria:* The State of Connecticut Property Control Manual sets forth the requirements for tracking and disposing of capital equipment.

Office of the State Comptroller Memorandum No. 2015-05 increased the state's capitalization threshold from \$1,000 to \$5,000. This change went into effect for purchases made on or after July 1, 2015. However, the memorandum indicated that acquisitions made prior to July 1, 2015 should continue to be reported based on the \$1,000 threshold.

*Condition:* During our audit, we selected 45 pieces of capital equipment for physical inspection from the DESPP inventory listing for physical inspection (with an aggregate cost of \$1,074,855). Our testing disclosed 19 instances in which we could not locate capital assets with a total cost of \$129,690. In one instance, the DESPP inventory record was missing information including the location and tag number of the item. We also noted 2 other instances in which we located capital assets (with an aggregate cost of \$20,235), but DESPP had not tagged them with a state identification number.

While performing this testing, we noted that the asset records in Core-CT indicated that DESPP had not completed annual physical inspections in a timely manner, or at all. Our review disclosed that of 14,825 DESPP capital equipment items listed in Core-CT (which had an aggregate cost of \$188,591,887), DESPP had physically inspected 10,338 (86%), totaling \$162,337,974, during the fiscal year ended June 30, 2017. Another 4,255 items, totaling \$20,113,611, were physically inspected between fiscal years 2016 and 2011. DESPP inspected the bulk of those items, 4,123 with a total cost of \$19,604,467 in fiscal year 2016. The remaining 232 capital equipment items, with a total cost of \$6,140,302, did not have a physical inspection date listed and we could not determine when or if DESPP performed an inspection.

We also tested 10 capital equipment items, with a total cost of \$38,298, that DESPP disposed of during the audited period. Our testing disclosed 8 instances in which DESPP disposed of equipment items costing \$32,958 and lacked documentation for the approval of those disposals on file. Additionally, we noted one instance in which DESPP disposed of a capital asset costing \$2,035, but did not remove it from its inventory listing until 205 days later. Finally, our testing identified 2 capital assets costing between \$1,000 and \$5,000 that DESPP removed from the capital asset listing in error.

Furthermore, our review of the DESPP CO-59 (GAAP Asset Management/ Inventory Reporting Form) for the fiscal year ended June 30, 2017 disclosed the following issues:

- DESPP overstated the beginning and ending balances reported for licensed software by \$30,000.
- DESPP reported \$185,100 for fine arts, but was unable to provide us with documentation supporting that amount.
- DESPP was unable to provide us with documentation to fully support the amounts reported for stores and supplies. Specifically, the department was unable to provide us with support for additions and deletions reported in the amounts of \$3,669,811 and \$4,004,348, respectively. In addition, DESPP was unable to provide us supporting records for \$516,819 of the ending balance.
- A review of the balances in 5 categories of stores and supplies disclosed 4 instances in which the quantity DESPP recorded in its records did not reflect the quantity on hand.

*Effect:*

Inaccurate capital asset records and the absence of annual physical inspections increased the risk of loss or theft of equipment occurring and going undetected.

Regarding equipment disposals, there was reduced assurance that DESPP obtained proper approval for the disposal of capital assets and that it disposed of those assets in the appropriate manner.

DESPP did not fully comply with the State of Connecticut Property Control Manual.

*Cause:*

There were not sufficient controls in place to prevent these conditions from occurring.

The capital assets costing between \$1,000 and \$5,000 that DESPP removed from its inventory listing appear to be a misapplication of the State Comptroller's Memorandum No. 2015-05.

With respect to the variances noted in the quantities of stores and supplies inventory, DESPP informed us that the issue was caused by the lack of a perpetual inventory system.

*Prior Audit Finding:*

This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection should strengthen controls over capital assets, maintain accurate inventory records, and annually perform physical inspections. The department should also ensure that amounts it reports on its CO-59 are accurate and supported with appropriate records. Furthermore, the department should properly document all disposals of capital assets. (See Recommendation 1.)

*Agency Response:* “The Agency agrees with this recommendation and will comply.

Asset management staff has a more enhanced field presence and is conducting physical inventory inspections on-site, they are utilizing the latest electronic scanners to ensure efficient tracking of assets.

DESPP continues to work with DECD to obtain necessary back-up for the fine arts. To date DESPP has been able to obtain documentation on all but two pieces of art-work and has updated Core-CT records. Should documentation not become available from DECD, DESPP will hire an appraiser

The Asset Management Unit conducted a LEAN event to educate and train agency staff on the disposal process. Disposal/Surplus information is available to all agency staff on the DESPP intranet site.”

### **Connecticut Fire Academy Bookstore Operations**

*Background:* The Department of Emergency Services and Public Protection’s division for the Commission on Fire Prevention and Control maintains the Connecticut Fire Academy (CFA), which operates a bookstore. The bookstore sells books, study materials, OSHA compliance, emergency medical services, public education safety training programs, and materials for classes conducted within the CFA.

The bookstore maintains its records using accounting software other than the state’s information system (Core-CT). The division uploads this information into Core-CT.

*Criteria:* Proper internal controls dictate that when multiple accounting systems are used to track financial information, a monthly reconciliation should be performed between the systems to ensure that all information is consistently accounted for.

*Condition:* Our review of the bookstore’s accounting system disclosed a variance between the amount of revenue recorded in its system and the amount

recorded in Core-CT. Total bookstore revenues recorded in Core-CT were \$202,846 less than what the division recorded in the bookstore's accounting records during the audited period.

Furthermore, the division did not complete reconciliations between the two systems. Such reconciliations would document the cause of any variances and ensure that all transactions were being correctly recorded in the state's information system.

