

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF CONSUMER COUNSEL
CONNECTICUT SITING COUNCIL
FISCAL YEARS ENDED JUNE 30, 2015, 2016 AND 2017*

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

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March 26, 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 Energy and Environmental Protection, the Council on Environmental Quality, the Office of Consumer Counsel, and the Connecticut Siting Council. 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, 2015, 2016, and 2017.

The key findings and recommendations are presented below:

Page 37	DEEP does not have an adequate system for managing fuel usage at its stations for state vehicles and equipment. The department should upgrade its fuel delivery stations to better account for gasoline distributed at pumps and used by employees. (Recommendation 12.)
Page 18	DEEP does not include or document all assets in the state's accounting system, including the majority of its fine art at various state parks. The department should strengthen internal controls over inventory to better comply with the requirements of the State Property Control Manual and the State Comptroller's reporting instructions. (See Recommendation 4.)
Page 34	DEEP's method of calculation of public utility assessments results in companies being overbilled. The department should calculate the assessment in accordance with the General Statutes. (See Recommendation 11.)
Page 14	There is inadequate segregation of duties in payroll and personnel as 2 payroll employees can perform all functions in Core-CT. The department should improve segregation of duties between payroll and personnel functions by eliminating conflicting roles. (See Recommendation 2.)
Page 22	DEEP does not consider any of the "Friends of" groups associated with its parks and forests to be foundations. The department should establish procedures to determine the applicability of laws governing foundations in relation to "Friends of" organizations. The department should enter into written agreements with the "Friends of" organizations detailing their roles and activities and how it would benefit the state park or forest. (See Recommendation 6.)
Page 27	DEEP did not report all losses of state property to the state auditors and State Comptroller as required by the General Statutes. The department should report all losses of state property in accordance with the General Statutes. (See Recommendation 8.)
Page 46	We found several internal control weakness in the Public Utilities Regulatory Authority's Request for Proposal process for hiring consultants. The department should improve its internal controls regarding the evaluation of requests for proposals at the Public Utilities Regulatory Authority. (See Recommendation 17.)

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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March 26, 2020

AUDITORS' REPORT

We have audited certain operations of the Department of Energy and Environmental Protection (DEEP), the Council on Environmental Quality (CEQ), the Office of Consumer Counsel (OCC), and the Connecticut Siting Council (CSC) 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, 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, as well as certain external parties; 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 Energy and Environmental Protection, Council on Environmental Quality, Office of Consumer Counsel, and Connecticut Siting Council.

COMMENTS

FOREWORD

The Department of Energy and Environmental Protection (DEEP) operates under the provisions of Titles 15 Chapters 263 and 268, 16, 16a, 22a, 23, 25 and 26 of the General Statutes. DEEP was created by Public Act 11-80, effective July 1, 2011, and brings together the former Department of Environmental Protection and the Department of Public Utility Control, along with the energy policy group from the Office of Policy and Management. DEEP has jurisdiction over all matters relating to the preservation and protection of the air, water and other natural resources of the State of Connecticut. The principal areas of operation, stated in terms of broad purpose, are as follows: conservation of land and water resources, parks and recreation, fish and wildlife, water resource management, solid waste management, air and water pollution, geological survey, and energy efficiency. Robert J. Klee was appointed commissioner effective February 4, 2014 and continued to serve in that capacity during the audited period.

The three DEEP divisions are Energy, Environmental Conservation, and Environmental Quality. The Energy Division includes the Public Utilities Regulatory Authority (PURA), which reviews utility rates and the Bureau of Energy and Technology Policy (BETP), which develops energy efficiency, infrastructure and alternative power programs. The Environmental Conservation Division is concerned primarily with our natural resources represented by open spaces and underdeveloped land areas; fish life; streams and coastal areas; and state-owned parks and forests. The Environmental Quality Division maintains and improves the quality of the air, land, and water resources of the state by preventing pollution or mismanagement thereof by private, public, or business interests.

PURA, formerly the Department of Public Utility Control (DPUC), operates under the provisions of Title 16, Chapter 277, Section 16-1 to 16-50f of the General Statutes. PURA, along with the Bureau of Energy and Technology Policy, is part of the energy division of DEEP. PURA regulates the rates and services of Connecticut's investor-owned electricity, natural gas, water, and telecommunication companies and is the franchising authority for the state's cable television companies. PURA is responsible for balancing the public's right to safe, adequate, and reliable utility service at reasonable rates with the provider's right to a reasonable return on investment. PURA monitors utility companies to promote equity among competitors, while customers benefit from competition and are protected from unfair business practices. PURA expenses and assessment revenues are accounted for in the Consumer Counsel and Public Utility Control Fund, a special revenue fund in accordance with Section 16-48a of the General Statutes. Amounts in this fund may be expended only pursuant to appropriation by the General Assembly, and any balance remaining in the fund at the end of any fiscal year is to be carried forward to the succeeding fiscal year. As of June 30, 2017, PURA consisted of three commissioners appointed by the Governor: Katherine Scharf Dykes, Chair, John W. Betkoski III, Vice-Chairman, and Michael A. Caron.

The Bureau of Energy Technology Policy (BETP) is responsible for carrying out the statutory purposes of Title 16a – Planning and Energy Policy, Chapters 295 through 298a, Sections 16a-1 through 16a-108 of the General Statutes. BETP develops plans and policies to implement Connecticut's Comprehensive Energy Strategy, oversees the planning and implementation of the state's energy efficiency programs, works with the state's Energy Efficiency Board, administers the state's Weatherization Program, develops plans and policies related to renewable energy projects, and develops and implements the Connecticut Climate Change Action Plan.

The Office of Consumer Counsel (OCC) operates under the provisions of Title 16, Chapter 277, Section 16-2a of the General Statutes and is within DEEP for administrative purposes only. OCC advocates for consumer interests in matters that may affect Connecticut consumers with respect to public service companies, electric suppliers, and certified telecommunications providers. OCC participates in any regulatory or judicial proceedings in which interests of Connecticut consumers may be involved, or in which matters affecting utility services rendered may be involved. OCC is a party to each contested case before PURA and may appeal decisions in any such proceeding. OCC is under the direction of a Consumer Counsel, appointed by the Governor with the advice and consent of either house of the General Assembly. The expenses of OCC are assessed in accordance with the provisions of section 16-49. Elin Swanson Katz was the Consumer Counsel as of June 30, 2017 and, served throughout the audited period.

The Connecticut Siting Council (CSC) established under Title 16, Chapter 277a, Section 16-50j, is within DEEP for administrative purposes only. The council's primary mission is to provide a regulatory process for balancing the need for adequate and reliable public utility services with the need to protect the environment and ecology of the state. The council reviews and acts on applications for approval of sites for construction, operation, and maintenance of facilities for certain electric and fuel transmission lines, electric generating or storage facilities using any fuel, electric substations or switchyards, community antenna television towers and head-end structures,

telecommunication towers, and hazardous waste facilities in conjunction with DEEP. The CSC chairman as of June 30, 2017 was Robert Stein.

The Council on Environmental Quality, established under Section 22a-11 of the General Statutes, is within DEEP for administrative purposes only. The 9-member council can receive and investigate citizen complaints and refer such matters to the appropriate regulatory agency for action. Annual reporting to the Governor is required. Expenditures in the amount of \$173,764, \$172,725 and \$170,481 occurred during the fiscal years ended June 30, 2015, 2016 and 2017, respectively. There were no revenues during that same period. Karl J. Wagener was the executive director and Susan D. Merrow was the chairperson as of June 30, 2017.

Significant New Legislation

Public Act 15-107 allowed DEEP to solicit proposals for long-term energy contracts for electric companies. The electric companies are required to recover net costs and credit customers for net revenues from sales of products purchased through the contracts.

Public Act 15-5, June Special Session made the following changes:

- Transferred the powers and duties of existing harbor boards, boards of harbor commissioners, and harbor masters from the Department of Transportation to DEEP.
- Formed the Office of State Broadband within the Office of Consumer Counsel in order to bring ultra-high speed internet access to every address in Connecticut via the CTgig Project (a coalition of municipalities, state officials and other interested parties).
- Two or more utility commissioners serving on a panel pursuant to subsection (c) of Section 16-2 of the General Statutes may confer or communicate about matters before PURA without it being considered a meeting under Freedom of Information Act requirements for a public meeting.
- The DEEP commissioner shall administer pilot test programs at state agencies for the use of technologies, products or processes that promote energy conservation, energy efficiency or renewable energy.
- Allows Special Transportation Fund resources to pay for DEEP boating regulation and enforcement.

Public Act 16-27 changed various laws governing fishing and hunting including establishing a trout stamp with a fee and expanded the types of birds that a person with a migratory bird conservation stamp could hunt. The act also increased the fee of that stamp.

RÉSUMÉ OF OPERATIONS

During the fiscal years ended June 30, 2015, 2016, and 2017, DEEP activity was accounted for in the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds and Fiduciary/Trust Funds. The discussion of the funds in more detail follows.

GENERAL FUND

General Fund receipts and expenditures are summarized below.

General Fund Receipts by Account:

	<u>Fiscal Year Ended June 30,</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Other Revenue	\$11,690,147	\$11,751,890	\$11,841,131	\$11,342,083
Fees	11,681,311	11,627,758	12,796,996	12,624,093
Permits	9,272,406	7,575,360	9,521,258	7,997,027
Sales –Commodities & Services	6,703,665	6,421,341	7,559,031	6,076,427
Rents, Fines and Escheats	1,015,898	1,199,045	1,223,272	1,180,827
Refunds and Miscellaneous	<u>(754,125)</u>	<u>(769,065)</u>	<u>(260,925)</u>	<u>(955,941)</u>
Total Receipts	<u>\$39,609,302</u>	<u>\$37,806,329</u>	<u>\$42,680,763</u>	<u>\$38,264,516</u>

General Fund revenues increased in fiscal year 2016 due to increases in fees received from the Department of Motor Vehicles from registrations for the federal Clean Air Act. Revenue also increased from medical x-ray permits collected every 2 years. Camping and parking at state park revenue can be weather dependent and increased in fiscal year 2016 due to increased park visits and decreased in the following year due to less visits and park closures due to staffing shortages.

General Fund Expenditures by Account:

	<u>Fiscal Year Ended June 30,</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Personal Services & Benefits	\$53,878,328	\$56,252,404	\$54,057,123	\$48,529,922
Premises and Property Expenses	3,339,196	3,103,480	3,184,268	2,893,944
Purchases & Contracted Services	3,255,647	3,396,786	3,695,376	2,996,790
Information Technology	2,103,320	982,718	1,244,998	1,747,695
Capital Outlays	2,891,562	2,092,621	1,266,892	644,512
Motor Vehicle Costs	2,587,026	2,295,973	1,824,801	1,719,993
Purchased Commodities	1,742,023	1,442,334	1,450,004	1,168,568
Fixed Charges	898,860	1,292,034	751,018	664,848
Employee Expenses	354,772	335,289	316,525	190,916
Other Charges	<u>(313,012)</u>	<u>(760,568)</u>	<u>(64,033)</u>	<u>107,965</u>
Total	<u>\$70,737,722</u>	<u>\$70,433,071</u>	<u>\$67,726,973</u>	<u>\$60,665,153</u>

Total General Fund expenditures remained relatively consistent until fiscal year 2016-2017 when there was a significant decrease due to a reduction in personal services and benefits due to a decrease in employees.

SPECIAL REVENUE FUNDS

DEEP utilized special revenue funds to account for expenditures for specific programs. The most significant receipts and expenditures were for Federal and Other Restricted Accounts, Consumer Counsel/DPUC Fund, and Small Town Economic Assistance Program (STEAP) Grants to Local Government. The summary of all receipts and expenditures for all Special Revenue Funds are below.