*Effect:* The lack of a reconciliation process between these systems increased the risk of loss or theft, which may go undetected. Failure to perform these reconciliations also decreased assurance that the state's accounting records accurately reflected the bookstore's activity.

*Cause:* It appears that the division has not established adequate control procedures over the bookstore.

DESPP informed us that the discrepancies in recorded revenue amounts were likely caused by the inclusion of outstanding receivables in the bookstore's records, but not in Core-CT. However, we were unable to verify that this was the cause.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection's Commission on Fire Prevention and Control division should establish control procedures over the Connecticut Fire Academy bookstore to provide reasonable assurance that financial records are accurately maintained. In addition, the division should perform reconciliations between the bookstore's accounting software and the state's information system to ensure that all information is being recorded correctly in both systems. (See Recommendation 2.)

*Agency Response:* "The Agency agrees with the recommendation that reconciliations between both the Bookstore Point of Sale System and Core-CT were not performed. In researching, we contend the variance will be identified as the outstanding receivable account balance. At this time, FPC is working with DESPP Fiscal to establish a control procedure to properly reconcile between the two accounting systems."

## **Weapons Inventory**

*Background:* DESPP tracks the detail of its weapons inventory in a database outside of the state's information system for confidentiality reasons. The department only includes the value of its weapons inventory in Core-CT.

*Criteria:* The State of Connecticut Property Control Manual prescribes requirements and standards that state agency property control systems must include to ensure that they properly acquire, manage, and report on all assets they currently own or that are in their custody, including firearms.

The DESPP Administrative & Operations (A&O) Manual requires supervisors to inspect personnel equipment and vehicles assigned to their subordinates every 6 months. These inspections are scheduled to occur in April and October. It further requires that a Personnel & Vehicle Inspection Report, Form DPS-235-C, be completed and kept on file to document these inspections.

*Condition:* We reviewed the weapons inventory of 15 sworn personnel who had weapons assigned to them during the audited period. Our review disclosed the following:

- Two instances in which the DPS-235-C forms provided to us were not from the most recent inspection period of April 2018. In these instances, DESPP completed one form in October 2017 and the other in April 2017.
- Two instances in which the serial numbers reported on the DPS-235-C form did not agree with the serial numbers recorded in the weapons inventory listing.
- One instance in which a weapon assigned to a sworn employee and reported on the DPS-235-C form was not included in the weapons inventory listing.

In addition, we noted that the weapons inventory listing lacked identification information required by the state's Property Control Manual, such as cost, date acquired, method of acquisition, and condition.

*Effect:* The DESPP property control records pertaining to weapons did not comply with department or state policies and standards.



In addition, outdated and insufficient inventory records increased the risk of loss or theft occurring and going undetected.

*Cause:* The controls in place were not sufficient to prevent these conditions from occurring.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection should continue to improve internal control over weapons and ensure that it tracks and accounts for all weapons in accordance with established policies and procedures. (See Recommendation 3.)

*Agency Response:* “The agency agrees in part with this recommendation.

The Department of Emergency Services and Public Protection is committed to continuously improving internal controls and ensuring that we track and account for all weapons in accordance with established policies and procedures.

In the two instances where the auditors’ found that the weapons’ serial number listed on the DPS-235-C did not match the serial number listed in the agency’s inventory, both were the result of typographical errors on the DPS-235-C word document.

The finding that an employee’s DPS-235-C form listed a firearm that was not included on the agency list was addressed. Said firearm was accounted for and appeared on the document titled, “CSP Off-Duty Pistol Inventory.”

## **Revenues and Receipts – Commission on Fire Prevention and Control**

*Background:* During the course of our audit, it came to our attention that the Certification Unit within the Commission on Fire Prevention and Control held receipts and submitted them for deposit on Thursdays rather than on the day received.

*Criteria:* Section 4-32 of the General Statutes requires receipts totaling \$500 or more to be deposited within 24 hours.

The State Accounting Manual states that accountability reports be periodically prepared to compare monies that were actually recorded with monies that should have been recorded.

*Condition:* Our review of 10 receipts, totaling \$13,056, collected by the Certification Unit during the audited period disclosed the following:

- Six instances, totaling \$5,225, in which the receipt date was marked as a Thursday. Due to the method used for recording receipts, we were unable to determine whether these funds were deposited in a timely manner.
- One instance in which a deposit of \$470 was dated one day prior to the recorded receipt date.

In addition, we found that the Commission on Fire Prevention and Control was not preparing accountability reports comparing the amount of registration revenue collected to the number of registrants.

*Effect:* The Department of Emergency Services and Public Protection did not fully comply with the prompt deposit requirements set forth in Section 4-32 of the General Statutes. In addition, the funds being held were at greater risk of loss or theft.

With respect to the lack of accountability reports, there was an increased risk of loss or theft occurring and going undetected. Specifically, without comparing the number of registrants to the revenue collected, it would be difficult to identify variances.

*Cause:* The commission delayed the submission of funds for deposit because of a misinterpretation of the statutes related to the prompt deposit requirements.

Regarding the accountability reports, the commission informed us that the information system it used during the audited period was unable to produce such reports. However, the commission stated that it is working with the software developer to produce accountability and other useful reports in the near future.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:* The Commission on Fire Prevention and Control should strengthen internal controls to ensure that all receipts are deposited in accordance with Section 4-32 of the General Statutes. In addition, the commission should continue its efforts to implement the use of accountability reports. (See Recommendation 4.)

*Agency Response:* “The agency agrees with the recommendation related to the 6 instances totaling \$5,225 as there was insufficient documentation to determine if the deposits were in accordance with CGS 4-32.

We concur with the finding related to the deposit of \$470.00 that it was stamped in by the unit subsequent to the deposit date.

In regards to the finding related to the accountability report the unit prepares a daily receipt log for each section (i.e. Training, Bookstore, and Certification) for all receipts received in the mail to confirm availability of space for a registration, etc.... By the end of the day these Units return their log and checks for deposit and indicate if any require to be returned to the applicant unprocessed due to unavailable space. In addition, the Division will be implementing a new registration system (SABA) which would allow the online payment of registrations and have additional reporting capabilities.”

## **Dual Employment**

*Criteria:* Section 5-208a of the General Statutes bars state employees from being compensated for services rendered to more than one state agency during a biweekly pay period unless the appointing authority of each agency or such authority's 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.

This section also sets forth similar requirements for employees holding multiple positions within the same state agency. These requirements prohibit an agency from compensating an employee for services rendered unless the appointing authority of such agency or a designee certifies that the duties performed are not in conflict with the employee's primary responsibility to the agency, the hours worked on each assignment are documented and reviewed to preclude duplicate payment, and a conflict of interest between the services performed does not exist.

*Condition:* Our audit of 6 dual employment situations disclosed 5 instances in which employees held multiple state positions without the required dual employment certification forms in place. These employees earned a total of \$105,461 in gross pay while dually employed, \$23,843 of which was for their work at DESPP.

<i>Effect:</i>	In some instances, DESPP failed to comply with the dual employment documentation requirements established by Section 5-208a of the General Statutes. This reduced assurance that no conflicts existed between primary and secondary positions for dually employed individuals.
<i>Cause:</i>	The controls in place were not sufficient to prevent the above condition from occurring.
<i>Prior Audit Finding:</i>	This finding has been previously reported in the last audit report covering 2012 to 2014.
<i>Recommendation:</i>	The Department of Emergency Services and Public Protection 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 5.)
<i>Agency Response:</i>	“The agency agrees with the recommendation. The new staff member who oversees dual employment has been made-aware of the policy and procedures set forth via Section 5-208a and the DAS policy on Dual Employment.”

### **Non-payroll Expenditures**

<i>Criteria:</i>	<p>Section 4a-57 of the General Statutes requires that all purchases be based on competitive bids or competitive negotiation when possible.</p> <p>Section 3-117(c) of the General Statutes states that the commissioner of Administrative Services shall charge the appropriation of any state agency, without certification by such agency, for expenses incurred by such agency for basic telephone service. However, the agency shall certify to the commissioner of Administrative Services that such services were provided no later than thirty days following notification of such charge.</p>
<i>Condition:</i>	<p>Our audit of 25 non-payroll expenditure transactions, totaling \$3,053,807, disclosed one instance in which DESPP extended a contract for web development, design, and hosting services for a 30-month period for \$645,000 without going out to bid.</p> <p>In addition, we noted that DESPP did not review its monthly billing statements for telephone services and did not certify that the amount billed for was for services received. During the fiscal years ended June</p>

30, 2015, 2016, and 2017, the DESPP telephone bills totaled \$1,142,498, \$1,211,973, and \$1,623,561, respectively.

*Effect:* A lack of soliciting bids decreased assurance that DESPP paid the lowest price possible for the services it contracted for.

Regarding the telephone service charges, there was an increased risk that DESPP paid for services it did not receive. In addition, DESPP did not comply with the statutory certification requirements.

*Cause:* Regarding the contract extension, the original contract was with an approved vendor on a statewide contract. When the state renewed this contract, the vendor was not included as an approved vendor for the services covered in the new statewide contract. DESPP informed us that it was unaware that the vendor was not an approved vendor on the updated statewide contract.

Regarding the telephone bills, controls in place were not sufficient to prevent the noted condition from occurring.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection should improve internal control over the procurement process and ensure that it solicits bids for goods and services whenever possible. DESPP should also comply with state telecommunication procedures for monitoring by certifying telephone charges. (See Recommendation 6.)

*Agency Response:* “The agency agrees with this recommendation. Our Procurement Unit will continue to solicit bids for goods and services. Contract Awards will be verified prior to extending Purchase Order obligation dates.

DESPP is in the process of modifying policies and procedures to ensure proper review, oversight and certification of the Department’s phone usage and charges. DESPP is working with DAS/BEST Telecommunications to obtain the necessary access and training to the TANGO System and the ability to independently download the telephone usage reports.”

## **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 breakdown in the safekeeping of other state resources.

The State of Connecticut Property Control Manual prescribes the format for loss reporting. A Report of Loss or Damage to Real and Personal Property (Other than Motor Vehicles) form (CO-853) should be used to report all losses or damages to real and personal property.

The State Librarian's General Records Retention Schedules set the record retention requirements for state agencies. These schedules require loss reports to be maintained for a period of 3 years or until audited, whichever is later.

*Condition:* Our review of 9 CO-853 reports containing amounts totaling \$52,004 disclosed the following:

- Two instances in which DESPP did not file forms, totaling \$35,525, in a timely manner. In these instances, the department filed the forms 141 and 332 days after the loss.
- One instance in which we were unable to determine whether DESPP filed a CO-853 in the amount of \$1,400 in a timely manner, due to the lack of a discovery date.
- One instance in which DESPP filed a CO-853 for several pieces of equipment and the department did not remove the items from its inventory listing.

In addition, we noted that DESPP did not maintain CO-853 forms during the audited period.

*Effect:* DESPP did not fully comply with Section 4-33a of the General Statutes or the State of Connecticut Property Control Manual with respect to reporting loss or damage to state equipment.

Regarding the items reported as lost and not removed from the inventory listing, DESPP reported incorrect amounts on its inventory listing.