Federal and Other Restricted Accounts Fund

This fund accounts for federal and other revenue that is restricted from general use. The largest federal programs were sport fishing, wildlife restoration, air pollution control, air, water and waste management, and Performance Partnership Grants. Revenue decreased during the fiscal year ended June 30, 2015 as settlement agreements resulted in less revenue. Further decreases occurred in fiscal year 2017 due to decreased revenue from Regional Green House Gas (RGGI) as the amount collected is based on auction proceeds from CO² allowances and the clearing price varies each auction. The summary of revenue and expenditures for the Federal and Other Restricted Accounts Fund follows.

	<u>Fiscal Year Ended June 30,</u>			
Revenue	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Non-Federal Aid-Restricted	\$57,864,323	\$42,904,348	\$44,894,531	\$32,056,665
Federal Aid Restricted	36,851,181	43,384,223	39,262,414	40,754,552
Fees	3,619,389	3,174,108	2,548,056	1,511,733
Grant Transfers and Other	38,306	1,960	1,852,170	868,627
Total Revenue	<u>\$98,373,199</u>	<u>\$89,464,639</u>	<u>\$88,557,171</u>	<u>\$75,191,577</u>
Expenditures	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Personal Services & Benefits	\$31,179,114	\$29,899,868	\$29,134,986	\$31,436,607
Other Charges	23,956,289	28,613,829	25,958,934	9,646,710
Fixed Charges	15,972,459	21,074,879	22,492,803	21,431,392
Purchases & Contracted Services	4,470,391	3,377,404	3,824,818	4,709,612
Capital Outlays – Building	3,211,145	1,501,671	1,570,470	140,000
Capital Outlays	1,716,593	3,715,367	1,856,300	3,359,694
Premises and Property Expenses	1,492,216	1,635,454	1,273,218	1,359,794
Capital Outlays-Equipment	1,098,332	1,083,054	707,646	606,665
Information Technology	1,064,503	542,223	580,920	456,362

Motor Vehicle Costs	650,433	464,101	427,978	435,244
Purchased Commodities	562,044	506,759	582,686	594,622
Employee Expenses	<u>315,122</u>	<u>202,171</u>	<u>147,826</u>	<u>182,310</u>
Total	<u>\$85,688,641</u>	<u>\$92,616,780</u>	<u>\$88,558,584</u>	<u>\$74,359,014</u>

Expenditures decreased in fiscal year 2017 in correlation with the decrease of RGGI revenue in the same fiscal year.

Consumer Counsel/DPUC Fund

This fund includes receipts and expenditures for the Public Utilities Regulatory Authority (PURA), formerly known as the Department of Public Utility Control (DPUC), and the Office of Consumer Counsel (OCC). PURA is part of the energy branch of DEEP and OCC is part of DEEP for administrative purposes only. Receipts consist primarily of assessments from utility companies. Receipts and expenditures for the Consumer Counsel/DPUC Fund are summarized below.

Revenue	<u>Fiscal Year Ended June 30,</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Recoveries of Expenses	\$24,489,024	\$25,581,671	\$24,867,476	\$28,268,754
Fees for Examination	29,300	23,350	19,100	21,100
Other Fees and Refunds	<u>200</u>	<u>133</u>	<u>263</u>	<u>298</u>
Total Revenue	<u>\$24,518,524</u>	<u>\$25,605,154</u>	<u>\$24,886,839</u>	<u>\$28,290,152</u>
Expenditures by Account				
Personal Services & Benefits	\$20,007,272	\$20,630,817	\$22,857,615	\$22,546,842
Premises and Property Expenses	1,412,791	653,472	637,714	661,163
Fixed and Other Charges	1,191,856	212,197	490,349	706,139
All Other Expenditures	<u>1,717,453</u>	<u>1,677,058</u>	<u>1,838,184</u>	<u>1,266,763</u>
Total Expenditures	<u>\$24,329,372</u>	<u>\$23,173,544</u>	<u>\$25,823,862</u>	<u>\$25,180,907</u>

Total expenditures increased in 2015-2016 due to a slight increase in paid positions.

Grants to Local Governments and Others Funds

The Grants to Local Governments and Others Fund is used by various state departments to account for bond authorizations for grants to local governments, organizations, and individuals. Expenditures totaled \$16,983,185, \$21,339,887, \$19,112,958, and \$27,863,235 during the fiscal years ended June 30, 2014, 2015, 2016 and 2017, respectively. The majority of expenditures were reimbursement grants for the underground storage tank clean-up program, grants for municipal land acquisition, the Small Town Economic Assistance Program (STEAP), energy microgrids, and any remediation at hazardous waste disposal sites.

ENTERPRISE FUND – CLEAN WATER FUND

The Clean Water Fund (CWF) operates under the provisions of Section 22a-475 through 22a-483 of the General Statutes. This fund is used for grants, loans for research, planning and construction of water quality projects and improvements. Receipts of the Clean Water Fund were primarily from federal grants and the sale of bonds. Receipts and expenditures for the Clean Water Fund are summarized below.

Revenue by Account	<u>Fiscal Year Ended June 30,</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Federal Grants	\$15,973,465	\$13,935,064	\$ 9,736,241	\$ 8,389,048
Investment Income	745,324	1,242,649	711,945	2,250,857
Miscellaneous	<u>119,105</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>\$16,837,894</u>	<u>\$15,177,713</u>	<u>\$10,448,186</u>	<u>\$10,639,905</u>
Expenditures by Account				
State Account	\$ 40,844,448	\$ 50,184,109	\$ 70,532,491	\$ 86,727,546
Federal Account	98,575,274	105,291,139	126,994,683	117,176,245
Long Island Sound Account	0	20,105	33,515	13,327
Drinking Water Federal Loan	<u>25,253</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$139,444,975</u>	<u>\$155,495,353</u>	<u>\$197,560,689</u>	<u>\$203,917,118</u>

The expenditures above represent DEEP expenditures only. Expenditures were primarily for grants to the Metropolitan District, municipalities, and others for combined sewer overflow projects, upgrade of water pollution control facilities, and nutrient removal projects. Expenditures were also for loans and administrative expenses. Independent public accountants audited the Clean Water Fund for the period under review.

CAPITAL AND NON-CAPITAL PROJECTS FUNDS

Expenditures from capital and non-capital projects funds totaled \$17,246,725, \$27,677,172, \$34,074,767 and \$26,320,980 during the fiscal years ended June 30, 2014, 2015, 2016 and 2017, respectively, and were primarily for grants, premises repair and supplies, and sites for parks and public places. There were no revenues recorded for the Capital and Non-Capital Projects Funds. Expenditures in this category increased significantly during the fiscal years ended June 30, 2015 and 2016 due to improvements to state parks, dam repairs, and flood control improvements.

TRUST FUNDS

DEEP is responsible for maintaining administrative control over 8 accounts, with other trustees responsible for 3 other accounts, as follows:

<u>DEEP Funds</u>	<u>Purpose</u>	<u>Balance at June 30, 2017</u>
Culpeper	Repair of facilities at the American Shakespeare Theater	\$ 20,627
James L. Goodwin	Provide educational activities and maintain the Goodwin Center	814,830
Hopemead	Develop property previously conveyed to the state	3,792,189
Kellogg	Maintain Kellogg Environmental Center and Osborndale State Park	1,054,955
Topsmead	Maintain Topsmead State Forest	3,664,488
Wagner-Firestone	Maintain a bird and game sanctuary in Lyme and East Haddam	210,076
Flora Werner	Benefit of the real estate devised to the state	423,193
White Memorial	Maintain wildlife sanctuaries, including Werner Woods	<u>4,382,475</u>
Subtotal - DEEP		<u>\$14,362,833</u>
<u>Trustee Funds</u>		
James L. Goodwin	Provide educational activities and maintain the Goodwin Center	\$ 814,830
Belding Wildlife	Manage, enhance, maintain Belding Wildlife Management area	2,215,634
Kellogg	Maintain Kellogg Environmental Center and Osborndale State Park	<u>14,856,487</u>
Subtotal - Other		<u>\$17,886,951</u>
Total Funds		<u>\$32,249,784</u>

Since June 30, 2014, the DEEP fund balance increased \$2,458,150, and the balance within the trustee-controlled accounts increased \$1,980,224 due mostly to investment earnings. In addition, our previous report did not include the Belding Wildlife Management Area Charitable Trust as DEEP did not receive statements from the trustee in the previous audited period.

OFFICE OF CONSUMER COUNSEL

The Office of the Consumer Counsel (OCC) advocates for consumer interests in matters that may affect Connecticut consumers with respect to public service companies, electric suppliers, and certified telecommunications providers. Expenses of OCC are recovered through assessments from utility companies and accounted for within the Consumer Counsel/DPUC Fund. There were no notable receipts for OCC during the audited period.

Expenditures by Account	<u>Fiscal Year Ended June 30,</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Personal Services & Benefits	\$1,895,562	\$1,991,079	\$2,213,298	\$1,911,295
Premises & Property Expenses	218,039	105,321	92,094	141,580
Purchases & Contracted Services	75,036	78,595	340,701	177,009
Indirect Expenses	69,625	(49,789)	97,613	66,419
Employee Expenses & Allowances	60,535	45,915	52,095	72,258
Other	23,646	54,233	7,549	9,457
Total Expenditures	<u>\$2,342,443</u>	<u>\$2,225,354</u>	<u>\$2,803,350</u>	<u>\$2,378,018</u>

Expenditures within the Consumer Counsel/DPUC Fund increased mainly in fiscal year 2016 due to pay increases and hiring a contractor to develop a strategic action plan for developing fiber networks statewide. Expenditures subsequently decreased in fiscal 2017 due to the departure of two employees.

CONNECTICUT SITING COUNCIL

The Connecticut Siting Council (CSC) is within DEEP for administrative purposes in accordance with Section 16-50j of the General Statutes. The accounting of operations of the council are within the Siting Council Fund. Receipts consisted primarily of assessments on applicable energy and telecommunications services and recoveries of expenditures from applicants for costs incurred in conducting hearings and proceedings, in accordance with Section 16-50v of the General Statutes. Receipts received for the fiscal years ended June 30, 2014, 2015, 2016 and 2017 totaled \$1,347,537, \$1,466,157, \$1,592,486, and \$2,130,075 respectively. The increase in fiscal year 2017 mainly occurred in the recoveries of expenditure account. These recoveries are the result of differences in the number of dockets and petitions filed by each industry during each year and the actual expenses and corresponding reimbursement related to each case. Expenditures for CSC are summarized below.

	<u>Fiscal Year Ended June 30,</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Personal Services & Benefits	\$1,126,620	\$1,157,167	\$1,183,440	\$1,073,832
Other Charges – Indirect Expenses	319,675	351,635	401,961	201,113
Purchases & Contracted Services	147,947	183,579	117,235	113,136
Premises and Property Expenses	131,913	56,679	56,049	53,419
Capital Outlays - Equipment	29,621	1,061	0	0
Purchased Commodities	8,426	3,888	4,476	5,702
Information Technology	7,884	7,918	5,202	5,004
Employee Expenses & Allowances	7,049	2,177	2,728	1,223
Motor Vehicle Costs	6,756	3,172	2,851	2,751
Total Expenditures	<u>\$1,785,891</u>	<u>\$1,767,276</u>	<u>\$1,773,942</u>	<u>\$1,456,150</u>

Expenditures within the Siting Council Fund decreased in the 2018 fiscal year, mostly due to indirect expenses calculated annually by the State Comptroller and accounted for within Other Charges – Indirect Expenses.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Energy and Environmental Protection disclosed the following 18 findings and recommendations, of which 10 have been repeated from the previous audit:

Reporting Errors – Generally Accepted Accounting Principles (GAAP) Financial Data

Criteria: The Office of the State Comptroller (OSC) requires each state agency to submit closing packages annually to enable OSC to prepare accurate financial statements in accordance with generally accepted accounting principles (GAAP). OSC instructs agencies to report accurate financial information that is not readily available on the state's Core-CT accounting system.

Condition: Our review of the GAAP forms DEEP filed as of June 30, 2017, revealed several issues:

GAAP Form 2 – Receivables

-DEEP improperly included two receivables from spill cleanups on state property, totaling \$95,394, as receivables and deemed uncollectible.