With respect to DESPP not maintaining CO-853 forms, we were unable to determine whether all losses incurred during the audited period were reported in accordance with state statute. In addition, DESPP did not

fully comply with the records retention requirements for loss reports set forth in the State Librarian's General Records Retention Schedules.

*Cause:* DESPP did not always follow established procedures.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection should improve internal controls over asset management by ensuring that loss reports are filed with the appropriate agencies in a timely manner. DESPP should also maintain all CO-853 forms in accordance with state record retention requirements. (See Recommendation 7.)

*Agency Response:* "The agency agrees with this recommendation.

Fiscal Services will continue to promptly file the CO-853 as it is received.

The Division Directors and staff have been notified of DESPP's policy on loss/damage reporting regarding state property and will be notified at least annually.

Fiscal Services has created a central repository for CO-853s received and filed which is maintained on a shared drive."

## **Information System Access**

*Background:* Our audit of the DESPP information systems included an examination of the access privileges to the Connecticut On-Line Law Enforcement Communications Teleprocessing System (COLLECT). COLLECT is a statewide criminal justice system dedicated to Connecticut law enforcement and criminal justice agencies. In addition to providing access to COLLECT files, this system provides access to the National Crime Information Center and the International Justice and Public Safety Information Sharing Network.

*Criteria:* Proper internal controls dictate that access to information systems should only be granted to employees that require such access and that access should be promptly deactivated when it is no longer necessary or upon separation from state service.

Moreover, 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. Payroll, human resources, purchasing, and accounts payable functions are included among the duties that should be separated in order to reduce the risk of error or fraud.

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

*Condition:*

Our testing of access to COLLECT disclosed 3 instances in which employees with access to the system had left state service and their accounts were not terminated in a timely manner. In these instances, the accounts remained active between 112 and 697 days after their separation.

Additionally, we reviewed the Core-CT roles granted to employees performing payroll, human resources, accounts payable, and purchasing functions. Our review disclosed 6 instances in which 3 employees, all of whom performed duties within the purchasing and accounts payable functions, were assigned roles that would allow them to initiate and approve purchases, as well as issue payments for those purchases.

*Effect:*

Unauthorized access to a protected information system can jeopardize the security of the information in the system.

With respect to the Core-CT roles granted to the 3 employees, the lack of segregation of duties between functions increased the risk of unauthorized purchases or fraud occurring and going undetected.

*Cause:*

DESPP informed us that the COLLECT Unit was not notified that the users had separated from state service.

With respect to Core-CT access, DESPP informed us that these employees were granted this access to perform certain functions of their jobs. However, the department did not implement compensating controls to decrease the risk of fraud or error occurring due to granting these employees incompatible roles. In addition, the department did not obtain approval from the Core-CT Security Team.

*Prior Audit Finding:*

This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:*

The Department of Emergency Services and Public Protection should strengthen controls over access to its information systems and ensure that the level of access granted to employees is appropriate. In instances in which incompatible roles must be granted to an employee, DESPP should implement compensating controls to address the risks created by the lack of segregation of duties. In addition, the department should



ensure that access to its information systems is promptly terminated upon an employee's separation from state service. (See Recommendation 8.)

*Agency Response:*

“The agency agrees with this recommendation. The Human Resources Department provides a monthly Hire, Rehire, and Termination Report to the COLLECT Unit. The COLLECT Unit promptly disables access upon notice of employees' separation from state service. The COLLECT Unit will continue to execute this process.

The identified Core-CT roles posing a conflict have been eliminated with the exception of one where a waiver has been requested through the Comptroller's Office.”

**Agency Administered Construction Projects**

*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 Administrative Services (DAS) Division of Construction Services. Repairs made pursuant to such approval shall conform to all guidelines and procedures established by the DAS Division of Construction Services.

*Condition:*

We tested 5 DESPP-administered construction projects, totaling \$476,000, during the audited period. Our testing disclosed 2 projects, totaling \$360,000, in which required documentation was not obtained or not completed. In these instances, DESPP did not obtain certificates of liability insurance and the contractors did not sign certificates of substantial completion. We also noted that the certificates of substantial completion and certificates of completion were not on file for the other 3 projects, which totaled \$116,000.

In addition, we noted that DESPP did not submit quarterly reports to DAS for emergency building repairs under \$10,000 during the audited period. However, per Core-CT, the department charged \$908,902 to the premise repair/maintenance service accounts.

Furthermore, we noted that the DESPP listing of capital projects only included estimated project costs rather than the actual expenditures. Additionally, the department did not perform reconciliations between the estimated costs recorded on its listing and the expenditures recorded in Core-CT.

*Effect:* DESPP did not fully comply with requirements for agency administered construction projects set forth in state statutes and the DAS Division of Construction Services. In addition, there was less assurance that DESPP properly recorded and accounted for all capital projects.

With DESPP's construction projects listing only containing estimated costs, there was an increased risk that projects were not being accurately tracked. This could lead to unintentional cost overruns.

*Cause:* In some instances, DESPP did not follow the established policies and procedures.

Regarding the quarterly reports not being filed and the issue related to tracking projects, DESPP informed us that these issues were mainly the result of a lack of staffing to perform these functions.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection should improve internal control over agency administered projects and comply with state regulations and DAS policies and procedures. In addition, DESPP should review all of its construction projects during the audited period to ensure that it has properly accounted for and reported its capitalized improvements. (See Recommendation 9.)

*Agency Response:* "The agency agrees with this recommendation.

We are working to ensure compliance with established policies and procedures. Agency Facilities personnel will work with Fiscal Unit personnel to track and submit the necessary quarterly reports regarding projects that are under \$10,000 and utilize infrastructure funds. Weekly voucher reports are distributed to Facilities personnel to assist with the reporting."