-DEEP did not include collections of \$100,999, thus overstating the receivables reported. The department did not include a deposit of \$175 in collections received as of August 31.

-DEEP turned off the interest accruing function for some of the emergency spill receivables in its Access database, which maintains the receivables resulting in understated receivables. For the 2 receivables we identified, we found one still does not accrue interest on its principal balance of \$464,504 and the other of \$4,175 had interest increased from zero to \$2,506 as of June 30, 2018.

GAAP Form 3 – Grants Receivable

-DEEP informed us that the collection of all reported receivables would be by June 30, 2017 for receivables reported as of June 30, 2016. As of June 30, 2017, DEEP still has not collected 6 receivables, totaling \$186,191. DEEP staff agreed that these receivables were not collectible and should be closed out.

-DEEP did not use the correct methodology to prepare the GAAP Form 3 report. The proper calculation of receivables involves determining open grant awards, and then determining if the expenditures exceeded the revenue received for those grant awards. Instead, DEEP used 2003

receivables and payables (prior to the implementation to Core-CT) in the calculation on its worksheet that netted out to a receivable of \$9,446,941. Of this amount, \$2,679,425 affect the reported grants receivable. Then, DEEP determined revenues and expenditures for each federal account and if there is a reportable receivable. We tested one reported receivable of \$553,112 to determine its accuracy. The test includes reviewing federal grant awards, expenditures, and reimbursements. The test shows the reported receivable of \$553,112 should have been \$179,787, which is an overstatement of \$373,325.

GAAP Form 5 – Contractual Obligations

-We compared obligations as of June 30, 2016 to those as of June 30, 2017. We found that 28 of the 67 obligations, or \$23,068,315 of the \$63,236,803, remained unchanged during the year. Several purchase orders within these obligations had end dates before June 30, 2017, and had no activity or an expired contract period. DEEP informed us that purchase orders, totaling \$3,344,234, need closure due to inactivity and to renew expired contracts.

- Effect:* The state’s GAAP basis financial statements may contain misstatements.
- Cause:* DEEP does not have adequate procedures in place for the proper preparation of some of its GAAP forms.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering the fiscal years ended 2012 to 2014.
- Recommendation:* The Department of Energy and Environmental Protection should improve its oversight over GAAP reporting. (See Recommendation 1.)
- Agency Response:* “The Department recognizes the importance of annual GAAP reporting and is implementing enhanced business processes that will assist with receivables, write-offs, contract maintenance and the reporting of contractual obligations. Additionally, new staff hired within the Grants Management unit are dedicated toward reconciling old pre-Core-CT federal grant balances to ensure that GAAP reporting is accurate. Timing of final grant awards, receivables and drawdowns vary by program. The Agency continues to make tremendous progress cleaning historical ledger balances on concurrent federal grants and forfeits remaining cash balances to the general fund.”

Inadequate Segregation of Duties for Payroll, Personnel, and Timesheet Approvals

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 and without oversight. For those agencies that currently 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 to prevent inappropriate or fraudulent transactions.

State pay periods end on Thursday. Supervisors should approve timesheets of employees by the following Wednesday to verify that the employee worked the required hours and used the proper Core-CT time codes for work or the appropriate leave (sick, vacation, etc.).

Condition:

The DEEP payroll and benefits unit consists of a principal human resource specialist (instead of a payroll supervisor), a payroll officer 1 and a financial clerk according to the organization chart. The principal human resource specialist and payroll officer 1 have dual access to both the payroll and human resource functions in Core-CT. These two employees have the Human Resource (HR) Specialist role, Payroll Specialist role, and Time and Labor Specialist roles in Core-CT. This allows them to add employees and pay employees. It also allows them to change time, attendance, and pay rate information.

All 10 employees in the personnel unit have the HR Specialist role. It is unnecessary that anyone in the payroll unit also have the HR Specialist role.

Core-CT personnel requested that DEEP re-submit and update if necessary, its previous justification for the need for dual roles for staff by December 31, 2016. DEEP submitted its justification February 2017. The justification states that access to the HR Specialist role was needed for one employee in order to amend addresses. The other employee must approve this change. DEEP did not indicate that 10 employees with the HR Specialist role in the personnel unit may also perform this work.

DEEP informed us that it has internal audit procedures to prevent inappropriate or fraudulent transactions. It did not provide us with

evidence that it performed those audit procedures. In the previous audit report, DEEP stated that the internal audit procedures were: (1) that they post audit full-time employees and audit current for seasonal employees; (2) run a Core-CT reported time report every pay period for all employees and they audit all hours coded on the timesheets; and (3) if there are any timesheet revisions/changes entered by one of the employees with multiple roles the other employee with multiple roles approves the change.

The same two employees who have HR Specialist and payroll responsibility, also have time and labor specialist roles. These 2 employees approved over 2000 timesheets in fiscal year 2017, including occasionally approving their supervisors' timesheets.

One of the payroll unit employees mentioned above was a former human resource administrator, but in 2005 became a principal human resource specialist. The employee still had an active human resource administrator role in Core-CT.

Effect: Staff are able to create an employee in Core-CT, prepare and approve their timesheet, and then process payments to the employee.

Timesheets not approved by the employee's supervisor may not have time accurately reported, as payroll employees may not be aware whether an employee was at work or worked the required hours.

If payroll employees do not approve the timesheets, employees may not be paid.

Cause: Core-CT approved the justification for dual roles without asking DEEP if there were other employees that had the HR specialist role that could perform the actions stated in the justification.

Some DEEP supervisors did not always promptly approve employee timesheets in order to process payroll.

Prior Audit Finding: This finding has been previously reported in the last 5 audit reports covering 2004 to 2014.

Recommendation: The Department of Energy and Environmental Protection should improve segregation of duties between payroll and personnel functions by eliminating conflicting roles. Supervisors should promptly approve their employees' timesheets each pay period. If a supervisor is not

available, an appropriate designee with knowledge of the employee's attendance should approve their timesheet. (See Recommendation 2.)

Agency Response:

“DEEP agrees with the audit finding and recognizes the need for segregation of duties. The Department has continued to improve managing roles with limited resources and has begun using additional control procedures based on recommendations we received from Core-CT security. In regards to timesheet approval, the Department has an obligation to ensure that each employee is paid for work completed on a bi-weekly basis. When a supervisor does not sign-off on an employee timesheet a manual approval is made by the payroll office. A process has been developed to distribute post audit reports of “timesheets pending approval” to management on a bi-weekly basis. The report have been included in our established audit procedures. The internal audit procedures will continue as follows:

- a. A Core-CT Reported Time report is run every pay period for all employees. All hours that are coded on the timesheet are audited.
- b. Any timesheet revisions/changes entered by an HR user are approved by a separate individual with HR roles.

With attrition and the loss of payroll resources, shared responsibilities will be reviewed by separate offices through post payroll audit. This segregated responsibility will ensure that payroll transactions are reviewed, tested and audited by the Department on a bi-weekly basis. Additional controls will limit the possibility of data errors, errant entries and overpayments.

Job Data transactions are now performed by the appropriate HR staff which will eliminate the finding in future audits. Also, the State began the consolidation of HR resources and functions into DAS will continue to improve HR functions and segregation of responsibilities. The consolidation will ensure statewide compliance with security functions managed in payroll vs. functions managed by human resource staff.”

Monitoring Personnel Actions and Timesheet Reports for Proper Hours

Criteria:

Appropriate agency employees should review and authorize changes to personnel records to ensure the propriety of the changes. This is especially important for payouts after employees leave state service. Employees must be removed from active status once these final payments occur.

It is necessary to review timesheet approvals for accuracy prior to the processing of timesheets for payment.

Condition:

DEEP does not properly monitor the status of its active employees in Core-CT. We found that DEEP listed 8 former employees as active in Core-CT, even though these employees left state service some time ago. DEEP added the employees back to Core-CT after they left state service, because the department owed them separation payouts. DEEP informed us that only one employee had a valid reason to be classified as active.

Employees should not record more than their scheduled 70 or 80 regular hours to their biweekly timesheet. We found some employees recorded more than their regularly scheduled hours in a pay period. DEEP corrected these errors after the payroll was processed and paid. The department did not investigate and correct the regular hours that exceeded the scheduled hours prior to processing the payroll.

Effect:

DEEP may not promptly detect errors and unauthorized changes to employee Core-CT records.

Former DEEP employees could be erroneously paid. DEEP could over or underpay other employees when payroll is not properly classified as regular or overtime.

Cause:

DEEP did not monitor the status of active employees when it did not change former employees' status to inactive.

DEEP did not appear to monitor timesheet coding for total hours.

Prior Audit Finding:

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

Recommendation:

The Department of Energy and Environmental Protection should monitor personnel actions in active employee records to ensure that it promptly removes former employees from active status. The department should ensure that employees charge the correct amount of hours on their timesheets. (See Recommendation 3.)

Agency Response:

“The Department recognizes the importance of maintaining the position status report in Core-CT. The Human Resource Division reviews job data and the active roster on a regular basis. Bi-weekly reports are issued documenting each employee transaction after it is processed by our payroll or human resources staff. The Department tracks, monitors and reviews both position and employee actions and changes in Core-CT.

As mentioned in the prior finding, a process is being developed to distribute reports of “timesheets pending approval” to management on a bi-weekly basis to ensure that supervisors are responsible for the approval of employee timesheets and that hours coded are being properly managed. The Department runs audit reports prior to payroll confirm to determine discrepancies with standard hours for each employee. The Department has seven bargaining units with several different standard work schedules. The payroll office runs queries prior to payroll confirm to identify errant timesheet coding including missing timesheets, incorrect reporting of extra hours and other timesheet related errors. The fiscal office runs post audit reports and delivers payroll detail including overtime and comp time to agency managers and supervisors. The reports are valuable tools to insure that roster information is updated and that payroll projections are within budget. Delays in removing staff from the roster are typically due to timing of separation and related payouts. In certain cases the employee must remain until final release is approved by Retirement Services. Post audit review insures inactive employees are removed from the roster and the Department will continue to create more controls to expedite the change in status.”

*Auditors’ Concluding
Comment:*

While the department claims to process all of these reports, it does not sufficiently evaluate them. If it had, it would have detected several employees who left state service (some over 5 years and one over 7 years), but remained on active status after receiving final leave payments.

Deficiencies in Inventory Reporting and Internal Controls

Criteria:

Section 4-36 of the General Statutes requires each state agency to maintain inventory records in the form prescribed by the State Comptroller and to submit an annual report of its inventory balances to the State Comptroller. The State Property Control Manual prescribes the inventory procedures that agencies should follow.

The State Property Control Manual specifies requirements and standards that state agency property control systems must include to ensure that all assets currently owned by or in the custody of the state are properly acquired, managed, and disposed of. The requirements are as follows:

- State agencies should use the Asset Management/Inventory Report/GAAP Reporting Form (CO-59) to report all of their property. Agencies should generate information on capitalized

assets from Core-CT and include that information on the CO-59 form.

- State agencies must establish a software inventory to track and control all agency software and its value recorded on the CO-59 form.
- Fine art includes works of art such as statues, paintings, sculptures, and historical treasures. Agencies possessing fine art are required to maintain a separate inventory for each item regardless of cost or value. Permanent collection pieces in excess of \$10,000 should be appraised by an expert in the field every 6 years. This appraisal is recommended, but not required, by the Comptroller.

Agencies must conduct an annual physical inventories of all assets.

Condition:

CO-59 Fixed Asset inventory report

Licensed Software – DEEP did not support its reported amount of \$1,878,874 for all 3 audited years.

Software (Capitalized) Owned by the State – DEEP did not record a value for systems it developed. One such system is its SIMS (Site Information Management System). SIMS includes DEEP’s permits and applications, enforcement action, and financial information including revenue collection and accounts receivable.

Fine Art - DEEP reported a fine art inventory value of \$760,264. This amount has not changed since 2009. DEEP does not maintain a listing and itemized cost of fine art in Core-CT. DEEP has a record with photographs, a couple of manual listings of art that have remained unchanged over many years and the listings only contain art for some of its parks. DEEP only lists one item as fine art is in Core-CT with a value of \$3,510.