### **Reconciliation of Petty Cash Account**

*Criteria:* It is good business practice to perform bank account reconciliations on a monthly basis. These reconciliations should be performed in a timely manner after month-end.

*Condition:* We reviewed 24 petty cash bank account reconciliations during the audited period. Our review disclosed 21 instances in which DESPP did not perform reconciliations in a timely manner. In these instances,

delays ranged from 33 to 223 days after month-end. The average month-end balance related to these reconciliations was \$37,244.

*Effect:* The lack of timely reconciliations increased the risk of loss or theft occurring and going undetected.

*Cause:* DESPP informed us that the delays were caused by a lack of personnel and competing staff duties.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering Years 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection should improve internal controls over its bank account reconciliation process by ensuring that it performs monthly reconciliations in a timely manner. (See Recommendation 10.)

*Agency Response:* “The agency agrees with this recommendation. This assignment will be transitioned to other staff effective 07/01/19 in order to complete these reconciliations in a timely manner.”

## **Compensatory Time**

*Criteria:* The Department of Administrative Services’ Managers’ Guide establishes criteria for granting compensatory time to managerial and confidential employees. The guide states that managers and confidential employees must receive advanced written authorization to work extra time by the agency head or a designee.

The Professional Health Care Employees (P-1) collective bargaining unit contract allows employees to accumulate compensatory time during a 4-month period of either July through October, November through February, or March through June. The employee should schedule and use his/her accumulated compensatory time within the 3-month period following the accumulation period.

The Protective Services (NP-5) collective bargaining unit contract stipulates that employees eligible to receive compensatory time in lieu of overtime pay shall accrue such time up to a maximum of 120 hours.

*Condition:* Our review of 10 employees who earned compensatory time during the audited period disclosed 4 instances in which we could not determine whether compensatory time was being accrued and used appropriately. This was due to lack of sufficient documentation. Three of these

instances related to employees in the P-1 bargaining unit and one related to a managerial employee.

In addition, we noted 2 instances in which documented approval for the use of compensatory time was not on file for managerial employees.

Furthermore, we noted one instance in which an employee in the NP-5 bargaining unit was allowed to accrue compensatory time in excess of the 120-hour limit set forth in the bargaining unit contract.

*Effect:* In some instances, DESPP did not fully comply with the requirements set forth by various bargaining unit contracts and DAS with respect to compensatory time.

The lack of documentation increased the risk that employees were allowed to use compensatory time that they did not earn.

*Cause:* The policies and procedures in place were not always being followed.

*Prior Audit Finding:* This finding has been previously reported in the last audit covering 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection should strengthen controls to ensure compliance with the requirements related to compensatory time set forth by the Department of Administrative Services and collective bargaining contracts. (See Recommendation 11.)

*Agency Response:* “The agency agrees with this recommendation.

The agency will be sending out notification to all commanding officers/managers/supervisors to provide information to ensure compliance with policies and procedures.”

## **Workers’ Compensation**

*Criteria:* Section 31-310a of the General Statutes states that base workers’ compensation rates for police officers are established by determining the average weekly wage for the 52-week period prior to the injury.

*Condition:* Our review of 10 workers’ compensation claims disclosed 5 instances in which the department did not calculate total wages used in workers’ compensation claims in accordance with state statutes.

- Effect:* DESPP did not fully comply with the guidelines for calculating workers' compensation benefits. This resulted in both over and under payments of workers' compensation benefits.
- Cause:* It appears that the department did not always follow the established policies and procedures.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering 2012 to 2014.
- Recommendation:* The Department of Emergency Services and Public Protection should strengthen internal controls to ensure compliance with requirements for calculating total wages for employee workers' compensation claims. (See Recommendation 12.)
- Agency Response:* "The agency agrees with this recommendation. DESPP has assigned a new Human Resources Associate to Workers Compensation and has been properly trained regarding the requirement for calculating total wages for employees who file workers compensation claims."

## **Software Inventory**

- Criteria:* The State of Connecticut Property Control Manual sets forth the requirements for maintaining software inventory. These requirements include the information to be tracked and the performance of a physical inventory on an annual basis.
- Condition:* Our audit of software inventory disclosed that the DESPP records do not contain all of the information required by the State of Connecticut Property Control Manual. The missing information includes software version, manufacturer, acquisition type, and acquisition detail. Furthermore, we noted that the department did not perform annual physical inventories during the audited period.
- Effect:* In some cases, DESPP did not fully comply with the State of Connecticut Property Control Manual. Furthermore, controls were weakened over the tracking and maintaining of software, which increased the risk of loss or theft occurring and going undetected.
- Cause:* DESPP did not follow the guidelines for software inventory in the State of Connecticut Property Control Manual.
- With respect to the lack of a physical inventory, the department informed us that this was mainly the result of lack of staff.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering 2012 to 2014.

*Recommendation:* The Department of Emergency Services and Public Protection should continue to strengthen internal controls over software inventory and ensure that its inventory listing contains all information required by the State of Connecticut Property Control Manual. In addition, the department should perform an annual inventory of its software to ensure that its records are accurate. (See Recommendation 13.)

*Agency Response:* “The agency agrees with this recommendation. IT personnel will work with fiscal personnel to identify missing fields in CORE for software reporting and update Core-CT records as necessary. In order to strengthen our process, all IT purchases, including software require approval from the IT Manager(s). Additionally, a weekly voucher report is distributed to IT Managers allowing awareness of receipt of goods. IT will work with fiscal to ensure that proper procedures are adhered to when purchasing software. These procedures will be reinforced by Executive Staff personnel.”