Internal Control Findings

There is no evidence that DEEP conducted a physical inventory of its fine art for some time. DEEP was not aware of the location of some of the items in its manual listings until we informed department that we reviewed them years ago. DEEP has not appraised its fine art items in many years.

A physical inspection of 25 assets selected from Core-CT, disclosed that 3 items were in different locations than DEEP indicated in Core-CT.

Effect: Control deficiencies result in inaccurate and incomplete financial reporting as well as a decreased ability to safeguard assets. The department's property control records did not comply with requirements of the State Property Control Manual.

Fine art may not be properly insured in case of loss. The state may not be complying with the intent of donors some of the fine art.

Cause: There was a lack of management oversight over asset management. DEEP informed us that the lack of appraisals is due to budget constraints.

Prior Audit Finding: Some of the conditions in this finding have been previously reported in the last 4 audit reports covering 2006 to 2014.

Recommendation: The Department of Energy and Environmental Protection should strengthen internal controls over inventory to better comply with the requirements of the State Property Control Manual and the State Comptroller's reporting instructions. (See Recommendation 4.)

Agency Response: "The Department agrees with the finding and recognizes that there is a need for more training and oversight for the reporting of the annual CO-59. As such, GL [general ledger] corrections were not made for capital assets/additions purchased against incorrect account codes. The department is finalizing a methodology for implementing real-time inventory utilizing new tools available in Core-CT and will be revaluing agency assets including software development. Several staff have been dedicated to assist in both the implementation of controls and to assist with ensuring that assets are properly captured in both CO-59 reporting and on the Core-CT GL. Several steps have been taken by the Department to identify and correct inaccuracies in the reporting of State owned assets.

The Department will perform a holistic review of amounts reported under the "Fine Art" category to determine whether or not these values should be represented on the annual CP-59 report and if so, at what value."

Management of Software Inventories

Criteria: The State of Connecticut's Property Control Manual prescribes procedures for the maintenance of software inventory records, control policies, and procedures. The software property control record must

contain certain data, such as the location of the software, the initial installation date, and disposal information.

Sound software inventory management practices call for the periodic inventory of software and audits to detect unauthorized software installations.

Condition: Software inventory records did not identify which computers the applications resided by inventory tag number or serial number.

There are no procedures for the periodic inventory or the surplus of unnecessary software. DEEP only performs audits of software loaded on computers when the computers are updated.

Effect: The lack of adherence to software management policies increases the risk that unauthorized copies of software could go undetected and hinders the proper management of the disposal and upgrade of computers.

Cause: DEEP did not ensure compliance with the minimum data requirements for software inventory as specified in the State of Connecticut's Property Control Manual.

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

Recommendation: The Department of Energy and Environmental Protection should improve controls over software inventories by adhering to procedures in the State Property Control Manual. (See Recommendation 5.)

Agency Response: "The department recognizes the need to control software on state owned equipment and has taken significant steps to improve this process. The majority of users in the department are now utilizing VMware virtual desktop infrastructure (VDI) technology which is a transition away from physical desktops. VDI users receive "images" of software licensed for their use which is administered by IT staff. Software for staff that work in the VDI environment is assigned to a user and no software is on their client computer.

Additionally, the Department leverages administrative tools that allow us to scan any physical devices on the DEEP network in order to identify installed software. Given the IT industry's shift toward annual licensing for software and enterprise license agreements, the department no longer owns a specific version of software and is entitled to upgrades negating the traditional surplus of obsolete software."

Foundation Designation Lacking on Organizations Supporting DEEP

Background: DEEP benefits from the existence of a number of “Friends of” organizations that are associated with various state parks or other facilities. The size and legal makeup of these organizations varies. Some actively fundraise, while others exist primarily to provide contributions of time by members. These organizations exist generally outside of state control and are governed by their own boards. State employees sometimes sit on these boards.

By their nature, these organizations can often be operated informally, with high turnover of officers and weak internal controls. In similar environments, these conditions have led to misappropriation or squandering of assets. In such cases, the reputation of the organizations can be tarnished and DEEP criticized. This can result in reduced participation by other members and difficulty raising funds. This translates to a reduction in assistance to DEEP.

Criteria: Section 4-37e through 4-37k of the General Statutes specify requirements applicable to organizations that meet the definition of a foundation. These requirements include audit provisions, whistleblower policies, resource sharing agreements, and related state-agency filing requirements.

Good internal controls require the establishment of written agreements between DEEP and “Friends groups” not considered foundations to coordinate their activities at state parks with the goals of the agency.

Condition: DEEP does not consider any of the “Friends of” groups to be foundations. All of the “Friends of” groups we reviewed were 501(c) organizations. In addition, we found that, based on a review of their websites and tax forms, these groups claim to primarily support state parks or forests.

We found several of the “Friends of” organizations have access to the state park that is not available to the general public. Several “Friends” groups operate gift stores at state parks without written agreements in place. For example, a “Friends” group, Friends of Dinosaur State Park, operates a gift store rent-free at Dinosaur State Park. The group’s website states that it owns and operates the shop. All profits from sales fund projects, events, and activities at Dinosaur State Park. The website also indicates that the group supports park staff and funds events and exhibits at the park. The group lists its physical location as the park address according to its website and tax form. Other “Friends of”

organizations maintain gift stores and contain the same arrangement related to their profits from sales and addresses.

We found that assets of the Friends of Dinosaur State Park are located at the park without an agreement detailing the responsibility for those assets.

There are no procedures in place to provide DEEP with the amount of support, financial or otherwise, raised by the “Friends of” groups or provided to the related facility.

Our review of the IRS Form 990 of several of the “Friends of” organizations indicate that many of these groups have revenue and significant investments, which would indicate the need for an audit report in accordance with Section 4-37f. DEEP does not receive any audit reports from its “Friends of” organizations.

Effect: There is a reduced assurance that DEEP is in compliance with Section 4-37e through 4-37k of the General Statutes.

Context: There are in excess of 20 organizations that could be impacted by one or more of the above conditions, because they appear to meet the statutory definition of a foundation.

Cause: DEEP does not consider these organizations foundations under the statutory definition, and has not considered entering into written agreements with them.

Prior Audit Finding: This finding has been previously reported in the last audit report covering 2014 to 2016.

Recommendation: The Department of Energy and Environmental Protection should establish procedures to determine the applicability of laws governing foundations in relation to “Friends of” organizations. The department should enter into written agreements with the “Friends of” organizations detailing their roles and activities and how it would benefit the state park or forest. (See Recommendation 6.)

Agency Response: “As a result of the Auditors previous recommendation, the Department conducted a detailed legal review of the question of whether these groups meet the statutory definition of “foundations” under Section 4-37e through 4-37k of the General Statutes. The Department has concluded that they are not foundations based on that close review and analysis of the statutes and a detailed review of prior opinions of the

Attorney General on the subject. That legal analysis and its conclusion and supporting documents were provided to the Auditors by email dated 12/11/2018. The Department will continue to conduct reviews, as changed circumstances require, to ensure that its relationship with our “Friends of State Parks” groups is conducted in accordance with the law.

The Department agrees with the recommendation that written agreements should be developed with “Friends of” groups that use state space in a way that differs from what the general public is permitted to do on park and forest property and/or operates a gift store within a state facility.”

*Auditors’ Concluding
Comment:*

We believe that these “Friends of” groups meet the definition of foundation, as they have principally supported the department financially and with their volunteers throughout the years. It would also seem reasonable that a donor supporting a particular “Friends of” group would believe that the funds would be used to support or improve a particular state park.

The Attorney General’s opinions referred to by DEEP concerns the matter of principal support. In its response to us on 12/11/2018, DEEP mentioned that it did not believe the Friends of Harkness or any of its “Friends of” organizations mainly support DEEP, but work with DEEP as a partner. DEEP also mentioned that since the efforts of the “Friends groups” are at the park and not DEEP, this would imply that friends groups are not foundations. However, DEEP owns and operates the parks.

DEEP stated its review of the bylaws of the Friends of Harkness Memorial State Park found that they work with DEEP to further the exhibits, educational programs, and recreational experience of the visitors to Harkness Memorial State Park through active preservation, restoration, maintenance of the buildings, gardens and grounds known as Harkness Memorial State Park. This appears to show that the Friends of Harkness Memorial Park principally supports the park owned by DEEP.

If DEEP were to refuse the support of these groups, it would appear that these groups would need to revise their bylaws and mission.

Ground Water Permit Revenues Sacrificed

Criteria: Section 22a-430 (i) of the General Statutes provides for the issuance of permits for discharge of waters of the state. It also specifies duration of these permits.

40 CFR Section 144.36(a) states that permits for Class I and V wells shall be effective for a fixed term not to exceed 10 years. DEEP applies this stricter term when applicable.

Section 4-182 of the General Statutes provides that, when a permittee has made a timely and sufficient application for the renewal of a permit or a new permit with reference to any activity of a continuing nature, the existing permit does not expire until the department makes a final determination on the application. DEEP does not collect fees for water pollution control permits during a pending application.

Condition: Applicants for groundwater discharge permits are required to pay an application fee, as well as an annual fee to cover the cost of monitoring compliance with permit terms and conditions. Individual groundwater applications are generally issued for a period of 10 or 30 years, depending on the agreement. A few months prior to the expiration of the permit, the client must submit a new application and pay another application fee to renew the permit. Although review and approval for most applications takes years, DEEP considers the permits active until the renewal has occurred, even if the permit has expired. Section 4-182 of the General Statutes allows this stating that a permit remains active as long as an application is made in a timely manner and the client continues to pay the annual fee based on the current fee schedule.

We found many individual groundwater discharge permit applications that were held in a pending status for an excessive period. As of June 30, 2017, there were 78 groundwater discharge applications pending. DEEP has made significant progress toward reducing the number of pending applications from the previous audit when there were 104. We reviewed 9 applications (6 landfill groundwater discharge and 3 Class I and V wells) that have not been approved for over 20 years. DEEP sacrificed an estimated \$187,625 in application fee revenue due to its inability to promptly process 7 of those applications. The department collected annual fees on these permits.

Effect: DEEP sacrificed permit fee revenue. The permitting process in the General Statutes is intended to protect the state's waters. The lengthy

delays in permitting may allow clients to discharge polluting substances into the water.

- Cause:* There was a lack of management oversight over pending permits.
- Prior Audit Finding:* This finding has been previously reported in the last 2 audit reports covering 2010 to 2014.
- Recommendation:* The Department of Energy and Environmental Protection should work to issue water discharge permits on time. The department should immediately address permit applications that have been pending more than 20 years. (See Recommendation 7.)
- Agency Response:* “The Department agrees with the finding and continues to make tremendous progress in reducing the permit backlog. Permits are continued to insure annual fee revenue generated to support regulated activities of the permittee. This administration has made further commitments to regulated entities as evidenced by the Agency’s 20by20 goals [20 goals aimed at increasing predictability, efficiency, and transparency of DEEP’s regulatory process to meet in 2020].”

Failure to Report Losses and Failure to Adhere to Record Retention Policy

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

The State Agencies’ Records Retention/Disposition Schedule details the minimum retention requirements for state records. Schedule S3 regarding fiscal records, dictates a minimum retention of 3 years or until audited, whichever is later.

Condition: DEEP did not notify the Auditors of Public Accounts and the Comptroller of the following net cash overage or (shortage) and the value of lost tickets at state parks for each of the following calendar years:

	<u>Cash</u>	<u>Value of tickets</u>
2014	\$ 1,338	\$ (4,131)
2015	2,171	(3,239)
2016	(406)	(4,911)
2017	(2,248)	(134)

The department did not report other losses including:

- A petty cash loss of \$650; vandalism at Harkness Memorial State Park, cell phones that were not promptly canceled that totaled \$2,250; and various investigations by environmental conservation officers that included an employee stealing gasoline, and stolen flood lights, copper, and solar panels.
- We previously reported that DEEP had a list of 98 missing items, totaling \$354,579, including some that the department has not located for nearly 10 years. Of the 98, 48 items, totaling \$203,030, remained on the inventory list as of June 30, 2017. We found that the other 50 items, totaling \$151,549, were listed as surplus meaning that the items were found. If the department did not find these items, it should have listed them as retired and considered them losses. DEEP did not provide us with any documentation that would show that it found the 50 items. The statutes require these items to be reported as losses. If DEEP recovers the items, then it should be reported as recovered.

Our review of register tapes and bank deposit slips, found that DEEP either lost or destroyed all source documents at Mt. Tom State Park from July 1, 2014 through December 31, 2014.

Effect: DEEP did not comply with state laws regarding reporting of losses, proper safeguarding of state assets, and the retention of state records.

Cause: There was a lack of control over the handling and return of passes and tickets from park employees.

DEEP does not appear to have an adequate system in place to consistently track matters that it should report under Section 4-33a of the General Statutes. We found that DEEP does notify the required parties at times. An employee who normally files these required reports, did not report the petty cash loss.

DEEP makes all its employees aware of its policies and procedures on its intranet site. It appears that an employee did not follow the record retention policy.

Prior Audit Finding: The finding concerning failure to report all losses under Section 4-33a of the General Statutes has been previously reported in the last audit report covering 2012 to 2014.

Recommendation: The Department of Energy and Environmental Protection should inform the Auditors of Public Accounts and the Office of the State Comptroller of any losses and irregular handling of funds in accordance with Section 4-33a of the General Statutes. The department should ensure that all employees retain and dispose of records in accordance with state records retention policies. (See Recommendation 8.)

Agency Response: “The Department agrees with the finding and has taken steps to resolve a number of long-standing missing items through the physical cleanout of several field facilities. This action has identified numerous assets previously thought to be missing and serves as a more reliable basis for performing annual physical inventories.

The Department will reissue guidance to State Park facilities with respect to the records retention requirements for prior parking tickets and/or season passes, however, with the implementation of the Passport to State Parks the potential for recurrence has greatly diminished.

The Department recognizes the need to report losses and has taken steps to improve communication between field staff responsible for managing assets in field locations and fiscal staff in the central office in an effort to ensure that losses are identified, tracked centrally and reported appropriately.”

Auditors’ Concluding Comments:

When assets are not found during annual physical inventories, DEEP is required to report the losses under Section 4-33a of the General Statutes. If the asset is located, then the department can file a revised report.

Collection of Emergency Spill Costs and Write-off of Receivables

Background: DEEP operates an emergency spill response program pursuant to Section 22a-451 of the General Statutes. If DEEP determines there is a potential threat to human health or the environment, the responsible person, firm, or corporation is liable for any expenses the department incurs investigating, containing, removing, monitoring, or mitigating discharge, spillage, loss, seepage or filtration.

Other receivables result from various activities at DEEP.

Criteria: Section 22a-451 allows for the recovery of costs, including DEEP’s investigation.

DEEP is required to submit annual reports of receivables and estimated uncollectible amounts to the Office of the State Comptroller for

incorporation in the state's financial statements. An adequate system of internal controls should include reconciliation of receivables and timely collection attempts.

Section 3-7(a) states that any uncollectible claim for an amount of \$1,000 or less may be cancelled upon the books of any state department or agency upon the authorization of the head of such department or agency. The commissioner of DEEP may cancel any uncollectible department costs in an amount of less than \$5,000 pursuant to section 22a-451, for investigating, containing, removing, monitoring or mitigating pollution and contamination, emergency or hazardous waste, in accordance with procedures approved by the State Comptroller.

Section 3-7(b) states the Secretary of the Office of Policy and Management may authorize the cancellation upon the books of any state department of any uncollectible claim greater than \$1,000 due to such department.

Condition:

Emergency Spill Response Receivables

We found that the DEEP Emergency Spill Response Unit does not recover all potential costs related to its own administration, investigation, or other related expenses. These expenses include vehicles, mileage, fringe benefits, and other expenses that the department could potentially recover from liable parties.

As of June 30, 2017, DEEP reported emergency spill receivables of \$27,910,955 with \$8,051,168 as uncollectible leaving a balance of \$19,859,787. DEEP has liens of \$5,092,566 on this receivable. The amount of liens has not changed since March 2, 2015. Prior to that lien, DEEP issued the last liens in 2011. DEEP has not been actively pursuing liens. One hundred thirty-eight of the receivables, totaling \$13,588,881, are from 2011 or earlier and may be uncollectible. DEEP wrote off 10 receivables under \$1,000 that totaled \$2,190 on February 3, 2017.

Other Receivables

Our review of GAAP form 2 for other receivables, found that DEEP has a total of \$4,869 in receivables that are \$1,000 or less and \$412,438 in receivables that are greater than \$1,000 that the department should consider for write off. DEEP has reported many of these receivables on its GAAP form for many years and has reported them as uncollectible for some time. DEEP has reported some of the receivables greater than \$1,000 for over 10 years. In many of these cases, they are uncollectible

because the entity no longer exists. In one instance, the person is deceased.

Effect: Unreimbursed costs of the Emergency Spill Response Unit unnecessarily burdens the General Fund.

Maintaining and reporting uncollectible receivables year-to-year is not a prudent management decision and distorts financial reporting.

Cause: There was a lack of management oversight and failure to implement the cost recovery provisions within the General Statutes.

DEEP had a full-time employee dedicated to the collection of emergency spill receivables. In 2014, DEEP transferred the function to an employee in the business office who had other duties and a supervisory role. There is a lack of incentive to collect these receivables because the revenue goes directly to the General Fund.

Management failed to remove all uncollectible receivables.

Prior Audit Finding: The findings concerning the collection of emergency spill response costs and write-off of receivables have been previously reported in the last 3 audit reports covering 2008 to 2014.

Recommendation: The Department of Energy and Environmental Protection should recover all potential costs related to the Emergency Spill Response Unit, improve its collection efforts, and comply with Section 3-7(a) and (b) of the General Statutes for the proper write-off of those receivables deemed uncollectible. (See Recommendation 9.)

Agency Response: “DEEP agrees with the finding and has taken many steps to address the deficiency within the Spills Cost Recovery Program. The Department’s primary focus is to relieve the fund from incurring costs completely by identifying responsible parties at spill incidents and aligning clean-up costs directly with the party and their insurance providers. Significant progress has been made reducing the number of incidents in which the spills fund is open. As noted previously, the Department participated in multiple LEAN exercises documenting all components of the program from initial emergency dispatch calls through receipt processing of the recovery to include Attorney General Referrals and/or state write-off. Changes were made requiring emergency spill vendors to expedite delivery of invoices so that collection attempts can begin on a timely basis. The agency plans on using computer tablets in the field to generate authorizations for vendors to proceed with clean-up work in

accordance with terms of the state contract. This will ensure that vendor invoices are accurate and comply with the state contract. Incident reports will be delivered timely allowing the receivable to bill and improving our collection success. The majority of existing debt is uncollectible. The Department has been working with the Attorney General's Office reviewing cases in order to make a determination to pursue collections if a Responsible Party was identified or has property or resources available or discharge the debt as uncollectible through the statutory process. Discussions with OPM have been started to facilitate a comprehensive review of old, outstanding balances for potential write-off. The Department is exploring using agency resources for lien notices and additional collection services. We will pursue a third party collection vendor and/or services of DAS Collections to assist with recoveries. In regard to the reconciliation process, the agency reconciles individual spills costs on a regular basis as each case has expenditure detail from Core-CT compiled for its basis of the receivable. The fund is reconciled on an annual basis prior to completion of the annual GAAP report."

Noncompliance with Statutory Requirements of the Nuclear Safety Preparedness Account

Background:

There is a July 31, 2013 memorandum of understanding (MOU) concerning the Nuclear Safety Emergency Preparedness Program between DEEP, the Department of Emergency Services and Public Protection (DESPP)/Division of Emergency Management and Homeland Security (DEMHS), and the Office of Policy and Management (OPM). Per the MOU, the commissioner of DESPP, in consultation with the commissioner of DEEP, submit a plan and proposed budget for approval to carry out the Nuclear Safety Emergency Program (NSEP). The MOU states that the Public Utilities Regulatory Authority (PURA) will annually assess the state's nuclear licensees in 2 installments, prorated 70% of the total assessment billed on July 1 and 30% on December 1 each fiscal year.

Criteria:

Section 28-31 (a) of the General Statutes requires the Public Utilities Regulatory Authority to establish a nuclear safety preparedness account within the General Fund. PURA may assess licensees for the program expenses, provided the balance in the account at the end of the fiscal year does not exceed \$300,000.

Condition:

The balances for the nuclear preparedness account were \$706,150, \$929,248 and \$1,075,508 as of June 30, 2015, 2016 and 2017.

DEEP calculates the annual assessment using the approved budget by OPM and decreasing that amount by the balance in the account. It then bills 70% of that amount on July 1. When it bills the licensees on December 1, it does not consider the balance in the account as the second billing may not be necessary.

The MOU does not discuss compliance with the statutory requirement that the account's balance cannot exceed \$300,000.

The Nuclear Safety Preparedness Account is within the Federal and Other Restricted Account Fund and not the General Fund as stated in the statutes.

Effect: DEEP appears to be over assessing nuclear licensees as the balance in the account exceeded \$300,000 by \$406,150, \$629,248, and \$775,508 for the fiscal years ended June 30, 2015, 2016, and 2017, respectively.

Cause: DESPP, in consultation with DEEP, does not consider the statutory limitation on the balance in the restricted fund account when preparing the budget.

After the implementation of Core-CT, all restricted accounts were accounted for in a Special Revenue Fund called the Federal and Other Restricted Fund. DEEP has not requested a change the General Statutes to coincide with actual practice.

Prior Audit Finding: This finding has been previously reported in the last 2 audit reports covering 2010 to 2014.

Recommendation: The Department of Energy and Environmental Protection should request a statutory change to add language that makes the Nuclear Safety Emergency Preparedness Account into a restricted account. The Department of Energy and Environmental Protection should consider the balance in the preparedness account prior to calculating assessments. The department should revise its memorandum of understanding with the Department of Emergency Services and Public Protection to ensure it includes all statutory requirements concerning the nuclear safety preparedness account. (See Recommendation 10.)

Agency Response: "The Department disagrees with the finding as the account was established in concurrence with the State Comptroller's Office, Office of Policy and Management, and Department of Emergency Services and Public Protection which has lead budgetary responsibility. The account was established as a restricted revenue account within fund 12060. This

is standard practice for non-appropriated funds. The Department is not responsible for designating fund chartfields within the State's General Ledger.

In regards to balances managed within the fund, Department of Emergency Services and Public Protection manages Nuclear Safety proceeds. DESPP provides an annual reconciliation to the Department as outlined in an MOU between DEEP, OPM and DESPP. The Department has billing responsibilities and budgetary responsibilities limited to DEEP share of the nuclear assessment. The management of the Fund, the Budget and expenditures is completely transparent and accepted by the two utilities.”

Auditors' Concluding Comment:

We are not questioning the accounting for the Nuclear Safety Preparedness Account. We are merely stating that the department should seek legislation to reflect the location in the state's accounting records.

DEEP, as one of the signers of the MOU, should seek assurance that all parties comply with the General Statutes. It appears unlikely that the utilities would agree to pay more than statutorily required.

PURA Assessment Calculation Not in Conformance with the General Statutes

Background:

Section 16-49 of the General Statutes describes the procedures that the Public Utilities Regulatory Authority (PURA) must follow in assessing regulated companies for their share of recouping all expenses of DEEP's Bureau of Energy, the Office of Consumer Counsel and the operations of PURA for each fiscal year. PURA bills the companies in 4 installments based on the statutory requirements.

Criteria:

Section 16-49(3)(c)(1) of the General Statutes states that on or before June 30, each company shall make an estimated payment for the expenses of the following year equal to 25 percent of the preceding fiscal year.