## **OTHER MATTERS**

During the audited period, our office also investigated certain areas relating to DESPP operations. We deem the following matter to be reportable.

### **Internal Investigations**

*Background:* In October 2015, DESPP began an internal audit of the Emergency Services Unit’s purchasing and inventory processes. During this audit, it noted various equipment items, including tactical vests, breach doors, and ammunition that could not be located. It also identified various instances in which the unit did not follow internal and state purchasing procedures. Upon completion of this audit, DESPP notified several state and federal agencies of its findings, but did not perform its own internal investigation.

*Criteria:* Proper internal controls dictate that internal investigations into known or alleged wrongdoing and irregularities should be performed in a prompt, thorough manner. This allows for the most effective, efficient investigation possible.

*Condition:* DESPP noted instances of improper or unsafe handling of agency assets no later than October 2015. DESPP has not yet investigated these matters or recovered improperly purchased items. This breakdown in controls posed a serious risk to the department’s assets.

*Effect:* This matter has remained unresolved for an extended period of time without DESPP taking disciplinary or legal action. This delay made it more difficult to fully investigate this matter and greatly reduced the likelihood of resolving these issues and recovering improperly purchased items.

*Cause:* DESPP determined that it should wait for the completion of outside investigations before taking action.

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

*Recommendation:* The Department of Emergency Services and Public Protection should promptly review instances of irregular or unsafe handling of agency resources. DESPP should investigate these matters, regardless of the involvement of other authorities. (See Recommendation 14.)

*Agency Response:* “The agency agrees in part and disagrees in part. The agency agrees that if it becomes aware of an instance of irregular or unsafe handling of agency resources it must conduct an investigation into the matter soon after making such a discovery. The agency disagrees, however, insofar as the agency may not conduct an investigation when instructed not to do so by the Federal Bureau of Investigations. In the matter in question, the agency promptly conducted an audit in 2015 soon after learning of the instances of improper or unsafe handling of agency assets.

Upon notification of this situation the agency strengthened internal P-card controls and restricted the use of the P-card by non-Fiscal staff. In addition, the agency referred the matter to the State’s Attorney’s office as well as to other agency(ies) as required by statute.”

*Auditors’ Concluding Comment:*

The Connecticut State Police recently informed our office that the FBI has closed their case relating to the missing items. The FBI is not pursuing federal charges. DESPP also informed our office that the Connecticut State Police has initiated a criminal investigation in an effort to pursue any applicable state charges.

## RECOMMENDATIONS

Our prior audit report on the Department of Emergency Services and Public Protection contained 20 recommendations. Four have been implemented or otherwise resolved and 16 have been repeated, combined, or restated with modifications during the current audit. The following is a summary of the action taken on the prior recommendations.

### Status of Prior Audit Recommendations

- The Department of Emergency Services and Public Protection should implement control procedures to ensure compliance with the requirements related to compensatory time set forth in the Department of Administrative Services' Management Personnel Policy 06-02 and the various collective bargaining contracts. **Our audit disclosed that conditions still exist in this area. The recommendation is being repeated. (Recommendation 11.)**
- The Department of Emergency Services and Public Protection should implement control procedures to ensure compliance with the Department of Administrative Services' requirements for reporting and calculating total wages for employees who file workers' compensation claims. **Although improvement was made in this area, further improvement is needed. This recommendation is being repeated with modification to reflect our current findings. (Recommendation 12.)**
- The Department of Emergency Services and Public Protection should comply with Section 5-208a of the General Statutes and communicate dual employment policies to improve monitoring of dual employment situations. **Our audit disclosed that further improvement is needed in this area. Therefore, this recommendation is being repeated. (Recommendation 5.)**
- The Department of Emergency Services and Public Protection should improve internal controls over the processing of overtime to ensure that it makes such payments in accordance with the provisions of the Maintenance and Service Unit bargaining contract. **Our current audit disclosed that sufficient improvement was made in this area. The recommendation is not being repeated.**
- The Department of Emergency Services and Public Protection should take steps to improve internal control over the procurement process and comply with the General Statutes by ensuring a commitment is in place prior to incurring an obligation. The department should comply with state telecommunication procedures for monitoring and verifying telephone charges. The department should also improve purchasing procedures to ensure that it realizes all contract terms, including available discounts. **Our current audit disclosed some improvement in this area; however, further improvement is needed. The recommendation is being repeated with modification to reflect our current audit findings. (Recommendation 6.)**



- The Department of Emergency Services and Public Protection should take steps to strengthen controls over purchasing card transactions by ensuring compliance with established purchasing card procedures. **Sufficient improvement has been made in this area. The recommendation is not being repeated.**
- The Department of Emergency Services and Public Protection should improve internal controls over cash receipts and ensure that its divisions deposit all receipts in accordance with Section 4-32 of the General Statutes. **Our audit disclosed some improvement in this area. However, other issues were noted during our testing that we deemed to be significant. Therefore, the recommendation is being repeated with modification to reflect our current findings. (Recommendation 4.)**
- The Department of Emergency Services and Public Protection should improve internal controls over the bank reconciliation process by ensuring that it performs reconciliations in a timely manner. **Our audit disclosed that sufficient improvement has not been made in this area. The recommendation is being repeated. (Recommendation 10.)**
- The Department of Emergency Services and Public Protection should continue its efforts to review, collect, and account for delinquent receivable accounts in a timely manner. **Sufficient improvement was noted in this area. The recommendation is not being repeated.**
- The Department of Emergency Services and Public Protection’s Commission on Fire Prevention and Control should establish and implement controls to ensure that it accurately reports the bookstore’s accounts receivable records by reconciling receivables with the department’s revenue records. In addition, the commission’s business office should generate and maintain aging reports with supporting detail on a monthly basis for monitoring and reporting purposes. **Sufficient improvement has not been made in this area. Therefore, the recommendation is being repeated with modification to reflect our current audit findings. (Recommendation 2.)**
- The Department of Emergency Services and Public Protection should improve internal controls over asset accountability and reporting, and ensure compliance with the requirements of the State Property Control Manual. The department should conduct a complete annual physical inventory and adjust its property control records to reflect the actual value of its real and personal property. **Our current audit disclosed that improvement has not been made in this area. The recommendation is being repeated with modification to reflect our current audit findings. (Recommendation 1.)**
- The Department of Emergency Services and Public Protection should improve internal control to ensure that it properly records assets in Core-CT and accurately reports them to the State Comptroller. The department should adjust its property control records to reflect the accurate location of its real and personal property. **Our current audit disclosed that issues still exist in this area. This recommendation will be combined with a similar recommendation and repeated. (Recommendation 1.)**

- The Department of Emergency Services and Public Protection should improve internal controls over asset management by ensuring that it files loss reports in a timely manner with the Auditors of Public Accounts and the Office of the State Comptroller. In addition, the department should ensure that it removes all disposed equipment from the Core-CT Asset Management Module in a timely manner. **Our current audit disclosed that sufficient improvement has not been made in this area. The recommendation is being repeated. (Recommendation 7.)**
- The Department of Emergency Services and Public Protection should improve internal controls over weapons by ensuring that it tracks and accounts for all weapons in accordance with established policies and procedures. **Our current audit disclosed that further improvement is needed in this area. The recommendation is being repeated. (Recommendation 3.)**
- The Department of Emergency Services and Public Protection should improve internal control over agency-administered projects and ensure compliance with established state regulations. In addition, the department should review all construction projects it administered during the audited period to ensure that it properly accounted for and reported any capitalized improvements. **Our current audit disclosed that this recommendation has not been implemented. Therefore, the recommendation is being repeated with modification to reflect our current audit findings. (Recommendation 9.)**
- The Department of Emergency Services and Public Protection should comply with reporting timeframes provided for in the General Statutes. **Sufficient improvement was noted in this area. The recommendation is not being repeated.**
- The Department of Emergency Services and Public Protection should promptly disable access to the COLLECT system when an employee leaves the department or when access is no longer required. **Our current audit disclosed that improvement is still needed in this area. The recommendation is being combined with a similar finding and repeated with modification. (Recommendation 8.)**
- The Department of Emergency Services and Public Protection should adjust the level of Core-CT access for some employees to improve the separation of duties. If the department deems such access is necessary and required, it should develop a compensating control system that it documents and periodically reviews. **Our current audit disclosed that sufficient improvement was not made in this area. The recommendation is being combined with a similar finding and repeated with modification to reflect our current audit findings. (Recommendation 8.)**
- The Department of Emergency Services and Public Protection should improve internal controls over software inventory and comply with the requirements contained in the State Property Control Manual. **Slight improvement was noted; however, further improvement is still needed. The recommendation is being repeated with modification to reflect our current audit findings. (Recommendation 13.)**

- The Department of Emergency Services and Public Protection’s Commission on Fire Prevention and Control should establish control procedures over the Connecticut Fire Academy bookstore to provide reasonable assurance that the division accurately maintains financial records and detects errors or irregularities in a timely fashion. **Our audit disclosed that recordkeeping weaknesses still exist with respect to the Commission on Fire Prevention and Control’s Fire Academy bookstore. Therefore, the recommendation is being repeated with modification to reflect our current findings. (Recommendation 2.)**

## **Current Audit Recommendations**

- 1. The Department of Emergency Services and Public Protection should strengthen controls over capital assets, maintain accurate inventory records, and annually perform physical inspections. The department should also ensure that amounts it reported on its CO-59 are accurate and supported with appropriate records. Furthermore, the department should properly document all disposals of capital assets.**

Comment:

Our audit disclosed numerous instances in which capital equipment items could not be found, were not tagged with a state identification number, incorrectly recorded in Core-CT, or incorrectly reported on DESPP's CO-59 form. We also found various instances in which capital assets were disposed of without documentation of authorization for those disposals. Furthermore, we found that DESPP did not complete annual physical inspections of its entire inventory.

- 2. The Department of Emergency Services and Public Protection's Commission on Fire Prevention and Control division should establish control procedures over the Connecticut Fire Academy bookstore to provide reasonable assurance that financial records are accurately maintained. In addition, the division should perform reconciliations between the bookstore's accounting software and the state's information system to ensure that all information is being recorded correctly in both systems.**

Comment:

Our review of the bookstore's accounting system disclosed a variance between the amount of revenue recorded in its system and the amount recorded in Core-CT. Total bookstore revenues recorded in Core-CT were \$202,846 less than what the division recorded in the bookstore's accounting records during the audited period.

- 3. The Department of Emergency Services and Public Protection should continue to improve internal control over weapons and ensure that it tracks and accounts for all weapons in accordance with established policies and procedures.**

Comment:

Our audit of the weapons inventory of 15 sworn personnel disclosed 2 instances in which the inspection forms provided to us were not for the most recent inspection period. We also noted 2 instances in which information on the inspection forms did not match the information on the DESPP inventory listing, and one instance in which a weapon assigned to a sworn employee was not included on the DESPP inventory listing.

4. **The Commission on Fire Prevention and Control should strengthen internal controls to ensure that all receipts are deposited in accordance with Section 4-32 of the General Statutes. In addition, the commission should continue its efforts to implement the use of accountability reports.**

Comment:

Our audit of 10 receipts disclosed 6 instances in which we were unable to determine whether the commission deposited funds, totaling \$5,255, in accordance with the prompt deposit requirements of Section 4-32 of the General Statutes. In addition, we noted one instance in which \$470 was deposited a day prior to the date it was stamped as received. Furthermore, we found that the commission did not use accountability reports during the audited period.

5. **The Department of Emergency Services and Public Protection 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:

Our audit of 6 dual employment situations disclosed 5 instances in which employees held multiple state positions without the required dual employment certification forms in place. These employees earned a total of \$105,461 in gross pay while dually employed.

6. **The Department of Emergency Services and Public Protection should improve internal control over the procurement process and ensure that it solicits bids for goods and services whenever possible. DESPP should also comply with state telecommunication procedures for monitoring by certifying telephone charges.**

Comment:

Our audit of 25 non-payroll expenditure transactions, totaling \$3,053,807, disclosed one instance in which DESPP extended a contract for web development, design, and hosting services for a 30-month period for \$645,000 without going out to bid. Additionally, we noted that DESPP did not certify its monthly billing statements for telephone services by verifying the charges were for services received. During fiscal years 2015, 2016, and 2017 the DESPP telephone bills totaled \$1,142,498, \$1,211,973, and \$1,623,561, respectively.

7. **The Department of Emergency Services and Public Protection should improve internal controls over asset management by ensuring that loss reports are filed with the appropriate agencies in a timely manner. DESPP should also maintain all CO-853 forms in accordance with state record retention requirements.**

Comment:

Our review of 9 loss reports disclosed various exceptions related to the timely submission of loss reports to the appropriate agencies. We also noted an instance in which DESPP filed a loss report for several pieces of equipment, but failed to take those items off of its inventory listing. Furthermore, we noted that DESPP did not maintain loss reports during the audited period, making it impossible to determine whether all losses were appropriately reported.

8. **The Department of Emergency Services and Public Protection should strengthen controls over access to its information systems and ensure that the level of access granted to employees is appropriate. In instances in which incompatible roles must be granted to an employee, DESPP should implement compensating controls to address the risks created by the lack of segregation of duties. In addition, the department should ensure that access to its information systems is promptly terminated upon an employee's separation from state service.**

Comment:

Our audit disclosed 3 instances in which employees separated from DESPP and their COLLECT system accounts were not terminated in a timely manner. In addition, we found 6 instances in which 3 employees were granted roles in Core-CT that are considered to be incompatible. As such, the access granted to these employees created a breakdown in the segregation of duties and no compensating controls were implemented to address this issue.

9. **The Department of Emergency Services and Public Protection should improve internal control over agency administered projects and comply with state regulations and DAS policies and procedures. In addition, DESPP should review all of its construction projects during the audited period to ensure that it has properly accounted for and reported its capitalized improvements.**

Comment:

Our audit disclosed various instances in which all required documentation was not on file for construction projects administered by DESPP during the audited period. We also noted that DESPP did not submit any quarterly reports to DAS for emergency building repairs under \$10,000. However, the department charged \$908,902 to the premise repair/maintenance services account. Furthermore, we noted that the DESPP listing of capital projects only included estimated project costs rather than actual expenditures. In addition, the department did not perform reconciliations between the estimated and actual amounts.

- 10. The Department of Emergency Services and Public Protection should improve internal controls over its bank account reconciliation process by ensuring that it performs monthly reconciliations in a timely manner.**

Comment:

Our review of 24 petty cash bank account reconciliations disclosed 21 instances in which DESPP did not perform reconciliations of its petty cash bank account in a timely manner. Delays ranged from 33 to 223 days after month-end.

- 11. The Department of Emergency Services and Public Protection should strengthen controls to ensure compliance with the requirements related to compensatory time set forth by the Department of Administrative Services and collective bargaining contracts.**

Comment:

Our audit disclosed 4 instances in which we could not determine whether compensatory time was being accrued and used appropriately due to a lack of sufficient documentation. Additionally, we noted 2 instances in which documented approval for the use of compensatory time was not on file. Furthermore, we noted an instance in which an employee was allowed to accrue compensatory time in excess of the maximum limit allowed for by the bargaining unit contract.

- 12. The Department of Emergency Services and Public Protection should strengthen internal controls to ensure compliance with requirements for calculating total wages for employee workers' compensation claims.**

Comment:

Our review of 10 workers' compensation claims disclosed 5 instances in which DESPP did not calculate total wages presented within workers' compensation claims in accordance with state statutes.

- 13. The Department of Emergency Services and Public Protection should continue to strengthen internal controls over software inventory and ensure that its inventory listing contains all information required by the State of Connecticut Property Control Manual. In addition, the department should perform an annual inventory of its software to ensure that its records are accurate.**

Comment:

Our review disclosed that the software inventory records maintained by DESPP did not contain all of the information required by the State of Connecticut Property Control

Manual. Furthermore, we noted that DESPP did not perform annual physical inventories during the audited period.

- 14. The Department of Emergency Services and Public Protection should promptly review instances of irregular or unsafe handling of agency resources. DESPP should investigate these matters to improve internal controls and operations, regardless of the involvement of other authorities.**

Comment:

DESPP noted instances of improper or unsafe handling of agency assets no later than October 2015. As of April 2019, DESPP has yet to investigate these matters or recover improperly purchased items.



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David S. Paradie  
Michael Stemmler  
Andrew Collins

**CONCLUSION**

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Emergency Services and Public Protection during the course of our examination.

Approved:



John C. Geragosian  
State Auditor



Michael J. Delaney  
Principal Auditor



Robert J. Kane  
State Auditor