Section 16-49(3)(d) of the General Statutes states that immediately following the close of the fiscal year, the department shall recalculate the proposed assessment of each company based on the expenses as determined by the Comptroller for the Bureau of Energy, the Office of Consumer Counsel, and the operations of PURA for such fiscal year.

Section 16-49(3)(c)(2) and (3) of the General Statutes states that payment is due on or before September 30th for 25 percent of the

proposed assessment, adjusted to reflect any credit or amount due under the recalculated assessment for the preceding fiscal year. The remaining payments are due December 31st and March 31st.

Condition:

Our previous audit disclosed that for fiscal years 2012 through 2014, DEEP overcharged companies a net total of \$4,668,757. When we compare Table 1 to Table 2, the calculation of the assessment is still incorrect.

Table 2 shows that total assessments for fiscal year 2015 and 2017 were solely based on budgeted appropriations. The assessment for fiscal year 2016 was based on revenue collected, adjusted by expenses as determined by the Comptroller and carried-forward budget appropriations. The companies are not properly billed for the annual assessment because the amounts billed were not adjusted to agree with the actual expenses certified by the Office of the State Comptroller.

In the previous audit, DEEP considered transfers by the General Assembly from the DPUC/Consumer Counsel fund to the General fund to be expenses, but the Office of State Comptroller informed us that it considers them to be inter-fund transfers and not expenses. During the audited period, when this transfer occurred, DEEP used budgeted appropriations for its assessment.

Context:

Table 1 also shows amounts billed by DEEP for the year in comparison to expenses certified by the Comptroller showing over and (under) billings. We also provided the fiscal year 2018 assessment and billing and expenses to demonstrate what happened each fiscal year. The billings consider additional assessments that came in after the calculation date, but would not materially change our findings below.

Table 1:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Billings	26,228,332	25,234,410	27,303,855	22,873,579
Expenses	<u>24,785,280</u>	<u>23,375,353</u>	<u>26,039,652</u>	<u>24,162,144</u>
	1,443,052	1,859,057	1,264,203	(1,288,565)
Assessment	25,589,345	25,092,452	27,218,827	22,869,030

Assessments made to the companies under Section 16-49 of the General Statutes appear to be overstated by \$4,566,312 during the audited period. This amount is not recovered in the subsequent 2018 year when DEEP under billed all the companies a total of \$1,288,565.

Table 2: DEEP’s calculation of the annual assessment is as follows for FY 15 to FY 17:

	FY 2015	FY 2016	FY2017
DEEP and OCC Budgets	25,589,345	26,810,829	27,218,827
Reconciliation:			
Actual revenue previous FY	24,935,744	25,548,730	25,029,861
Certified expenses	(24,785,280)	(23,375,353)	(26,039,652)
Carryforward	(1,356,000)	(455,000)	0
Deficit mitigation	<u>0</u>	<u>0</u>	<u>(2,000,000)</u>
Net adjustment	(1,205,734)	1,718,377	(3,009,791)
Assessment	25,589,345	25,092,452	27,218,827

As shown in Table 2, DEEP used budgeted amounts for 2 of the fiscal years and applied a net adjustment to the budgeted amount for one fiscal year to obtain the assessment. In addition, its billings exceeded the amount assessed.

Effect: DEEP did not comply with the General Statutes and appeared to overbill public utilities.

Cause: DEEP considers other factors in the calculation of the assessment that are not specified in the statutes. The department considers its calculation more reasonable.

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

Recommendation: The Department of Energy and Environmental Protection should calculate the recovery of expenses for the operations of the Bureau of Energy, the Public Utilities Regulatory Authority and the Office of Consumer Counsel in accordance with Section 16-49 of the General Statutes and credit companies when appropriate. (See Recommendation 11.)

Agency Response: “The Department disagrees with the finding. The Department has made a number of improvements to the Public Utility Control Assessment which insures timeliness, accuracy and conformance with CGS 16-49. This includes a comprehensive review of active public utilities, validation of gross receipts supplied on financial affidavits, enforcement and compliance reviews for non-compliant companies, and program

follow up to insure the appropriate companies contribute to the annual assessment. The assessment supports operational costs for the Department, PURA and the Office of Consumer Counsel. The appropriation is adjusted by realized cash receipts from the prior fiscal year and budgetary reductions including deficit mitigations charges to the Public Utility Control Account. The Department acknowledges the need for a transparent assessment process and integrity in the annual calculation, however the Department disagrees with the finding as presented. The annual assessment calculation as prepared by DEEP begins with the current year's appropriation as specified in statute, takes into account all cash transactions that impact the State's accounts and includes the required reconciliation of expenditures by September 30th. The statute specifically addresses the reconciliation of cash receipts against billed amounts, it is imperative that this step be a part of the process to tie out cash and ensure that funds not collected are not returned. The above table is unreliable in that it represents a comparison of actual expenses vs. budgeted receipts. A comparison of budgeted receipts against the Department's budgeted appropriation would illustrate that funds were being returned to the utility companies for the actual realized expenses and receipts recorded on an annual basis. Further, the comment regarding cash sweeps by the General Assembly is misleading. The Department has never billed the utility companies for these cash sweeps nor reported them as expenses. The annual assessment as prepared by DEEP recognizes these inter-fund transfers in a transparent way and reports them as having the same impact on the cash balance of the PUC fund as an expense."

*Auditors' Concluding
Comment:*

We are not questioning DEEP's process for identifying companies that are required to pay an annual assessment.

We are questioning the calculation for September 30th and the subsequent 2 billing quarters. Our calculation takes into consideration that the companies should not be paying more than the expenses determined by the Comptroller for the previous fiscal year when provided in the beginning of each fiscal year. The table above reflects DEEP billings as compared to amounts certified by the Comptroller as expenses. This comparison clearly demonstrates overpayments.

We also found that throughout the audited period, the cash balance for the fund increased. Assessments comprise 99% of the revenue. In order for the cash account to increase (it increased by over \$2,000,000 in the audited period), DEEP must have overbilled companies.

Internal Control Weaknesses at Fuel Stations and Reporting in Monthly Mileage Reports

Background: DEEP employees obtain gasoline and diesel fuel for state vehicles or equipment from several sources. DEEP maintains 19 fueling stations. DEEP employees may also obtain gasoline from Department of Transportation (DOT) and commercial gas stations. Conservation officers and emergency response personnel may also obtain gasoline from the Connecticut State Police (CSP) gas stations.

DEEP has an outdated and antiquated fuel usage and accountability system compared to DOT and CSP.

Criteria: Good internal controls require that DEEP establish adequate policies and procedures regarding the use and safeguarding of fuel at its gas stations. The department should ensure that employees' complete manual or electronic prepared sheets for gasoline, make all corrections transparent, and identify the equipment number for fuel used for equipment.

The Department of Administrative Services (DAS) General Letter No.115, Policy for Motor Vehicles Used for State Business, requires agencies to keep daily mileage logs (Form CCP-40) for each assigned state-owned vehicle. The operator of the vehicle must certify these logs as true and correct. DEEP has employees complete monthly mileage reports which show starting and ending mileage, state and commercial gas used, and signatures by the employee, supervisor and manager. DEEP uses these monthly mileage records to report ending odometer readings and gas usage to DAS.

The DEEP Vehicle Policy & Procedure requires employees to report all gas received in state vehicles on the monthly mileage report to the nearest 1/10 of a gallon. Employees should record gas at a state gas station in the space marked "State Station." Gas purchased at a commercial gas station should be recorded in the "Commercial" column.

Good internal controls require that the gasoline received for all vehicles from state or commercial sources be reconciled to monthly mileage reports prepared by employees.

Condition: Gasoline sheets at DEEP stations:

DEEP does not have an adequate system for managing fuel from its stations for state vehicles or equipment such as lawnmowers. DEEP

maintains monthly manual sheets at each of its stations that shows the beginning and ending pump reading. The employee who pumps gasoline must fill in the license plate number or equipment type, the number of gallons pumped and the ending pump reading after fueling, and their printed name. Each month, all sheets are forward to DEEP's Central Services for entry into an excel spreadsheet. We noted the following on these sheets for two of the months tested:

- DEEP could not account for 69 gallons of gas on the sheets we tested for July 2014 and 2016.
- Some gasoline entries for vehicles and cans for equipment did not have a printed name associated with them.
- We noted the use of white out on some of the sheets for beginning and ending pump readings, number of gallons pumped and the printed name. We could not determine the cause.
- There was no recording of pump readings at the Burlington gas station because a note on the sheet stated that the pump was not working, yet there were several entries of gasoline pumped in July 2016.
- There was a pump meter discrepancy reported at Rocky Neck for July 2016, where a note stated that the meter reading jumped by 47,690 gallons. The reading went from 432,054 to 477,340 after an employee pumped 17.7 gallons.
- We found many instances of gasoline pumped into cans, some as high as 30 to 40 gallons, without an associated equipment number.
- Employees recorded the name of a piece of equipment without the associated equipment tag number.

There was improper monitoring of some of the gasoline use at DEEP stations even though DEEP terminated 2 employees for putting gasoline in their personal vehicles during the audited period.

Monthly mileage sheets:

Gasoline reconciliations are absent. DEEP does not reconcile total use of gasoline against billings received from other state agencies and its

own gasoline stations to mileage reports. Employees did not always enter all gasoline on their monthly mileage reports. For example, DEEP received a bill for 11,101 and 3,719 gallons from DOT and CSP gasoline stations for July 2017, respectively. However, employee mileage reports did not reflect these amounts.

We found that in 29 instances, the vehicle's operator did not always certify monthly mileage reports tested for July 2017.

Conservation officers did not completely fill out the daily mileage logs, because they believe DAS General Letter No. 115 exempts them from completing the form. They recorded beginning and ending miles as they must be reported to DAS monthly for its vehicles. DAS employees informed us that they were unaware of any exemption for conservation officers. Conservation officers have GPS in their vehicles, but those reports were not available for our review.

Effect: The misuse of gasoline could occur and not be promptly detected by management.

There could be overpayments for gasoline.

Cause: DEEP has an antiquated system for monitoring gasoline usage at its facilities.

Employees did not fill out the mileage reports in accordance with state and departmental policies, and the department has not taken sufficient measures to ensure compliance.

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

Recommendation: The Department of Energy and Environmental Protection should upgrade its fuel stations to better account for gasoline distributed at pumps and used by employees. The department should ensure that employees complete manual or electronic prepared sheets for gasoline and show all entries recorded by equipment number. All employees should complete monthly mileage reports daily, accurately, and completely. The department should perform reconciliations between gasoline on mileage reports and gasoline obtained from various sources. (See Recommendation 12.)

Agency Response: "The Department agrees with the finding regarding refueling stations and the fuel log at each pump and has taken numerous steps to mitigate the concerns presented. As DEEP fuel tanks reach the end of their 30

year service life, an evaluation is done to determine whether or not a replacement is warranted at the location. Several tanks have been decommissioned already and replacement tanks that have been installed have the capacity to be outfitted with electronic fuel tracking measures similar to DOT and CSP tanks. Additionally, DEEP participates in a statewide LEAN event to explore the potential for consolidation of state-owned refueling stations in areas where commercially-owned opportunities were limited. A number of consolidation opportunities were noted, however nothing formal has been done toward this effort. The Department will further evaluate the assignment of Voyager fuel cards to all staff with assigned vehicles to minimize the dependency on DEEP refueling stations.

The Department acknowledges the finding regarding the CCP-40 form for reporting daily mileage, but believes a modern statewide means of tracking and reporting mileage using available technology should be implemented. The current paper-based approach is prone to error, requires significant staffing resources to acquire, consolidate and track and offers no benefit to agencies from a data utility perspective.”

*Auditors’ Concluding
Comments:*

Employees are required to fill out the mileage report completely and accurately to use state vehicles. This includes recording where the employee drove, whether they obtained gasoline from a state or commercial gas station in order to insure that gasoline was used for their state vehicle. Fuel expenditures during our audit period were approximately \$1,900,000 for gasoline and \$340,000 for diesel fuel. We believe this merits accounting on mileage reports.

Revoking Email and Core-CT Access for Former Employees

Criteria:

The Core-CT Security Liaison Guide states that each agency must designate a Core-CT Security Liaison to be the primary contact for the Statewide Core-CT Applications Security Administrator. The security liaison has a number of responsibilities and tasks, including deleting email access to former employees using the Agency Application Security Request form (CO-1092).

DEEP requires the terminating employee’s bureau to fill out a Return – Transfer of State Property by Exiting Employee form. The form and all state property are returned to the appropriate personnel. Several divisions in DEEP, including the Office of Information Management, must sign off on the exit form. DEEP maintains a log for this data.

- Condition:* We tested 11 separated employees. We found that DEEP did not promptly disable 2 employees' email accounts. We found that DEEP did not formally lock out 5 of the employees' Core-CT accounts. We did not find Return – Transfer of State Property by Exiting Employee forms for 3 of the terminated employees.
- Effect:* Failure to promptly disable email accounts and all job records and to inform Core-CT security when employees leave an agency makes it possible for unauthorized access to Core-CT accounts.
- Cause:* DEEP has taken measures to ensure that departing employees return their badge. . It has a form “Return – Transfer of State Property by Exiting Employee.” However, the department does not have sufficient controls in place to ensure the immediate deactivation of employee access to e-mail and Core-CT upon termination This form does not contain information showing when BEST is notified to terminate e-mail access or when a Core-CT account is locked out.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The Department of Energy and Environmental Protection should promptly notify the appropriate state officials to disable terminated employees' email accounts and notify Core-CT security to delete access to those accounts. The department should maintain and retain documentation of when these actions occurred. (See Recommendation 13.)
- Agency Response:* “The Department agrees with the finding and is in the process of implementing revised procedures to identify and capture all items in need of return for exiting employees as well as ensure that network, email and Core-CT access is disabled. The current business process does not allow non-HR staff advanced warning of employees planning to separate for confidentiality reasons.”

Lack of Service Organization Control Reports

- Background:* DEEP contracted with a service organization for its sportsmen licenses and camping reservations and that contract expired April 17, 2017. The previous contract provided that the contractor would annually provide DEEP with a financial statement audit along with a “report on controls placed in operation and tests of operating effectiveness” within 30 days of the end of the reported state fiscal year. DEEP then used General Letter 71 as authority to continue the contract until the Department of Administrative Services negotiated an agreement with the same service organization that is effective April 4, 2019. This new agreement does

not include a requirement to obtain the annual reports that were previously required.

Criteria: Management is responsible for implementing and maintaining effective internal controls over financial reporting, even if outsourced to a service organization. Service Organization Control (SOC) reports provide assurance over outsourced operations. SOC 1 reports focus on internal control over financial reporting. There are 2 types of SOC 1 reports. A SOC 1 Type I report evaluates and reports on the design of controls put in operation at a point in time. A SOC 1 Type II report includes the design and testing of controls to report on the operational effectiveness of controls over a period of time. SOC 2 reports focus on compliance or operational controls relevant to security, availability, confidentiality, processing integrity and privacy. An effective way of managing the risk of utilizing service organizations is by obtaining and reviewing the appropriate SOC reports.

Condition: DEEP did not receive any SOC reports for its camping reservation system during the audited period. DEEP only received a SOC 1 Type II report for its sportsmen licenses.

Effect: The lack of oversight of its service organization may put DEEP and those who provide their personal information at risk.

Cause: Until April 17, 2017, the contracts between DEEP and the service organization did not include all necessary SOC reports and only required that DEEP receive a financial statement audit along with a “report on controls placed in operation and tests of operating effectiveness’ for its sportsmen’s licenses. As the department was using General Letter 71 with the Department of Administrative Services’ approval until the new contract began on April 4, 2019 that also did not include SOC reports, there is no legal requirement for DEEP to receive SOC reports.

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

Recommendation: The Department of Energy and Environmental Protection should consult with the Department of Administrative Services to seek an amendment to its current contract to ensure that its contract with its service organization include the proper Service Organization Reports. The department should receive these reports in a timely manner. (See Recommendation 14.)

Agency Response: “The Department agrees with the finding and will ensure that reports are collected as required from our service provider. It was not known at the time that two distinct reports would be required from the vendor for each system. That requirement is now understood.”

Inactive Councils and Committees

Criteria: Section 22a-241, (c) of the General Statutes establishes an advisory council to advise the commissioner of DEEP on implementation of the municipal solid waste recycling program. The advisory council may also study issues related to recycling, including composting and packaging, and recommend materials that should be banned in the state.

Section 26-157f established a Lobster Restoration Advisory Committee to advise the Commissioner of DEEP on matters relating to the development of a lobster conservation program for the lobster stock in Long Island Sound.

Condition: The Municipal Solid Waste Recycling Program Advisory Council was formed and active for several years from 1988 to the early 1990s. Current DEEP staff could not document when and why it disbanded.

DEEP informed us that the Lobster Restoration Advisory Committee, which was created in 2006, has been inactive for some time.

Effect: A statutorily-required council and committee are no longer active.

Cause: It appears that the council may have disbanded after it developed a municipal solid waste recycling plan.

The committee discontinued the lobster v-notch conservation program around 2014, because there was no longer a need to meet.

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

Recommendation: The Department of Energy and Environmental Protection should determine if there is still a need for the Municipal Solid Waste Recycling Program Advisory Council, the Lobster Restoration Advisory Committee, and other similar groups. The department should pursue legislation to remove any groups that are no longer necessary. (See Recommendation 15.)

Agency Response: “The Department agrees with the finding and is developing technical revisions to statutes requiring any boards or committees that no longer serve a business purpose be repealed.”

Other Matters – Payment Process for Consultants hired by PURA

Criteria: Section 16-18a of the General Statutes allows the Public Utility Regulatory Authority (PURA) to retain consultants to assist staff in authority proceedings by providing or supplementing their expertise. It also limits the amount charged by consultants to not more than \$200,000 per proceeding. The company affected by the proceeding bears all reasonable and proper expenses.

Section 16-8 of the General Statutes allows PURA to conduct management audits. Management audits occur every 6 years, but may occur for other purposes described in the statutes. PURA may engage professional consultants to perform management audits, use its own staff, or use the utility’s internal audit staff. The affected company bears all reasonable and proper expenses for management audits. While there is no dollar limit per statute, PURA has limited this cost to \$400,000 per audit.

Condition: We found that PURA approves all invoices for consultants for extension of staff services and management audits. PURA forwards the invoices to the company for direct payment to the vendor. These transactions do not go through Core-CT, the state’s accounting system.

We relied on PURA to provide us with the consultant invoices and total cost to companies. The invoices that utilities receive from PURA for hiring consultants are not readily available and monitored for compliance with statutory limits. We found that one consultant received \$930,250, performing extension of staff services and a management audit on 3 different dockets.

Effect: The costs of consultants retained by PURA is not transparent and monitored for compliance with limits imposed by statute and the authority. In addition, it is difficult to determine if one consultant may have received an inordinate amount of contracts.

Cause: PURA interpreted the statutes to mean that since the companies are paying for the service, the bill should go directly to the company. It appears that PURA retains consultants, as it does not have staff to perform the required duties.

Prior Audit Finding: This finding has not been previously reported

Recommendation: The Public Utility Regulatory Authority should make payments to consultants from the DPUC/Consumer Counsel Fund. The authority

should then bill the appropriate company for the amount due. (See Recommendation 16.)

Agency Response:

“The Department agrees with the finding and is in the process of developing a statewide RFP that will result in a DAS contract. Docketed cases will have Purchase Orders issued to vendors in Core-CT and payments will be recorded against the state’s General Ledger consistent with all other payments made by DEEP. Expenses for these services will be billed back to the responsible utility provider.”

Other Matters – Inadequate Request for Proposal (RFP) Process at PURA.

Criteria:

Proper internal control procedures should exist for the evaluation of bids received and awarded from a request for proposal (RFP).

Condition:

We found several issues regarding the evaluation of bids received for an RFP at PURA.

- When we first requested to review the evaluation sheets for a bid, we could not identify all the bid’s evaluators. There were 5 evaluators and only one was sufficiently identified. Only one evaluator stated there was written direction given prior to completing the evaluation sheet.
- All 4 of the criteria noted on the evaluation sheet were weighted equally when some of the criteria appeared to be more important than others. The 4 criteria were grasp of scope of work, qualifications for project, approach to the project, and proposal vs. projected costs.
- The evaluation sheets had incorrect hourly rates. While the total cost and total hours from the bidders were accurate on the evaluation sheet for each proposal, the hourly rates were not. PURA included other fees unrelated to hourly rates, which increased the hourly rate for all the bidders except for the bidder awarded the contract. The awarded bidder’s calculated hourly rate was improbable based on the significantly higher hourly rate the consultant had charged for previous and current work on similar dockets. This same consultant awarded the contract, continued to charge the normally high rate rather than the rate on the evaluation sheet. The consultant’s hourly rate normally and actually charged was \$92 per hour higher for the lead consultant and \$42 per hour higher for all other staff than calculated on the evaluation sheet.

- There was significant variation of scores among the bid evaluators. There was no formal documentation of the evaluators' discussion of these differences after their review.
- The evaluators we interviewed stated they held a discussion about the cost of the bidder they were considering and asked that bidder to lower its rate and hours. The other bidders that received a lower evaluation score due to price were not asked to lower their rate to possibly improve their score. The bidder submitted its revised bid using the same original document and date with several changes, including lowering the total cost and hours. With the revised bid, the bidder's hourly proposed rate calculated by PURA as total cost over proposed hours actually increased by \$2 per hour. However, the consultant still charged their normally higher rate. Even with a lower total cost, this bidder may not have been the lowest qualified bidder.

<i>Context:</i>	Seven bidders submitted bids.
<i>Effect:</i>	PURA may not be choosing the lowest qualified bidder during its RFP process, resulting in an increased cost to the company required to pay for the consultant. It does not allow the affected company to choose the consultant even though the company pays for the cost.
<i>Cause:</i>	Although PURA had written procedures on the RFP process, we could not determine if the authority shared these procedures with the reviewers.
<i>Prior Audit Finding:</i>	This finding has not been previously reported.
<i>Recommendation:</i>	The Department of Energy and Environmental Protection should improve its internal controls regarding the evaluation of requests for proposals at the Public Utilities Regulatory Authority. (See Recommendation 17.)
<i>Agency Response:</i>	"The Department acknowledges the finding and is in the process of developing a statewide RFP to be procured through the DAS competitive process. A DAS buyer will lead the procurement and all DAS procedures regarding evaluation teams and criteria will be followed."

Other Matters – Lack of Central Database for all Complaints Received

Background: DEEP has several ways for the public to report environmental concerns and complaints on its website, depending on the type of complaint. The

commissioner's office also receives many phone calls each day, which are directed to a DEEP division with related expertise.

Our office received 2 complaints pursuant to 4-61dd (Whistleblower Act) during the course of this audit concerning DEEP's handling complaints related to a dock and a remediation issue. These complaints were handled by DEEP at the division level.

Criteria: State agencies that regularly receive citizen complaints should have a process in place to assure management that the division independently investigated the complaints, accurately reported the results to the commissioner and made them available to the public. The process should include the tracking of all complaints from the date of receipt to the date resolution.

Condition: DEEP does not maintain a central database of all complaints and their status. We found that the commissioner's office maintains a log of complaints based on source, and tracks whether the case is open or closed. Coastal issues including illegal docks and similar issues are on an access database on the Land and Water Resource Division's shared drive. When the case is elevated based on the noncompliance, employees assigned to the case record it in the DEEP Site Information Management System (SIMS). The remediation issue did not appear to be recorded in a log, although it appears management was aware of the complaint.

Effect: Without a central, transparent database of all the complaints received by DEEP, we do not know if the department satisfactorily resolved the complaints in a timely manner. The failure to report the resolution of complaints to senior management prevents the independent assessment of the conclusions reached, the suggested impact to agency procedures, and the reconciliation of assessment and collection of recommended penalties.

Cause: It appears that a lack of administrative oversight contributed to this condition.

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

Recommendation: The Department of Energy and Environmental Protection should enhance its process to review and track citizens' complaints by recording all complaints in a central database by date received, investigator, and the date and resolution of the complaint. (See Recommendation 18.)

Agency Response: “The Department acknowledges the finding and the importance of reviewing and responding to citizen complaints and will explore the potential for the implementation of software for managing such information.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Department of Energy and Environmental Protection, the Council on Environmental Quality, the Office of Consumer Counsel and Connecticut Siting Council contained 17 recommendations. 7 have been implemented or otherwise resolved and 10 have been repeated or restated with modifications during the current audit.

- The Department of Energy and Environmental Protection should improve oversight over GAAP reporting and report promptly in accordance with Section 4-33a and other requirements under the General Statutes. **This recommendation is being repeated. (See Recommendations 1 and 8).**
- The Department of Energy and Environmental Protection should recover overpayments totaling \$958,774 and improve internal controls to prevent such payments. **This recommendation has been resolved.**
- The Department of Energy and Environmental Protection should improve segregation of duties between payroll and personnel functions. **This recommendation is being repeated. (See Recommendation 2).**
- The Department of Energy and Environmental Protection should improve its monitoring of changes to employee job data on a regular basis to verify the authorization of any changes made to employee records. **This recommendation is being repeated. (See Recommendation 3).**
- The Department of Energy and Environmental Protection should have internal controls to prevent or detect errors resulting from compensatory or sick time processing. **This recommendation has been resolved.**
- The Department of Energy and Environmental Protection should implement internal controls that include monitoring of periodic financial reporting. **This recommendation has been resolved.**
- The Department of Energy and Environmental Protection should administer entrusted funds in accordance with the General Statutes, legal provisions, and good business practices, and should consider seeking advice from the Office of State Treasurer's Pension Fund Management Division and the Office of Attorney General regarding the disposition or retainage of these funds. **This recommendation has been resolved.**
- The Department of Energy and Environmental Protection should comply with Section 4-98 of the General Statutes and complete memorandums of understanding when necessary. **This recommendation has been resolved.**

- The Department of Energy and Environmental Protection should strengthen internal controls over inventory to better comply with the requirements of the State Property Control Manual and reporting instructions as provided by the Office of the State Comptroller. **This recommendation is being repeated. (See Recommendation 4).**
- The Department of Energy and Environmental Protection should determine which foundations exist that support the department and the appropriate action regarding the monitoring of these organizations. **This recommendation is being repeated. (See Recommendation 6).**
- The Department of Energy and Environmental Protection should improve documentation of state vehicle usage and approval from the Department of Administrative Services should be obtained for employees who have a justifiable need to park a state vehicle at home on a continuous basis. **This recommendation has been resolved.**
- The Department of Energy and Environmental Protection should find ways to issue permits more timely. **This recommendation is being repeated. (See Recommendation 7).**
- The Department of Energy and Environmental Protection should strengthen internal controls over the issuance of camps and parking revenue and inform the Auditors and the Comptroller of any potential losses in accordance with Section 4-33a of the General Statutes. **This recommendation is being repeated. (See Recommendation 8).**
- The Department of Energy and Environmental Protection should recover all potential costs related to the Emergency Spill Response Unit, improve its collection efforts, and reconcile account activity appropriately. **This recommendation is being repeated. (See Recommendation 9).**
- The Department of Energy and Environmental Protection should account for the nuclear safety preparedness account within the General Fund and should not assess licensees if the fund balance exceeds \$300,000 in accordance with Section 28-31 subsection (a) of the General Statutes. **This recommendation is being repeated. (See Recommendation 10).**
- The Department of Energy and Environmental Protection should calculate the recovery of expenses for the Public Utilities Regulatory Authority in accordance with Section 16-49 of the General Statutes and credit companies when appropriate. **This recommendation is being repeated. (See Recommendation 11).**
- The Department of Energy and Environmental Protection should strengthen internal controls over the accounting for its inventory of firearms. **This recommendation has been resolved.**

Current Audit Recommendations:

- 1. The Department of Energy and Environmental Protection should improve its oversight over GAAP reporting.**

Comment:

Our review of 3 GAAP forms DEEP filed as of June 30, 2017, revealed several issues.

- 2. The Department of Energy and Environmental Protection should improve segregation of duties between payroll and personnel functions by eliminating conflicting roles. Supervisors should promptly approve their employees' timesheets each pay period. If a supervisor is not available, an appropriate designee with knowledge of the employee's time should approve their timesheet.**

Comment:

We found two payroll employees that can administer the payroll, human resource, and time and labor process. As such, they have the ability to set up an employee in Core-CT, fill out and approve that employee's timesheet, and process the employee's pay.

Supervisors are not approving timesheets as payroll personnel approved over 2000 timesheets in fiscal year 2017.

- 3. The Department of Energy and Environmental Protection should monitor personnel actions in active employee records to ensure that it promptly removes former employees from active status. The department should ensure that employees charge the correct amount of hours on their timesheets.**

Comment:

DEEP does not properly monitor the status of its active employees in Core-CT. We found that DEEP listed 8 former employees as active in Core-CT, even though these employees left state service some time ago.

- 4. The Department of Energy and Environmental Protection should strengthen internal controls over inventory to better comply with the requirements of the State Property Control Manual and the State Comptroller's reporting instructions.**

Comment:

We found that DEEP did not support its licensed software and fine art asset categories on the CO-59 Fixed Asset Inventory Report. Capitalized software owned and developed by DEEP did not have a value. It does not appear there was a physical inventory of fine art for

some time and our physical inspection of assets disclosed that 3 items were in different locations than DEEP indicated in Core-CT.

- 5. The Department of Energy and Environmental Protection should improve controls over software inventories by adhering to procedures in the State Property Control Manual.**

Comment:

Software inventory records did not identify which computers the applications resided by inventory tag number or serial number.

There are no procedures for the periodic inventory or the surplus of unnecessary software. DEEP only performs audits of software loaded on computers when the computers are updated.

- 6. The Department of Energy and Environmental Protection should establish procedures to determine the applicability of laws governing foundations in relation to “Friends of” organizations. The department should enter into written agreements with the “Friends of” organizations detailing their roles and activities and how it would benefit the state park or forest.**

Comment:

DEEP does not consider any of the “Friends of” groups to be foundations. All of the “Friends of” groups we reviewed were 501(c) organizations. In addition, we found that, based on a review of their websites and tax forms, these groups claim to primarily support state parks or forests.

- 7. The Department of Energy and Environmental Protection should work to issue water discharge permits on time. The department should immediately address permit applications that have been pending more than 20 years.**

Comment:

DEEP delayed groundwater discharge permit renewals for extraordinary periods of time. The failure to promptly process applications has an adverse effect on state revenues and water quality.

- 8. The Department of Energy and Environmental Protection should inform the Auditors of Public Accounts and the Office of the State Comptroller's of any losses and irregular handling of funds in accordance with Section 4-33a of the General Statutes. The department should ensure that all employees retain and dispose of records in accordance with state records retention policies.**

Comment:

DEEP did not report all losses and irregular handling of funds in accordance with Section 4-33a of the General Statutes. A park employee did not retain all source documents for park revenue for audit purposes in violation of the state's records retention requirements.

- 9. The Department of Energy and Environmental Protection should recover all potential costs related to the Emergency Spill Response Unit, improve its collection efforts, and comply with Section 3-7(a) and (b) of the General Statutes for the proper write-off of those receivables deemed uncollectible.**

Comment:

The DEEP Emergency Spill Response Unit does not recover all potential costs related to its own administration, investigation, or other related expenses, despite the legislative authority to do so. DEEP does not write off uncollectible receivables.

- 10. The Department of Energy and Environmental Protection should request a statutory change to add language that makes the Nuclear Safety Emergency Preparedness Account into a restricted account. The Department of Energy and Environmental Protection should consider the balance in the preparedness account prior to calculating assessments. The department should revise its memorandum of understanding with the Department of Emergency Services and Public Protection to ensure it includes all statutory requirements concerning the nuclear safety preparedness account.**

Comment:

The General Statutes incorrectly state that the nuclear safety preparedness account should be accounted within a General Fund restricted account. The General Fund no longer contains restricted accounts as these accounts are within the Federal and Other Restricted Accounts Fund. DEEP assessed licensees despite the balance in the account exceeding the statutory cap of \$300,000 in each of the audited fiscal years.

- 11. The Department of Energy and Environmental Protection should calculate the recovery of expenses for the operations of the Bureau of Energy, the Public Utilities Regulatory Authority and the Office of Consumer Counsel in accordance with Section 16-49 of the General Statutes and credit companies when appropriate.**

Comment:

DEEP did not calculate the assessment to utilities for the recovery of expenses in accordance with the General Statutes resulting in the overbilling of companies during the audited period.

- 12. The Department of Energy and Environmental Protection should upgrade its fuel stations to better account for gasoline distributed at pumps used by employees. The department should ensure that employees complete manual or electronic prepared sheets for gasoline and show all entries recorded by equipment number. All employees should complete monthly mileage reports accurately, and completely and daily. The department should perform reconciliations between gasoline on mileage reports and gasoline obtained from various sources.**

Comment:

DEEP's gas stations are antiquated. Hand written entries for gasoline usage are made on a spreadsheet. We found that some equipment amounts for gasoline usage were listed on the spreadsheet and there were instances in which gasoline could not be accounted for. DEEP does not reconcile monthly mileage reports that list gasoline pumped with the various sources from which employees obtained gasoline.

- 13. The Department of Energy and Environmental Protection should promptly notify the appropriate state officials to disable terminated employees' email accounts and notify Core-CT security to delete access to those accounts. The department should maintain and retain documentation of when these actions occurred.**

Comment:

DEEP did not always promptly disable terminated employees' email and Core-CT accounts.

- 14. The Department of Energy and Environmental Protection should consult with the Department of Administrative Services to seek an amendment to its current contract with its service organization include the proper Service Organization Control Report. The department should receive these reports in a timely manner.**

Comment:

DEEP did not receive any Service Organization Control reports from its contractor for the camping reservation system and did not receive a Service Organization Control 2 report for the camping reservation and sportsmen's license systems.

- 15. The Department of Energy and Environmental Protection should determine if there is still a need for the Municipal Solid Waste Recycling Program Advisory Council, the Lobster Restoration Advisory Committee, and other similar groups. The department should pursue legislation to remove any groups that are no longer necessary.**

Comment:

This Municipal Solid Waste Recycling Program Advisory Council and Lobster Restoration Advisory Committee have not been active for some time, but remain in the statutes.

- 16. The Public Utility Regulatory Authority should make payments to consultants from the DPUC/Consumer Counsel Fund. The authority should then bill the appropriate company for the amount due.**

Comment:

Payments made for PURA's use of consultants is not transparent as invoices for payment go directly to the companies and not through any state accounting system.

- 17. The Department of Energy and Environmental Protection should improve its internal controls regarding the evaluation of requests for proposals of the Public Utilities Regulatory Authority.**

Comment:

We could not initially determine who the evaluators were for bids received on a request for proposal. The bidders' hourly rates on the evaluation sheet were incorrect and included other costs. There was no written documentation that the evaluators discussed differences in scores. DEEP only asked one bidder to revise and resubmit its bid.

- 18. The Department of Energy and Environmental Protection should enhance its process to review and track citizen complaints by recording all complaints in a central database, by date received, investigator, and the date and resolution of the complaint.**

Comment:

DEEP receives many citizen complaints. DEEP does not maintain a central database of all complaints and their status.

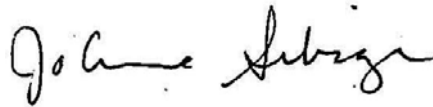
ACKNOWLEDGMENTS

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

Ann Marie Brown
Theodore Cha
Joan Main
Kathleen McGuire
JoAnne Sibiga

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 Energy and Environmental Protection, the Council on Environmental Quality, the Office of Consumer Counsel, and the Connecticut Siting Council during the course of our examination.



JoAnne Sibiga
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor