

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, 2018, 2019 AND 2020*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

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March 10, 2022

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 (DEEP), 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, 2018, 2019 and 2020.

The key findings and recommendations are presented below:

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| <p>Page 24</p> | <p>We found that DEEP appears to underutilize those vehicles it owns. Many vehicles were not driven or used less than five days in the month we reviewed. DEEP does not utilize fleet management software to monitor service on its vehicles and to document all maintenance purchases. The Department of Energy and Environmental Protection should analyze its owned vehicle inventory and determine the number of vehicles it needs to operate efficiently. The department should improve its vehicle maintenance system by utilizing software to track its vehicle repairs and maintenance purchases. (Recommendation 7)</p> |
| <p>Page 39</p> | <p>DEEP's fueling stations are antiquated. The department handwrites entries for fuel usage on a spreadsheet. These entries are later entered into an Excel spreadsheet. We found that dispensed fuel was not accounted for and not reported in accordance with Section 4-33a of the General Statutes. DEEP does not reconcile monthly mileage reports that list fuel pumped with the employee's various fuel sources. The Department of Energy and Environmental Protection should upgrade its fueling stations to better account for fuel distributed at pumps used by employees or close the stations and require employees to use Department of Transportation facilities. The department should ensure that employees accurately complete prepared sheets for fueling stations and show all entries recorded by equipment number. All employees should complete monthly mileage reports accurately and thoroughly on a daily basis. The department should perform reconciliations between fuel usage on mileage reports and fuel obtained from various sources. (Recommendation 13)</p> |
| <p>Page 14</p> | <p>We found supervisors could not always provide us with the specific reasons for granting overtime and compensatory time or explain why the overtime could not be performed during the employees' regular work hours. The reasons the department provided appeared to fall within the employees' regular duties. The Department of Energy and Environmental Protection should revise its overtime and compensatory time policy to document the preapproval of overtime and compensatory time. The documentation should include the reason for the time and the justification of why the work cannot be performed during regular hours. (Recommendation 2)</p> |

| | |
|---------------------------------------|--|
| <p><u>Page 21</u></p> | <p>DEEP reported incorrect or unsupported amounts on its CO-59 Fixed Asset Inventory Report and has not performed physical inventories of its assets for some time. DEEP personnel did not make themselves available to help us conduct a physical inspection of equipment items in the central office. The Department of Energy and Environmental Protection should strengthen internal controls over inventory to comply fully with the requirements of the State Property Control Manual and the State Comptroller’s reporting instructions. (Recommendation 6)</p> |
| <p><u>Page 26</u></p> | <p>DEEP did not report all losses and irregular handling of funds to the Auditors of Public Accounts and State Comptroller in accordance with Section 4-33a of the General Statutes. 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. (Recommendation 8)</p> |
| <p><u>Page 42</u></p> | <p>We found instances in which DEEP employees did not comply with departmental or Office of the State Comptroller purchasing card policies. The Department of Energy and Environmental Protection should improve internal controls over purchasing card use by complying with state purchasing card policies. (Recommendation 14)</p> |

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

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March 10, 2022

AUDITORS' REPORT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTIONS COUNCIL ON ENVIRONMENTAL QUALITY, OFFICE OF CONSUMER COUNSEL AND CONNECTICUT SITING COUNCIL FOR THE FISCAL YEARS ENDED JUNE 30, 2018, 2019 AND 2020

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 fiscal years ended June 30, 2018, 2019 and 2020. 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. Our testing was not designed to project to a population unless specifically stated. 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 this performance audit in accordance with generally accepted government auditing standards. 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 reasonable basis for our findings and conclusions based on our audit objectives.

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:

1. Identified deficiencies in internal controls;
2. Identified apparent noncompliance with policies and procedures or legal provisions; and
3. Identified need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents 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, merging 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 Connecticut's air, water, and other natural resources. The principal areas of operation are conservation of land and water resources, parks and outdoor recreation, fish and wildlife, water resource management, solid waste management, air and water pollution, geological survey, and energy efficiency. Robert J. Klee served as commissioner from February 4, 2014 until his successor was appointed. Katie Dykes was appointed commissioner effective January 9, 2019 and continues to serve in that capacity.

DEEP has three divisions: 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 natural resources represented by open spaces and

undeveloped 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 state's air, land, and water resources by preventing pollution or mismanagement thereof by private, public, or business interests.

PURA operates under the provisions of Title 16, Chapter 277, Section 16-1 to 16-50f of the General Statutes. The Authority regulates the rates and services of Connecticut's investor-owned electric, natural gas, water, and telecommunications companies and is the franchising authority for the state's cable television companies. PURA is responsible for balancing the public's safe, adequate, and reliable utility service at reasonable rates with the provider's reasonable return on investment. PURA monitors utility companies to promote equity among competitors, and benefit customers through competition. The Authority is also empowered to protect customers from unfair business practices. PURA expenses and assessment revenue 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, 2020, PURA consisted of three commissioners appointed by the Governor and approved by the General Assembly: Chair Marissa Paslick Gillett, Vice-Chair John W. Betkoski III, and Commissioner Michael 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 related to public service companies, electric suppliers, and certified telecommunication providers. OCC participates in regulatory and judicial proceedings in which interests of Connecticut consumers may be involved, or matters affecting the rendering of utility services. 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 of the General Statutes. Elin Swanson Katz was the consumer counsel until her resignation on July 5, 2019. The governor appointed Richard Sobolewski as acting consumer counsel, and he continues to serve in that capacity today.

The Connecticut Siting Council (CSC), established under Title 16, Chapter 277a, Section 16-50j of the General Statutes, 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, in conjunction with DEEP, reviews and acts on applications for approval of sites for construction, operations, 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. Robert Stein was chairperson until he resigned, effective January 4, 2019. The CSC chairperson position, an appointment made by the Governor, was vacant as of October 1, 2021.

The Council on Environmental Quality (CEQ), established under Section 22a-11 of the General Statutes, is within DEEP for administrative purposes only. The nine-member council receives and investigates citizen complaints and refers such matters to the appropriate regulatory agency for action. CEQ is required to annually report to the Governor. CEQ spent \$172,542, \$214,865, and \$287,842 during the fiscal years ended June 30, 2018, 2019, and 2020, respectively. There were no revenues during that same period. Prior to July 1, 2019, CEQ was funded by the General Fund. Beginning July 1, 2019, DEEP's Passport to the Parks account, within the Federal & Other Restricted Fund, provides that funding. The Passport to the Parks account funded CEQ \$327,000 and \$352,135 for fiscal years 2019 and 2020, respectively. Karl Wagener served as executive director until his retirement, effective July 1, 2018. Peter Hearn became executive director on October 26, 2018 and served for the remainder of the audited period. Susan Merrow served as the chairperson throughout the audited period until her resignation in April of 2020. The Governor has not appointed a new chairperson; however, Keith Ainsworth currently serves as acting chair.

Significant Legislation

Public Act 17-2 (June Special Session), effective January 1, 2018, established the Passport to the Parks account as an appropriated account in the General Fund. **Public Act 18-7**, effective May 24, 2018, subsequently clarified that the Passport to the Parks account is a non-lapsing account of the General Fund rather than an appropriated fund within the Department of Energy and Environmental Protection.

A supplemental fee on new motor vehicle registrations and renewals fund this account. The fee is \$10 for a biennial registration or \$5 for an individual age 65 or older who chooses to renew their registration annually. The fees collected must be used to (1) operate state parks and campgrounds; (2) fund soil and water conservation districts and environmental review teams; and (3) pay the expenses of the Council on Environmental Quality since fiscal year 2019. The act exempts all Connecticut motor vehicles from parking fees at state parks, forests, and recreational facilities. The act also transfers park-related revenue to this account from the General Fund.

Public Act 18-50, effective January 1, 2020, reconfigured funding for the state's energy efficiency programs. Electric distribution company (EDC) customers funded the three-year conservation load management (CLM) plan by paying three-mill conservation and conservation adjustment charges, deposited in the company's CLM fund. EDC must apply to the Energy

Conservation Management Board (ECMB) for reimbursement of their expenditures. The new law eliminated the CLM fund, both three-mill charges, and the requirement that EDC apply to the ECMB for reimbursement. EDC must now ensure that the CLM plan is fully funded by collecting a PURA-approved conservation adjusting mechanism (CAM) of up to six mills per kilowatt hour of electricity sold to each of its end use customers during the three years of any CLM plan.

Public Act 18-81, effective July 1, 2018, required DEEP to pay \$100,000 to seven entities from the Passport to the Parks account.

Public Act 18-121, effective May 29, 2018, required DEEP to make best efforts in reviewing and making a final determination on 29 specific permit applications within 90 days after receiving a completed application. DEEP must identify and notify the applicant in writing of all deficiencies in an application within 90 days of receiving it. This replaced Public Act 17-2 of the June Special Session, which specified the automatic approval of applications if DEEP did not make final determinations within 90 days. The act also requires the DEEP commissioner to establish a pilot program to expedite the issuance of permits.

Public Act 19-117, effective July 1, 2019, increased the number of PURA commissioners from three to five members. Since the term of one of the PURA commissioners at that time expired on June 30, 2019, the new law required the Governor to appoint three PURA commissioners between July 1, 2019 and May 1, 2020. The act also required the Governor to make the appointments with the legislature's advice and consent. This public act also removed a requirement that PURA employ a procurement manager. It instead allows PURA's chairperson to assign PURA staff to fulfill the procurement manager's statutory duties. As of August 9, 2021, there are only three commissioners. The Governor had not made the additional appointments.

Public Act 19-117, effective October 1, 2019, established the Connecticut Hydrogen and Electric Automobile Purchase Rebate (CHEAPR) program to provide rebates for the purchase or lease of new or used hydrogen or electric vehicles based on an existing pilot program. The act also created an administrative board to oversee the program. It established a nonlapsing account to administer the program. The act directed the first \$3 million collected each fiscal year from the greenhouse gas reduction fee to go to the CHEAPR program's account.

RÉSUMÉ OF OPERATIONS

During the fiscal years ended June 30, 2018, 2019, and 2020, DEEP activity was accounted for in the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds and Fiduciary/Trust Funds. The discussion of these funds in more detail follows.

GENERAL FUND

General Fund receipts and expenditures are summarized below.

General Fund Receipts by Account:

| Receipts | Fiscal Year Ended June 30, | | | |
|--------------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Licenses & Sales/Use Tax | \$11,342,083 | \$11,477,795 | \$11,429,372 | \$11,669,895 |
| Fees | 12,624,093 | 13,684,298 | 12,649,759 | 12,277,408 |
| Permits | 7,997,027 | 8,394,792 | 7,014,610 | 5,912,642 |
| Sales – Commodities & Services | 6,076,427 | 3,544,728 | 41,357 | 49,000 |
| Rents, Fines & Escheats | 1,180,827 | 16,611,644 | 3,790,944 | 2,667,255 |
| Refunds and Miscellaneous | (955,941) | (677,090) | (615,831) | (454,055) |
| Total Receipts | \$38,264,516 | \$53,036,167 | \$34,310,211 | \$32,122,145 |

Revenues increased significantly in fiscal year 2018 due to the receipt of funds from the Volkswagen Clean Air Act civil settlement. Sales receipts also decreased significantly in fiscal year 2019, as the recording of camping reservation revenue moved to the Passport to the Parks account in a special revenue fund beginning January 1, 2018.

General Fund Expenditures by Account:

| Expenditures | Fiscal Year Ended June 30, | | | |
|---------------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Personal Services & Benefits | \$48,529,922 | \$45,150,448 | \$43,269,378 | \$41,709,287 |
| Premises and Property Expenses | 2,893,944 | 2,929,101 | 2,415,533 | 2,095,916 |
| Purchases & Contracted Services | 2,996,790 | 2,822,538 | 2,625,622 | 3,266,942 |
| Information Technology | 1,747,695 | 990,381 | 1,563,762 | 1,774,017 |
| Motor Vehicle Costs | 1,719,993 | 1,777,969 | 605,034 | 551,074 |
| Purchased Commodities | 1,168,568 | 1,059,256 | 1,078,657 | 926,457 |
| Capital Outlays | 644,512 | 1,116,725 | 815,283 | 221,694 |
| Fixed Charges | 664,848 | 181,337 | 383,763 | 291,635 |
| Employee Expenses | 190,916 | 171,117 | 207,219 | 215,106 |
| Other Charges | 107,965 | (92,702) | (66,615) | 8,145 |
| Total Expenditures | \$60,665,153 | \$56,106,170 | \$52,897,636 | \$51,060,273 |

Expenditures decreased due to the transfer of paid employees and motor vehicle costs to the Passport to the Parks account. The transfer of seasonal employee payroll occurred in fiscal year 2019, and the transfer of full-time employees occurred in fiscal year 2020.

SPECIAL REVENUE FUNDS

DEEP utilizes special revenue funds to account for receipts and expenditures for specific programs. The most significant receipts and expenditures were for Federal and Other Restricted Accounts, the Consumer Counsel/DPUC Fund, and Small Town Economic Assistance Program (STEAP) Grants to Local Government. DEEP also utilized the Special Transportation and Capital Equipment Purchase funds. The chart below summarizes receipts and expenditures for all significant Special Revenue Funds.

Federal and Other Restricted Accounts Fund

This fund accounts for federal and other revenue that is restricted from general use. The department manages numerous federal programs, and the largest programs were Performance Partnership Grants and the Title VI CWP Cap Grant. The Passport to the Parks account had a significant impact on revenue and expenditures to the non-federal aid-restricted fund during fiscal years 2018, 2019, and 2020. The summary of revenue and expenditures follows.

| Revenue | Fiscal Year Ended June 30, | | | |
|------------------------------|----------------------------|---------------------|----------------------|----------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Non-Federal Aid-Restricted | \$32,056,665 | \$38,978,914 | \$ 56,347,770 | \$ 55,843,249 |
| Federal Aid-Restricted | 40,754,552 | 42,158,121 | 40,387,570 | 54,852,310 |
| Community Investment Account | 1,511,733 | 943,124 | 2,030,788 | 2,670,721 |
| Grant Transfers and Other | 868,627 | 2,071,633 | 1,542,733 | 718,185 |
| Total Revenue | \$75,191,577 | \$84,151,792 | \$100,308,861 | \$114,084,465 |

Total revenue increased mainly from the creation of the Passport to the Parks account in this fund. Revenue from that account was \$7,456,258, \$19,939,326, and \$19,679,135 for fiscal years 2018, 2019, and 2020, respectively.

| Expenditures | Fiscal Year Ended June 30, | | | |
|---------------------------------|----------------------------|---------------------|---------------------|----------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Personal Services & Benefits | \$31,436,607 | \$30,207,970 | \$39,022,381 | \$ 42,808,332 |
| Fixed Charges – Grants | 21,431,392 | 18,905,318 | 22,425,889 | 31,411,662 |
| Other Charges – Includes RGGI | 9,646,710 | 5,283,527 | 9,863,059 | 14,592,333 |
| Purchases & Contracted Services | 4,709,612 | 5,443,691 | 5,578,166 | 8,272,616 |
| Capital Outlays | 3,359,694 | 1,237,522 | 3,561,680 | 3,636,503 |
| Premises and Property Expenses | 1,359,794 | 4,169,211 | 3,139,412 | 3,153,451 |
| Capital Outlays – Equipment | 606,665 | 514,506 | 664,811 | 1,409,800 |
| Information Technology | 456,362 | 454,025 | 485,348 | 1,517,211 |
| Motor Vehicle Costs | 435,244 | 460,107 | 1,659,930 | 1,516,355 |
| Purchased Commodities | 594,622 | 832,245 | 1,489,211 | 1,327,297 |
| Employee Expenses | 182,310 | 153,080 | 312,188 | 258,123 |
| Capital Outlays-Building | 140,000 | 62,500 | 222,355 | 2,074 |
| Total Expenditures | \$74,359,014 | \$67,723,702 | \$88,424,430 | \$109,905,757 |

Total expenditures decreased in fiscal year 2018 mainly due to a reduction in payments for the Regional Greenhouse Gas Initiative (RGGI). Total expenditures increased in fiscal years 2019 and 2020 due to the transfer of expenditures from the General fund to the Passport to the Parks account. Expenditures for that account were \$653,000, \$12,260,465 and \$17,459,727 for fiscal years 2018, 2019, and 2020, respectively.

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 on utility companies. Receipts and expenditures for the Consumer Counsel/DPUC Fund are summarized below.

| Revenue | Fiscal Year Ended June 30, | | | |
|------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Recoveries of Expenses | \$28,268,754 | \$21,841,363 | \$26,068,507 | \$24,796,529 |
| Fees for Examination | 21,100 | 20,500 | 17,500 | 14,500 |
| Other Fees and Refunds | 298 | 37,054 | 302 | 50 |
| Total Revenue | \$28,290,152 | \$21,898,917 | \$26,086,309 | \$24,811,079 |

| Expenditures | Fiscal Year Ended June 30, | | | |
|--------------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Personal Services & Benefits | \$22,546,842 | \$21,630,147 | \$22,499,048 | \$22,449,163 |
| Premises and Property Expenses | 661,163 | 659,674 | 661,882 | 618,216 |
| Indirect Overhead – Federal | 706,139 | 0 | (217,134) | 0 |
| All Other Expenditures | 1,266,763 | 798,114 | 1,061,440 | 1,091,837 |
| Total Expenditures | \$25,180,907 | \$23,087,935 | \$24,005,236 | \$24,159,216 |

Grants to Local Governments and Other 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 \$27,863,235, \$10,761,405, \$25,954,511 and \$17,971,203 during the fiscal years ended June 30, 2017, 2018, 2019, and 2020, 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, the Connecticut Bikeway 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. Within the fund, there is a water pollution controls state account, water pollution control federal revolving loan account, and a Long Island Sound clean-up account. The fund provides for financial assistance to municipalities and others for the planning, design and construction of water quality projects and improvements. Receipts and expenditures for the Clean Water Fund are summarized below.

| Revenue | Fiscal Year Ended June 30, | | | |
|-------------------|-----------------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Federal Grants | \$ 8,389,048 | \$23,063,560 | \$17,233,330 | \$ 5,999,885 |
| Investment Income | 2,250,857 | 2,425,396 | 2,241,520 | 0 |
| Total | \$10,639,905 | \$25,488,956 | \$19,474,850 | \$ 5,999,885 |

| Expenditures | Fiscal Year Ended June 30, | | | |
|---------------------------|-----------------------------------|----------------------|----------------------|----------------------|
| | 2017 | 2018 | 2019 | 2020 |
| State Account | \$ 86,727,546 | \$82,002,865 | 69,480,703 | \$81,713,258 |
| Federal Account | 117,176,245 | 155,893,338 | 155,326,260 | 130,906,697 |
| Long Island Sound Account | 13,327 | 23,830 | 20,156 | 0 |
| Total | \$203,917,118 | \$237,920,034 | \$224,826,119 | \$212,619,954 |

Receipts decreased in fiscal year 2020 due to a decrease in drawdowns of federal grants. Investment income is expensed in fiscal year 2020 in accordance with Government Accounting Standards Board (GASB) Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Expenditures represent DEEP expenditures only and were primarily for grants and administrative expenses from the state account and loans from the federal account.

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 project funds totaled \$26,320,980, \$20,039,869, \$29,911,860 and \$26,594,614 during the fiscal years ended June 30, 2017, 2018, 2019, and 2020, respectively, and were primarily for state park renovations and energy projects for state buildings. There were no revenues recorded for the Capital and Non-Capital Projects Funds.

TRUST FUNDS

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

| DEEP Funds | Purpose | Balance at June 30, 2020 |
|-------------------------|---|---------------------------------|
| Culpeper | Repair of facilities at the American Shakespeare Theater | \$ 21,722 |
| James L. Goodwin | Provide educational activities and maintain the Goodwin Center | 186,744 |
| Hopemead | Develop property previously conveyed to the state | 4,407,958 |
| Kellogg | Maintain Kellogg Environmental Center and Osborndale State Park | 1,434,825 |
| Topsmead | Maintain Topsmead State Forest | 4,407,740 |
| Wagner-Firestone | Maintain a bird and game sanctuary in Lyme and East Haddam | 221,237 |
| Flora Werner | Benefit of the real estate devised to the state | 445,678 |
| White Memorial | Maintain wildlife sanctuaries including Werner Woods | 4,915,954 |
| Subtotal - DEEP | | \$16,041,858 |
| Trustee Funds | | |
| James L. Goodwin | Provide educational activities and maintain the Goodwin Center | \$ 836,111 |
| Belding Wildlife | Manage, enhance, maintain Belding Wildlife Management area | 2,228,747 |
| Kellogg | Maintain Kellogg Environmental Center and Osborndale State Park | 15,345,827 |
| Subtotal - Other | | \$18,420,685 |
| Total Funds | | \$34,462,543 |

OFFICE OF CONSUMER COUNSEL

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

| Expenditures | Fiscal Year Ended June 30, | | | |
|---------------------------------|-----------------------------------|--------------------|--------------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Personal Services & Benefits | \$1,911,295 | \$1,922,493 | \$ 2,203,018 | \$1,738,428 |
| Premises & Property Expenses | 141,580 | 116,870 | 96,650 | 91,990 |
| Purchases & Contracted Services | 177,009 | 94,618 | 53,714 | 61,821 |
| Indirect Expenses | 66,419 | 0 | 67,663 | 0 |
| Employee Expenses & Allowances | 72,258 | 64,417 | 87,939 | 43,184 |
| Other | 9,457 | 11,170 | 4,298 | 12,126 |
| Total | \$2,378,018 | \$2,209,568 | \$2,513,283 | \$1,947,549 |

Expenditures decreased in fiscal year 2020 due to the resignation of two staff members and a retirement.

CONNECTICUT SITING COUNCIL

The Connecticut Siting Council (CSC) is within DEEP for administrative purposes only 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 for conducting hearings and proceedings, in accordance with Section 16-50v of the General Statutes. Receipts for the fiscal years ended June 30, 2017, 2018, 2019, and 2020 totaled \$2,130,075, \$1,095,315, \$1,084,997, and \$1,188,255, respectively. Revenue decreased from fiscal year 2017 based on the number of dockets and petitions filed by each industry and the actual expenses and corresponding reimbursements related to each case. Expenditures for CSC are summarized below.

| Expenditures | Fiscal Year Ended June 30, | | | |
|-----------------------------------|-----------------------------------|--------------------|--------------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Personal Services & Benefits | \$1,073,832 | \$1,025,084 | \$1,258,281 | \$1,277,242 |
| Other Charges – Indirect Overhead | 201,113 | (56,330) | 81,228 | (48,634) |
| Purchases & Contracted Services | 113,136 | 189,447 | 83,778 | 48,127 |
| Premises and Property Expenses | 53,419 | 55,649 | 58,783 | 55,920 |
| Purchased Commodities | 5,702 | (400) | 1,596 | 1,170 |
| Information Technology | 5,004 | 4,845 | 1,597 | 1,095 |
| Employee Expenses & Allowances | 1,223 | 2,346 | 1,133 | 2,018 |
| Motor Vehicle Costs | 2,721 | 5,906 | 6,093 | 5,097 |
| Total Expenditures | \$1,456,150 | \$1,226,545 | \$1,492,489 | \$1,342,035 |

Expenditures increased in fiscal year 2019 due to the hiring of two staff members. Purchases and contracted services decreased for payments and reimbursements to board members due to reductions in other council business and the increase in vacant and unfilled board positions in fiscal year 2020.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Energy and Environmental Protection, Council on Environmental Quality, Office of Consumer Counsel, and Connecticut Siting Council disclosed the following 24 findings and recommendations, of which 12 have been repeated from the previous audit:

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 agencies with employees who have 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 every other 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 appropriate leave (sick, vacation, etc.).

Condition: During the audited period, two employees in the payroll unit had the Core-CT Human Resource (HR) Specialist, Payroll Specialist, and Time and Labor Specialist roles. This allowed them to add employees, approve timesheets, and pay employees. It also allowed them to change time, attendance, and pay rate information. The principal human resources specialist retired April 1, 2021. The other employee continued to have all three roles.

DEEP has a Human Resources Division, which is separate and distinct from the payroll and benefits unit. Some of these employees changed their work location due to the state's centralization of human resources, but still work on DEEP human resources matters. Several employees in this unit have the HR Specialist role.

Core-CT personnel monitor security roles of agency personnel and requested that DEEP resubmit and update its previous justification for the need for dual roles. DEEP submitted this justification in February 2017, stating that it required the HR Specialist role for one employee who amends addresses. The other payroll employee must approve the

change. This appears to be a work-related duty for a human resources employee rather than a payroll employee.

The same two employees who have HR Specialist roles and payroll responsibility also have Time and Labor Specialist roles. These two employees approved 1,273 and 1,157 timesheets in fiscal years 2018 and 2019, and 962 timesheets through April 2020.

We also found that a payroll clerk and a fiscal administrative assistant approved timesheets. They approved 326 timesheets from July 1, 2019 through April 2020.

The department had 286 employees who had the timekeeper role to approve DEEP, Council on Environmental Quality and PURA timesheets. There also were three employees at the Connecticut Siting Council and four employees at the Office of Consumer Counsel with similar roles.

Effect: One staff member can create an employee in Core-CT, prepare and approve the timesheet, and process payments to the employee.

Timesheets not approved by the employee's supervisor may not have accurate time 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 personnel approved the justification for dual roles without inquiring or reviewing whether DEEP has other employees with the HR Specialist role who could perform the actions in the justification.

DEEP does not have an adequate timesheet approval process to ensure that supervisors or a designee approves the timesheet. 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 six audit reports covering fiscal years 2004 through 2017.

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 the timesheets. (See Recommendation 1.)

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 recently implemented a bi-weekly timesheet approval reminder that is sent to all supervisors and managers. Payroll staff no longer approve timesheets for routine hours coded by employees.

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 (the Department of Administrative Services) which 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.”

Overtime and Compensatory Time Pre-Approval and Documentation Issues

Criteria:

A governmental agency should be accountable for the resources it is provided to administer programs and services. These resources should be utilized efficiently, economically, and effectively. Agencies should document prior written approval of overtime and compensatory time. The approval should include a description of the need for overtime or compensatory time and the reason the work could not be performed during regular work hours.

The DEEP overtime and compensatory time policy is included in its directive Compensatory Time, Overtime, and Lifting the Overtime Cap – Bargaining Unit Employees. This directive requires advance supervisory approval of overtime and compensatory time. The policy also requires that the employee and supervisor keep accurate records of overtime and compensatory time earned and supervisory approval of employee timesheets indicating approval of all overtime and compensatory time.

Condition:

The DEEP overtime and compensatory time policy does not specify whether the approval should be in writing. It appears that the department documents its overtime or compensatory time approval by the supervisor's regular biweekly approval of the employee's timesheet.

DEEP does not have a consistent policy for the proper documentation of overtime. DEEP informed us that overtime documentation is between the supervisor and the employee. Employees in the divisions we tested do not use a standard form (except for conservation officers). As a result, we could not determine in many cases whether the overtime was proper and pre-approved.

Our sample of employees tested for overtime revealed the following:

- A payroll supervisor could not provide the specific reasons a payroll clerk earned overtime. The payroll clerk earned \$7,550, \$4,796, and \$5,109 in overtime for the fiscal years ended June 30, 2018, 2019, and 2020, respectively.
- We found instances in which the reason for overtime appeared to be within the employees' regular work duties. While the overtime may have been necessary, DEEP could not document why the work could not be performed during usual work hours.
- We found a supervisor who regularly worked overtime. While we acknowledge that the position may occasionally require overtime, on several occasions, the reasons the supervisor provided included supervision of the crew or to plan the day prior to employees arriving. We found that the employees assigned to the supervisor tended to work independently during the day. This supervisor also earned overtime on days used for sick and vacation leave. While we acknowledge that this may occasionally happen, the supervisor and manager could not document what time of day it occurred and whether it was reasonable. Further review uncovered a similar situation with another supervisor.
- The documentation the department provided to support employee overtime at Harkness State Park consisted of draft wedding schedules and the name of the employee scheduled to work at the wedding. The department did not document start and end times or provide support for weekday overtime.
- The department approves unscheduled overtime at state parks by telephone and does not support its approvals with written documentation.

After our initial review of overtime, one division started providing the reason for the overtime in the timesheet's comment section in Core-CT prior to the timesheet's approval. We found that supervisors still used

crew supervision as a reason for overtime and did not always justify why the overtime was needed beyond the regular workday.

Context: Overtime at DEEP was \$1,146,011, \$1,431,681, and \$1,496,446 for the fiscal years ended June 30, 2018, 2019, and 2020, respectively.

Effect: Overtime and compensatory time costs are more difficult to manage, and overtime and compensatory time use could be abused.

Documentation of overtime could be unavailable when employees leave state service because the department does not store that information in a central location.

There are many instances in which payroll or financial staff approve timesheets because the supervisors did not approve them. Employees could add overtime or extra overtime hours without the supervisor's knowledge.

Cause: DEEP does not have a specific agency-wide process to document the preapproval of overtime and compensatory time, which includes the reason for the overtime and justifies why the work cannot be done during regular work hours. As a result, we could not determine whether the reasons for overtime were valid.

Two of the supervisors in our sample who received daily overtime have a schedule of 37.5 hours per week, and their staff works 40 hours per week. The reason for overtime by both supervisors was to supervise their crew.

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

Recommendation: The Department of Energy and Environmental Protection should revise its overtime and compensatory time policy to document the preapproval of overtime and compensatory time. The documentation should include the reason for the time and justification as to why the work cannot be performed during regular hours. (See Recommendation 2.)

Agency Response: “The Department recognizes the importance of ensuring overtime hours worked are necessary and properly authorized by supervisors. The Department disagrees with the recommendation that a request form be formally documented as prescribed. As mentioned in a prior finding, Payroll staff have switched from approving timesheets to ensuring that timesheet approvals are given by the appropriate supervisor or manager. The Core-CT comments field is used to allow supervisors and managers

the opportunity to formally acknowledge the necessity of the hours worked during that business cycle. As DEEP operations include numerous responsibilities that can experience emergency conditions, the pre-approval of hours in such a formal method could jeopardize both safety and property. The Department agrees that only tasks that cannot be performed during the normal work day should qualify for overtime payments and has taken steps to minimize overtime earned for convenience.”

*Auditors’ Concluding
Comments:*

While we acknowledge that there are situations in which emergency overtime is needed, it should be supported with written documentation which shows the overtime approval, reason for the approval, and anticipated hours required for the emergency. The comments section in Core-CT did not include enough information for the auditors to determine the necessity of the overtime.

Employees on Paid Administrative Leave in Excess of Time Limits

Criteria:

State agencies should attempt to minimize the time that employees are on paid administrative leave pending investigations regardless of the time allowed by state regulations or collective bargaining agreements.

Section 5-240-5a(f) of the Regulations of Connecticut State Agencies states that an appointing authority may place an employee on a leave of absence with pay for up to 15 days to permit the investigation of alleged serious misconduct, which could constitute just cause for dismissal. Following a decision to place the employee on paid leave, the agency shall provide written notice to the employee stating the reasons for the leave, the effective date, and the duration.

Some collective bargaining agreements provide that employees may be on paid administrative leave for more than the 15 days allowed by the state regulations.

Condition:

DEEP placed nine employees on paid administrative leave during the fiscal years ended June 30, 2018 through 2020. Eight employees were on leave from 31 to 168 days. The disposition of the investigations for these employees included two discharges, three retirements, one resignation in good standing, and one continued to be employed. As of July 23, 2021, one employee remained on leave since March 2, 2020. The employee’s bargaining unit allows this leave.

Effect:

Employees were paid over \$200,000 while on paid administrative leave.

Cause: Bargaining unit contracts vary on the duration allowed for paid administrative leave. The contracts tend to be more generous than state regulations, creating less urgency for all parties to promptly resolve the matter.

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

Recommendation: The Department of Energy and Environmental Protection should comply with requirements concerning employees on paid leave as provided under Section 5-240-5a(f) of the State Regulations to minimize the amount of wages paid to employees on administrative leave during an investigation. (See Recommendation 3.)

Agency Response: “With the centralization of Human Resources, this is no longer a DEEP issue. DAS & OLR (Office of Labor Relations) will be responsible for ensuring that administrative leave is managed properly.”

Failure to Calculate the Taxable Benefit of Non-Business Use of State Provided Vehicles

Background: The State Comptroller provides a memorandum to state agencies each year entitled the “Calculation of the Taxable Benefit of the Non-Business Use of State Provided Vehicles.” This memorandum sets forth the federal rules and exceptions for when an agency should tax employees for non-business use of a state vehicle.

Criteria: Federal Public Law 99-44 mandates the reporting of an employee’s personal use of an employer-owned or leased vehicle as taxable income. The definition of personal use is any non-business use, including commuting from an employee’s home to the worksite. State agencies are responsible for implementing these reporting requirements. There are exceptions to this requirement, including if an employee meets certain conditions and garages the vehicle overnight at an approved state-owned or leased facility or law enforcement officers’ use of a marked vehicle.

Condition: We reviewed mileage reports for February 2020 and found that nine employees used their vehicles all or part of the month for traveling from home to their worksite. DEEP did not report the use of these vehicles as taxable income for any of these employees, and we did not find any evidence that the employees claimed a taxable benefit during the audited period.

Effect: DEEP did not comply with federal law and State Comptroller guidance, resulting in underreported taxable benefits.

- Cause:* There was a lack of management oversight.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The Department of Energy and Environmental Protection should comply with the Office of the State Comptroller memorandum concerning the taxable benefit of employees' non-business use of state vehicles. (See Recommendation 4.)
- Agency Response:* "The Department agrees with the finding and is working to resolve disconnects within the business process regarding the applicability of this taxable benefit calculation. There has recently been an exhaustive Legal review of this determination and the associated requirements. The Department will work to institute a formal process for recording this going forward."

Incomplete Personnel Files and Improper Recording of Time and Payment of Overtime for Seasonal Employees

- Background:* The Department of Energy and Environmental Protection hires hundreds of seasonal employees each year at state parks and other jobs throughout its organization. Some seasonal employees are rehired since they are considered temporary employees and are prohibited from working more than 1,040 hours per calendar year. A three-month break is also required before the employee may be hired again.
- Criteria:* DEEP requires that seasonal employees' personnel files contain various forms when they are hired. The DEEP Seasonal Employee Information Sheet lists the forms.
- DEEP Directive Manual Code 5520 D2, "Request for Employee's/Volunteer's Motor Vehicle Operator's License Status" requires that the supervisor of any seasonal employee must have the employee complete the license verification request. DEEP policy requires verification to be conducted before any employee is allowed to operate a motor vehicle while conducting state business.
- Employees whose normal workweek exceeds 40 hours should be compensated at one and one-half times their hourly rate.
- Condition:* Three employees did not sign the acknowledgment of seasonal appointment form, or DEEP did not provide the form to us.

Five employees' files did not have the consent to disclose motor vehicle records, or the employee did not sign the form.

Three employees' files did not have the zero-tolerance sexual harassment policy form.

One employee's file did not have a copy of the social security card or driver's license as required by form I-9. This employee's file also did not have an employment application.

The regular, scheduled hours of work for a full-time seasonal employee is either 35 or 40 hours per week. We only sampled seasonal employees who had regular hours in excess of 80 hours per two-week pay period and discovered inconsistencies in the payment of overtime for some of these employees.

We found no directive on whether seasonal employees earn overtime when they work over 80 hours per pay period or if they earn overtime when their workday exceeds eight hours. In some cases, we found that employees earned overtime only if their day exceeded eight hours, while in other cases employees working in excess of eight hours did not earn overtime. For example, one employee was paid for 80.75 hours of work at the regular time rate and .5 hours of overtime in the same pay period. One day was coded showing 8.75 hours of regular time on the timesheet. Another employee worked 83 hours for the pay period but was not paid any overtime.

Context: We tested 14 seasonal employees' personnel files for the inclusion of required documents. We selected seasonal employees whose timesheets were approved by an employee in the payroll unit. Thirteen of these employees' timesheets should have been approved by an employee outside of the payroll unit, as the payroll unit is not responsible for their supervision and scheduling.

Effect: If employment or personnel issues arise, there could be legal ramifications from not having required forms in personnel files. Forms should contain the signatures of all parties when required.

Employees may be underpaid when overtime is not applied consistently.

Cause: DEEP could not find the forms we requested. We could not determine whether this was due to an inadequate process for ensuring that all required forms were in files or if forms were retrieved from the files and never returned.

The seasonal employees did not prepare their own timesheets since seasonal employees are not granted access to Core-CT. Therefore, the park employee who prepared the timesheet was responsible for the improper coding of regular and overtime hours.

DEEP does not have clear written guidance on when a seasonal employee is eligible for overtime.

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

Recommendation: The Department of Energy and Environmental Protection should ensure that all required forms for seasonal employees are in their personnel files and that they are signed when necessary. The department should clarify its policies related to when seasonal employees are entitled to overtime. (See Recommendation 5.)

Agency Response: “The Department agrees with the finding and recognizes the importance of maintaining complete employee files. DEEP has recently shifted to an electronic submission process from field units to the central office for the initial setup of seasonal staff. The timeliness of submitting these files electronically allows DAS HR staff and DEEP Payroll staff to follow up immediately when packages are not complete. Additionally, with the conversion of all HR files to an electronic format, there is no risk of documents being lost when employee files are reviewed.”

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 acquired, managed, and disposed of properly. The requirements are as follows:

- State agencies should use the Asset Management/Inventory Report/GAAP Reporting Form (CO-59) to report all 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.
- Agencies possessing fine art are required to maintain a separate inventory for each item regardless of cost or value. Permanent collection pieces with a value in excess of \$10,000 should be appraised by an expert in the field every six years. This appraisal is recommended, but not required, by the Comptroller.

Agencies must conduct annual physical inventories of all assets.

Condition:

The department's property control records did not comply with requirements of the State Property Control Manual.

CO-59 Fixed Asset inventory report for fiscal years 2018 and 2019

The ending balance of total real and personal property for the fiscal year ended June 30, 2018 did not agree with the beginning balance on July 1, 2018 for the fiscal year ended June 30, 2019. The amount reported as Inventory – Materials and Goods-In-Process decreased from \$119,492.49 to \$29,376.55. DEEP did not include the reason for this change in its CO-59 report.

DEEP overstated, by \$114,140, the balance of \$122,979 reported as of June 30, 2019 for Inventory – Materials and Goods-In-Process, because a purchase of 400 boxes of paper was incorrectly recorded as 4,000 boxes.

DEEP understated, by \$505, the ending balance for Inventory – Stores & Supplies for fiscal year 2018.

The ending balances of inventory on the 2018 and 2019 reports were not supported by Core-CT records:

- Core-CT had the value of conservation easements recorded as \$1,415,000 since 2011, and DEEP reported the value as \$243,750.
- Licensed Software – DEEP reported the overall value of its software at \$1,911,374, but did not identify specific software in many instances. Core-CT shows entries of licensed software summaries of \$101,608, \$147,074, and \$391,981 with tag numbers that do not identify the specific software.

- Software (Capitalized) Owned by the State – DEEP did not record a value for systems it developed over the years. DEEP provided us a list that shows 29 applications that were internally developed. It also did not include the value of staff time for implementing its SIMS (Site Information Management System) software. SIMS includes DEEP’s permits and applications, enforcement actions, 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 maintains a record with photographs and two hardcopy lists of art that have also remained unchanged since then. The lists contain art for only some parks, not all of its parks where art is located. DEEP only lists one item as fine art in Core-CT with a value of \$3,510.

CO-59 Fixed Asset inventory report for fiscal year 2020

DEEP did not report the value of fuel in the tanks at its 17 fueling stations on its CO-59 report as stores and supplies, even though we informed DEEP prior to the report submission that OSC required this information.

Internal Control Findings

In 2019, a staff member informed us that DEEP has not completed a physical inventory of its assets since a previous employee who performed the physical inventories transferred to another state agency several years earlier.

DEEP has also not conducted a fine art inventory and has not appraised any of its fine art since 2000. Some of the artwork is located in parks that have associated trusts which may be available to fund appraisals. The last fine art appraisals were of items at the Kellogg Homestead in Osbornedale State Park in 1980 and Harkness Memorial State Park in 2000 at a cost of \$1,200.

DEEP did not record two firearms in Core-CT and recorded an incorrect serial number for a seized weapon.

DEEP personnel did not make themselves available to help us conduct a physical inspection of ten equipment items in the central office. We made our first request in April 2021, and DEEP did not respond to subsequent requests.

Effect: Control deficiencies result in inaccurate and incomplete financial reporting, as well as a decreased ability to safeguard assets.

Items could be lost due to theft.

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 five audit reports covering fiscal years 2006 through 2017.

Recommendation: The Department of Energy and Environmental Protection should strengthen internal controls over inventory to comply fully with the requirements of the State Property Control Manual and the State Comptroller's reporting instructions. (See Recommendation 6.)

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 CO-59 report and if so, at what value."

Excess Inventory of DEEP-Owned Vehicles and Lack of a Vehicle Maintenance Database

Background: The Department of Energy and Environmental Protection purchases its own vehicles and leases vehicles from the Department of Administrative Services (DAS). DAS vehicles may be leased daily, monthly, or yearly.

DEEP, although not required, normally follows DAS guidelines for vehicles leased by other state agencies.

DEEP has two garages for the maintenance of its own vehicles, in Thomaston (Western District) and Moosup (Eastern District).

Criteria: Agencies are responsible for ensuring that their state-owned vehicles are used in the most cost effective and efficient manner possible.

Maintenance costs should be properly documented in a fleet management system.

Condition: Vehicle utilization

DEEP maintains a fleet of 555 vehicles, some of which appear to be underutilized. We reviewed 525 mileage reports for February 2020, of which 177 were DAS-leased vehicles and 348 were DEEP-owned vehicles. No change in mileage was reported on 79 DEEP-owned vehicles and two DAS-leased vehicles. There were 125 DEEP-owned vehicles and 14 DAS-leased vehicles used five days or less for the month.

Vehicle maintenance

DEEP staff must bring their vehicles to one of the two maintenance garages for required maintenance. At times, a vendor repairs the vehicle. Each vehicle has a file that contains work orders, safety checks, recalls, and purchase receipts marked with the vehicle's plate number. A Vehicle/Equipment/Facility Repair Request form is prepared listing the work requested. The technician includes notes stating the work that was completed and lists any new parts installed. The parts list contains quantity, parts description, vendor, and unit cost. Maintenance garage employees purchase parts, tires, and outside contracting services using their purchasing cards. The supporting charge slips do not always include the vehicle number for each associated purchase. Supervisors may sign off on employee purchasing card transactions, but there is no formal reconciliation between those purchasing card charges and the vehicle files.

Effect: The lack of a fleet management system prevents DEEP from efficiently and effectively managing vehicle utilization and costs.

Cause: DEEP does not utilize fleet management software to track utilization, monitor service on its vehicles, or document all maintenance purchases.

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

Recommendation: The Department of Energy and Environmental Protection should analyze its owned vehicle inventory and determine the number of vehicles it needs to operate efficiently. The department should improve its vehicle maintenance system by purchasing software to track its vehicle repair and maintenance purchases. (See Recommendation 7.)

Agency Response: “The Department agrees with the finding and has been working toward more modern solutions for managing its fleet. This will provide the tools necessary for management decisions regarding maintenance and the right-sizing of the DEEP fleet to avoid unnecessary operating costs associated with idle vehicles. Additionally, DEEP has begun conversation with DAS Fleet management regarding the procurement of more vehicles through DAS and leases back to DEEP as opposed to agency owned. It is important to note that in certain instances an agency-owned vehicle provides a better business decision due to DAS refresh cycles.”

Failure to Report under Section 4-33a of the General Statutes

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 state resources.

DEEP’s Field Deposit and Cash Handling Guidelines and Procedures requires the reporting of cash shortages or overages over \$25 on a Field Deposit Discrepancy Form. This form also is used to validate revenue variances from activity recorded by register audit tapes or ticket/season pass distribution.

Condition: DEEP does not appear to have an adequate process to report required matters to the Auditors of Public Accounts and the State Comptroller in accordance with Section 4-33a of the General Statutes. DEEP reported two matters to the Auditors of Public Accounts in fiscal year 2018 and two matters in fiscal year 2019. The department did not report any matters in fiscal year 2020.

We became aware of the following matters that were not reported:

- DEEP’s SIMS (Site Information Management System) showed overages of \$3,434 and shortages of \$5,090 for the period of July 1, 2017 through June 30, 2019 that were not reported. If there was a difference greater than \$25 for a given date, the state parks manager

is required to file the Field Deposit and Cash Handling Guideline form describing the discrepancy, how it happened, and how it could be prevented in the future. We were provided with all of these reports, except for one with a shortage of \$31. The reports describe cash overages and shortages, and internal control issues that may need to be reported. For example, there was a report of an overage of \$1,065 at a park. The explanation was that it was caused by a cash register repair technician replacing a register which erased all prior sales. Missing register data of 71 non-resident parking fees at \$15 each resulted in the overage. (DEEP reconciles cash register data to deposit information.) The department should have reported, under Section 4-33a, that the Internet, phones, computers, credit card readers, and Reserve America Systems (camping) did not function for five days. The stated reason was a lightning strike at the main gate, which is a common event. DEEP did not report this under Section 4-33a even though it had previously reported a similar situation at another state park that damaged equipment.

- DEEP issues season passes to all parks at the beginning of a season to be sold at each park. DEEP failed to report season passes that were not recorded as sold or returned at the end of the season for a park that had one pass missing in 2018 and three passes missing in 2019. The cost of each pass is \$112.
- DEEP reported to the auditor on site that there was a fire at Mashamoquet Brook State Park on May 20, 2019. The department stated that the barn was a complete loss and there was a significant amount of tagged and untagged equipment in the barn. DEEP did not report this matter to our office under Section 4-33a. Our office informed DEEP several times that this matter had to be formally reported to the Auditors of Public Accounts and State Comptroller.
- Three separate incidents, including two fires and broken windows at Silver Sands State Park went unreported.
- Numerous break-in and damage investigations by conservation officers at Harkness Memorial State Park were not reported.
- DEEP also reported to the auditor on site that an employee used a state computer and desk to run a personal business. The employee resigned with a separation agreement. and the Office of State Ethics fined the employee a civil penalty of \$5,000. The Auditors of Public Accounts and the Comptroller were not notified under 4-33a of the General Statutes.

Effect: The failure to report losses and breakdowns in internal controls prevents an independent review by the Auditors of Public Accounts and the State Comptroller to avoid future losses.

Cause: DEEP does not appear to have an adequate system to educate management on its statutory reporting requirements and consistently track reportable matters. The auditor repeatedly informed DEEP that it must file reports with the Auditors of Public Accounts and State Comptroller for several of these matters, but DEEP still failed to comply with its statutory requirement.

Prior Audit Finding: This finding has been previously reported in the last two audit reports covering fiscal years 2012 through 2017.

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. (See Recommendation 8.)

Agency Response: “The Department agrees with the finding and has taken steps to resolve a number of the 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 communications 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.”

Foundation Designation Lacking on Some Organizations Supporting the Department of Energy and Environmental Protection (DEEP) and Lack of Agreements

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 generally operate outside of

state control and are governed by their own boards. State employees sometimes sit on these boards.

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

The RecycleCT Foundation was established by Section 22a-228a of the General Statutes. The foundation targets and promotes the coordination and support of research and education activities and public information programs aimed at increasing the rate of recycling and reuse in the state. RecycleCT administers programs in partnership with DEEP. The majority of the funds it has received since inception were from DEEP Supplemental Environmental Penalty funds. The commissioner of DEEP serves on the board and department staff provide some administrative support.

Criteria:

Sections 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.

Reports listing fundraising and other activities by organizations for the benefit of DEEP parks should be prepared periodically to provide a true picture of the assistance provided.

Good internal controls require the establishment of written agreements between DEEP and “Friends of” organizations not considered foundations to coordinate their activities at state parks with agency goals. A written agreement also should be established between RecycleCT Foundation and DEEP for the use of the department’s staff and resources.

Condition:

DEEP does not consider any of the “Friends of” organizations to be foundations. All of the “Friends of” groups we reviewed were 501(c)3 organizations. In addition, we found that, based on a review of their websites and tax forms, these organizations claim to support primarily state parks or forests.

We found that several of the “Friends of” organizations have access to areas of the respective state parks that are not available to the general public. Several “Friends of” organizations operate gift stores at state parks without written agreements. For example, the Friends of Dinosaur State Park group operates a gift store rent-free at Dinosaur State Park. The group’s website states that it owns and operates the shop. We were informed that all profits from the shop’s sales fund projects, events, and activities at Dinosaur State Park. However, without any reports documenting that support, we could not determine the extent to which the profits are used at the 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 have the same arrangement related to their profits from sales and physical addresses. Several “Friends of” organizations also hold fundraisers at the parks at times when the park is not available to the public. DEEP staff must be at the park, and the department is not reimbursed for their hours, which may include overtime.

DEEP does not maintain any reports of what the “Friends of” organizations provided to its parks. Many of these organizations provide this information to their supporters upon request.

RecycleCT Foundation provides DEEP with annual audit reports. However, the foundation does not have an agreement with DEEP for the use of its staff or resources. Our review of board minutes revealed that a DEEP staff member took and maintained the minutes for the meetings, was asked to prepare the budget, provided program updates, reviewed proposals for the school grant program, and prepared an annual report for the past fiscal year.

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.

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

The types of assistance provided by the “Friends of” organizations to the parks is not formally documented; therefore, we could not determine how DEEP benefits from these organizations.

We could not determine how many DEEP staff hours were dedicated to the RecycleCT Foundation, and the foundation does not compensate the department for that time.

Cause: DEEP does not consider these organizations to be foundations under the statutory definition and has not entered into written agreements with them.

The DEEP staff member involved with the RecycleCT Foundation informed us that she works on behalf of the commissioner of DEEP, who is a board member, or her alternate. The staff's work at DEEP appears to be similar to work conducted for the foundation.

Prior Audit Finding: This finding has been previously reported in the last two audit reports covering fiscal years 2012 through 2017.

Recommendation: The Department of Energy and Environmental Protection should 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 they would benefit the state park or forest. The agreements should require reports from "Friends of" organizations detailing how they should prepare and provide funds and activities to support the park. The department also should enter into a written agreement with the RecycleCT Foundation. (See Recommendation 9.)

Agency Response: "The Department will continue to conduct reviews to ensure that its relationship with our "Friends of State Parks" groups is done in accordance with the law. The Department will enter into written agreements with and "Friends of" group that uses 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.

The Department has concluded that the "Friends of" groups are not foundations based on a close review and analysis of the statutes and a detailed review of prior opinions of the Attorney General on this subject. That legal analysis and its conclusions and supporting documents were provided to the Auditors by email dated 12/11/2018.

The Department disagrees with the Auditor's finding that there is "no assurance that the funds would go to the state park or forest" if a "Friends of" group were to cease to exist. The Friends groups are

independent charitable organizations governed, as all charities are, by the provisions of §3-124, §45a-514 and §47-2 which require that all gifts given for charitable purposes be used exclusively for the purposes for which they were raised, and empowers the Commissioner of Consumer Protection and the Attorney General's office with enforcing such requirements."

Auditors' Concluding Comment:

The finding did not state that there is "no assurance that the funds would go to the state park or forest" if a "Friends of" organization were to cease to exist.

We believe that these "Friends of" organizations meet the definition of a foundation, as they have provided principally financial and in-kind (volunteers) support to the department throughout the years. It would seem reasonable that a donor supporting a particular "Friends of" organization would believe that the funds would be used to support or improve a particular park.

The Attorney General's opinions referred to by DEEP concern the matter of principal support. In its response to us on December 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.

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

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 the 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 ten 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 ten 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 individuals' groundwater discharge permit applications were held in a pending status for an excessive period. As of March 20, 2020, there were 53 groundwater discharge applications pending, of which four were pending for over 20 years, 38 were pending for over ten years, and 11 were received during the audited period. DEEP has made progress toward reducing the number of pending applications from the previous audit. We reviewed the four applications (four landfill groundwater discharges) that have not been approved for over 20 years. DEEP sacrificed an estimated \$128,250 in application fee revenue due to its inability to promptly process 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 three audit reports covering fiscal years 2010 through 2017.

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 for more than ten years. (See Recommendation 10.)

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.”

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 and PURA.

Criteria:

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

Section 22a-451(c) of the General Statutes states that, if the responsible person, firm, or corporation of a discharge, spill, or seepage is unknown, the commissioner shall request the federal government to assume the contractual obligation of cleaning up the spill to the extent provided by the federal Water Pollution Control Act.

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. Accounts receivable records should be accurate and complete. An adequate system of internal controls should include reconciliation of receivables and timely collection attempts.

Section 3-7(a) of the General Statutes states that any uncollectible claim for an amount of \$1,000 or less may be cancelled on the books of any state department or agency upon the authorization of the head of such department or agency. The DEEP commissioner may cancel any uncollectible department costs amounting to 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) of the General Statutes 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.

Liens should be accurately recorded as receivables for the correct amount.

Condition:

Emergency Spill Response Receivables

We found that DEEP does not recover all potential costs related to its administration, investigation, or other related Emergency Spill Response Unit expenses. These expenses include vehicles, mileage, fringe benefits, and other expenses that the department could potentially recover from liable parties. We found that unrecovered overtime alone totaled \$326,528, \$314,709, and \$354,139 for the fiscal years ended June 30, 2018, 2019, and 2020, respectively.

DEEP maintains a list of cases in which the responsible party for the contamination is unknown, but periodically deletes these cases from its database. The balances that were unrecoverable in these cases were \$653,109 as of June 30, 2017 and \$111,556 as of June 30, 2020. DEEP did not inform us whether it requested that the federal government assume the contractual obligation of the cleanup costs.

As of June 30, 2020, DEEP reported emergency spill receivables of \$30,810,542 with \$8,359,545 as uncollectible, leaving a balance of \$22,450,997 as collectible. We believe that the uncollectible amount is greatly understated and estimate it to be closer to \$16,000,000, as a significant amount of the reported collectible balance has not had any activity for many years. Our estimate included receivables prior to 2016 with no collections during fiscal year 2020.

DEEP informed us that it had liens of \$5,122,566 as of June 30, 2020. A 2010 case was the most recent case with a lien. DEEP does not appear to be actively placing liens on these receivables. When we compared the liens for these receivables to DEEP's access database as of the same date, we found that the lien amounts did not agree with the collectible amounts in many cases. For example, the collectible column showed four of the cases with liens with no balance. In addition, one case showed a \$2,130,666 lien, yet the collectible balance was listed at \$167,350. In addition, a \$453,891 lien showed no balance with an uncollectible amount of \$47,030.

Other Receivables

In our review of GAAP Form 2 for other receivables, we found 25 receivables totaling \$8,911 with a value of \$1,000 or less that the department should consider writing off. We also found 23 receivables

totaling \$439,877 with a value greater than \$1,000 that the department should consider asking the Office of Policy and Management to 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 ten 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.

DEEP may not be maximizing its recovery of spill costs.

The recovery database may be inaccurate.

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

There appears to be little incentive to collect receivables and remove all uncollectible receivables.

Prior Audit Finding: This finding has been previously reported in the last four audit reports covering fiscal years 2008 through 2017.

Recommendation: The Department of Energy and Environmental Protection should recover all potential costs related to the Emergency Spill Response Unit, improve its collections efforts, and comply with Sections 3-7(a) and (b) of the General Statutes for the proper write-off of those receivables deemed uncollectible. (See Recommendation 11.)

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 in previous audits, 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 authorization 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 be billed 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 spill 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 memorandum of understanding (MOU), dated July 31, 2013, concerning the Nuclear Safety Emergency Preparedness Program. The parties subject to the MOU include 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, are required to submit a plan and proposed budget annually to the Secretary of OPM for approval to carry out the Nuclear Safety Emergency Program (NSEP). The MOU states that the Public Utilities Regulatory Authority (PURA) will assess the state's nuclear licensees in two installments and prorate 70% of the total assessment billed on July 1 and 30% on December 1 each fiscal year. These funds are used to support the activities of the program.

Criteria:

Section 28-31(a) of the General Statutes requires PURA 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 \$788,332, \$670,103 and \$1,011,728 as of June 30, 2018, 2019, and 2020, respectively.

DEEP calculates the annual assessment by taking the approved budget by OPM and decreasing that amount by the balance in the account. It then bills 70% of that amount on July 1st. When it bills the licensees on December 1st, it does not consider the balance in the account even though 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.

Effect: DEEP appears to be over-assessing nuclear licensees, as the balance in the account exceeded \$300,000 by \$488,332, \$370,103, and \$711,728 for the fiscal years ended June 30, 2018, 2019, and 2020, 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.

Prior Audit Finding: This finding has been previously reported in the last three audit reports covering fiscal years 2010 through 2017.

Recommendation: The Department of Energy and Environmental Protection should consider the balance in the nuclear safety preparedness account prior to calculating assessments. (See Recommendation 12.)

Agency Response: "The Department disagrees with the finding on 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.

In regards to balances managed within the fund, Department of Emergency Services and Public Protection (DESPP) 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: Regardless of which agency manages the proceeds, DEEP (through PURA) is authorized under Sec. 28-31 of the General Statutes to assess

the licensees only in the event that the balance in the account at the end of the fiscal year does not exceed three hundred thousand dollars.

Internal Control Weaknesses at DEEP Fueling Stations and Reporting in Monthly Mileage Reports

Background: DEEP employees obtain gasoline and diesel fuel for state vehicles or equipment from several sources, including 17 DEEP fueling stations. DEEP employees also may obtain fuel from the Department of Transportation (DOT) and commercial fueling stations. Conservation officers and emergency response personnel also may obtain fuel from the Connecticut State Police (CSP) fueling stations.

Criteria: DEEP has an outdated and antiquated fuel usage and accountability system compared to DOT and CSP. Good internal controls require that DEEP establish adequate policies and procedures regarding the use and safeguarding of fuel at its fueling stations. The department should ensure that employees accurately prepare manual reports for fuel usage. Corrections on manually prepared sheets should be transparent. The equipment number for fuel pumped should be listed. Electronic sheets that are prepared from the manual sheets should identify all errors and irregularities and be provided to management for review and/or investigation.

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 on a monthly usage report (Form CCP-40) for each assigned state-owned vehicle. The operator of the vehicle must certify daily activity as true and correct. The monthly usage report shows starting and ending mileage, state and commercial fuel usage, and signatures by the employee, supervisor, and manager. DEEP uses these monthly mileage records to report ending odometer readings and fuel usage to DAS for DAS-leased vehicles.

DEEP's Vehicle Policy & Procedure requires employees to separately record all fuel from state and commercial stations on the monthly mileage report to the nearest 1/10 of a gallon.

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

Condition: Each fuel pump is accessed using one key that is copied and available to all staff, including seasonal staff, and is located in each DEEP vehicle

and at each DEEP fueling station. Employees can duplicate keys without DEEP consent. This appears to be the case at all DEEP fueling stations. Stations with a fence/gate around the pumps use the same key across all facilities.

Several of DEEP's fueling stations are in close proximity to DOT fueling stations, and DEEP could be utilizing these stations, as DOT's system provides a unique key issued to identify the employee that pumped fuel.

We reviewed fuel log sheets and mileage reports from February 2020. Our findings are as follows.

Fuel sheets at DEEP fueling stations:

DEEP does not have an adequate system for managing fuel from its stations for its equipment and state vehicles. DEEP maintains monthly manual sheets at each of its fueling stations that show the beginning and ending pump reading. The employee who pumps fuel must fill in the license plate number or equipment type, the number of gallons pumped, the ending pump reading after fueling, and printed name. Each month, all sheets are forwarded to DEEP's Central Services for entry onto an excel spreadsheet. We noted the following for February 2020:

- One hundred one gallons of fuel pumped had no printed name on several of the fuel sheets. Some had vehicle identification numbers, but we cannot be assured that the employee associated with the vehicle was the employee who pumped the fuel.
- Fuel was pumped into cans with no name listed as to who pumped the fuel. There were other entries for names of equipment without the equipment number listed.
- At the Eastern District Headquarters, ten and 22 gallons of fuel were unaccounted for on February 4, 2021 and February 7, 2021, respectively.
- There was no entry for 30 gallons of fuel at the Penwood fueling station. This was determined by subtracting the ending pump balance from the beginning pump balance and comparing that to the entries on the sheet. In addition, there was an entry for 38 gallons pumped into a 2015 Chevy Silverado, yet an internet search found the tank size to be 36 gallons for that vehicle. DEEP management provided no explanation.

- Entries onto the Excel spreadsheet used by management were not always accurate when compared to the manual fuel sheets. We found discrepancies resulting in a difference of 32 gallons for diesel fuel and 956 gallons for gasoline for the month.

DEEP did not report the gasoline discrepancy under Section 4-33a of the General Statutes.

Monthly mileage sheets:

Fuel reconciliations are absent. DEEP does not reconcile total use of fuel against billings received from other state agencies and its own fueling stations to mileage reports.

Our review of 50 mileage reports for February 2020 revealed the following:

- Eight were missing supervisor signatures
- Six failed to report fuel usage

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

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

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

Management does not appear to be properly reviewing the hand-written fuel sheets for accurate amounts and improper and incomplete entries.

DEEP believes that the locations visited by its conservation officers are confidential and should be protected.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2015 through 2017.

Recommendation: The Department of Energy and Environmental Protection should upgrade its fueling stations to better account for fuel distributed at pumps used by employees, or close the stations and require employees to use Department of Transportation facilities. The department should ensure that employees accurately complete prepared sheets for fueling stations and show all entries recorded by equipment number. All employees should complete monthly mileage reports accurately and thoroughly on a daily basis. The department should perform reconciliations between fuel usage on mileage reports and fuel obtained from various sources. (See Recommendation 13.)

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 participated 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 towards 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.”

Noncompliance with Purchasing Card Policies

Criteria: The State Comptroller’s Purchasing Card Manual and the State of Connecticut’s Credit Card Use Policy provide guidelines for the use of purchasing cards (P-Card) by state agencies and employees. The following actions are required:

- P-Card coordinators are required to provide cardholders with a purchasing log that the coordinator must ensure is completed monthly for each cardholder and the agency’s tax exemption

certificate. The coordinator collects and maintains receipts from cardholders.

- Cardholders are required to record all purchases on a purchasing log and maintain all supporting documentation, such as proper receipts, packing slips, etc.
- The cardholder and supervisor or other approver must sign the purchasing log.

DEEP policy states that completed log sheets, along with all documentation or a signed sheet if there are no transactions for the month, must be received in the Purchasing office no later than the 8th of the month following the end of the cycle.

DEEP policy limits transactions to \$1,000 for a standard card and \$2,500 for select cards. Splitting an order to avoid the single transaction limit is prohibited. Orders that exceed the single transaction limit must go through normal purchasing procedures.

Purchasing cards should be issued only to employees who are responsible for obtaining goods and services. Cards should be issued to a limited number of employees in the same division and when employees are located in the same building as the purchasing unit.

Condition:

We reviewed ten purchase logs consisting of 162 transactions. We also reviewed fiscal year 2019 transactions for evidence of split transactions in which an employee may have attempted to exceed the maximum transaction limit. We found the following:

- One transaction exceeded \$2,500. The purchase amount was \$2,671.30, and the receipt does not clearly document the item purchased. The employee's explanation stated "door."
- An employee circumvented the \$2,500 daily limit by having the vendor split the purchase into two credit card transactions. The employee also failed to submit the supporting invoice or receipts for the two credit card charges. The employee charged \$1,698.92 and \$1,500 (total of \$3,198.92) on January 18, 2019. Based on the merchant name, it appears that the purchase may have been for transmission work. However, due to the lack of documentation, we could not determine the exact work performed and which vehicle was involved. The employee's supervisor approved the log sheet and did not require additional supporting documentation.

- We reviewed purchasing card activity and found several other instances of order splitting on the same day.
- We found that employees did not always put the vehicle number on the invoice when making a purchase for the vehicle on transactions involving DEEP's fleet.
- One receipt showed a \$367 charge less cash of \$243.35 for a net charge of \$123.65. DEEP did not provide us with an explanation for the transaction.
- Some retailers provide incentive points for purchases. Some employees earned significant points, including one employee who had accumulated 87,387 points). When we asked DEEP what its policy was on points earned at retailers, the department did not provide one.
- Seven of ten purchase logs were not submitted by the 8th day of the end of the following cycle. The logs were submitted between four and 36 days late.
- The agency coordinator did not review, approve, and sign the P-Card statement. The supervisor did not sign one of the ten purchase logs.
- Log sheets were incomplete. Five omitted the column to determine if the vendor had a state contract. Four omitted the account to charge in Core-CT. One had partial transactions listed.

DEEP issued P-cards to 181 employees as of August 2020. We reviewed activity and found that many P-card holders had few if any transactions. It appears that a significant number of employees in the Bureau of Central Service in the main office were issued P-cards even though the Purchasing Unit is in the same location. For fiscal year 2020, Purchasing Unit employees made few or no charges.

Context: P-Card purchases totaled \$984,895, \$1,455,627 and \$1,055,500 during the fiscal years ended June 30, 2018, 2019, and 2020, respectively.

Effect: The integrity of purchases made on P-Cards is reduced when policies and procedures are not followed.

Cause: The lack of purchase card review and approval appears to be an oversight by management.

- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The Department of Energy and Environmental Protection should improve internal controls over purchasing card use by complying with state purchasing card policies. (See Recommendation 14.)
- Agency Response:* “The Department agrees with the finding and recognizes the importance of proper controls with respect to the P-Card program. DEEP will review the examples identified in this audit to determine any actions to be taken.”

Payment Process for Consultants hired by the Public Utility Regulatory Authority

- 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 six 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.
- 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 whether a consultant may have received an inordinate number of contracts, as we rely on PURA to provide this information.
- 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 been previously reported in the last audit report covering fiscal years 2015 through 2017.

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 15.)

Agency Response: “The Department agrees with the finding and is in the selection process with a comprehensive Energy Consulting RFP. Once contracts are in place, 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.”

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.

Criteria: State agencies that regularly receive citizen complaints should have a process in place to ensure 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 of 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 noncompliance, employees assigned to the case record it in the DEEP Site Information Management System (SIMS). SIMS does not appear to be up-to-date.

Effect: Without a central, transparent database of all complaints received by DEEP, we do not know whether the department satisfactorily resolved the complaints in a timely manner or performed a proper investigation of the complaint. The failure to report complaint resolutions to senior management prevents the independent assessment of the conclusions

reached, the suggested impact to agency procedures, 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 been previously reported in the last audit report covering fiscal years 2015 through 2017.

Recommendation: 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 the date received, investigator, and the date of resolution. (See Recommendation 16.)

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.”

Merchandise for Sale at the DEEP Online Store

Background: The Department of Energy and Environmental Protection maintains an online store. The store distributes the publications of the Connecticut Geological and Natural History Survey, including the Natural Diversity Database. It also carries DEEP and other publications, topography maps, and clothing. The online store also has links to purchase its licenses and park passes.

DEEP assigns two employees to store operations at the central office. These employees also manage some sales of non-resident park passes, the CT-Wildlife subscriptions, and file room copying fees.

Criteria: Business operations should be effectively monitored for performance and need.

Condition: Revenue from store operations is on the decline. Sales totaled \$19,629, \$15,474, \$12,183 and \$8,122 for the fiscal years ended June 30, 2017, 2018, 2019, and 2020, respectively. We evaluated fiscal year 2019 for our review. The inventory as of June 28, 2019 totaled 30,542 items, consisting of 197 different products with a total value of \$165,897.

We observed that DEEP has many obsolete items and large quantities with little or no sales activity. For example, DEEP currently has an inventory that includes DVDs & VHS tapes, clothing with the former

Department of Environmental Protection logo, and several outdated publications. Additionally, as of June 28, 2019, there were 9,532 copies of the DEEP publication – Tidal Marshes of Long Island Sound at a cost of \$3.00 each and total value of \$28,596. Only 19 of these publications sold in the 2019 fiscal year. The inventory also included 1,884 copies of DEEP’s publication of a River Book at a cost of \$16.50 each and total value of \$31,086. Fourteen of these publications sold in the 2019 fiscal year. An analysis of the inventory from the fiscal years ended June 30, 2016 through June 30, 2019 revealed 72 items with no sales activity for the 3-year period, with a total quantity of 2,544 and cost of \$9,935.

We compared items for sale through the DEEP online store on September 25, 2020 to its list of inventory items and found that only 20 of the 197 items on the inventory list were displayed on the website. Non-displayed items included 111 topographic maps. We found a reference on the Bureau of Natural Resources’ tab of DEEP’s website that these maps could be purchased at the DEEP store. The remaining 66 items were not displayed for sale. Two items that were for sale online were not included in the inventory DEEP provided to us.

When items are not selling, the staff discounted the items by blanket authorization from a manager. DEEP did not provide the written documentation of this authorization.

Shortages in inventory or cash were not reported to the Auditors of Public Accounts and State Comptroller in accordance with Section 4-33a of the General Statutes.

Effect: It is not cost-effective to maintain large quantities of items that have not sold in years.

Cause: DEEP has not analyzed operations of its store to determine how to maintain its inventory in a cost-effective manner.

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

Recommendation: The Department of Energy and Environmental Protection should review the operations of its store for cost-effectiveness. The department also should establish procedures for discarding and writing off obsolete merchandise and managing items to reduce outdated inventory. In addition, the department should consider making some DEEP publications available for online viewing if they are not selling well. (See Recommendation 17.)

Agency Response: “The Department agrees with the finding and recognizes the importance of maintaining appropriate inventory levels for retail sale. DEEP’s FY 21 CO-59 report shows a reduction of 90 % of the inventory reported at the close of the prior FY. The reduction in inventory was coordinated through the DAS Surplus unit as those items had no retail value.”

Trust Funds Administered by DEEP

Background: The Department of Energy and Environmental Protection is the beneficiary of 11 trust funds with a combined balance of \$34,462,543 as of June 30, 2020. DEEP administers eight of the trust funds, and three are managed by outside sources that periodically distribute funds to the department.

Criteria: Bequests include provisions that require DEEP to properly administer funds.

Available funds from bequests should be used for property maintenance costs prior to DEEP using state funds.

Section 3-32 of the General Statutes allows the State Treasurer to accept any bequest to the state of cash or securities. The Treasurer’s investment department, established under Section 3-13a of the General Statutes, has investment professionals who can evaluate risks, invest funds, monitor performance, maintain controls, and oversee contracts with investment advisors, among other responsibilities.

Condition: In 2013, US Trust (Bank of America) notified the state that it no longer intended to provide investment management services for its DEEP accounts. At that time, the Office of the State Treasurer asked US Trust to continue managing funds until its successor was chosen. In 2018, DEEP informed us that it intended to migrate direct oversight of all investment trusts to the Office of the State Treasurer. As of January 2021, DEEP was still using Bank of America-Global Custody and Agency Services to manage its accounts.

Generally, certain DEEP investments appear inactive or were not used instead of state funds. As of June 30, 2020:

- A total of \$21,722 is held in trust to benefit the Shakespeare Theater State Park. DEEP transferred the related property to the Town of Stratford in 2005, and the theater burned down in June 2019. The purpose of the trust is to employ personnel for the facility’s repairs and restoration.

- A total of \$4,407,958 is held for the development of Hopemead State Park. However, in the 1970s, the state decided against developing the park. It appears that no withdrawals have been made from this fund in nearly 40 years. The 60-acre property is currently used for fishing and hiking.
- While DEEP periodically transfers resources from the trust funds to state accounts for use, we found that the department could transfer more funds to cover costs currently funded with state money. For example, there was a \$10,190,389 balance of short-term investment funds administered by DEEP as of June 30, 2020. While the funds earned \$782,969 in fiscal year 2020, only \$421,133 was disbursed.

Effect: DEEP has not always used trust funds in accordance with donor intent.

Trust fund monies are not used for costs instead of state funds.

Cause: DEEP does not have the resources to administer investment funds. DEEP informed us of discussions with the Office of the State Treasurer about administering some of the trust funds, but that has not occurred.

DEEP appears to be hesitant to expend more of the trust funds.

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

Recommendation: The Department of Energy and Environmental Protection should administer trust funds in accordance with the General Statutes, legal provisions, and good business practice. The department should consider using more of the funds with significant balances instead of state funds. The department also should seek advice from the Office of the Attorney General regarding the disposition of Shakespeare Theater funds. (See Recommendation 18.)

Agency Response: “The Department agrees with the finding specific to Shakespeare Theatre and will seek counsel from the Office of the Attorney General regarding the remaining balance.

The Department disagrees with the findings regarding expenditure of funds. While more funding may be available for expenditure on a periodic basis than what has been spent during this audit cycle, there are periods where higher level of spending are necessary to properly maintain the infrastructure associated with many of these bequests. Overspending on routine operations could compromise these historic

structures and/or the corpus of the trust. Also, the Hopemead trust account is managed at OTT (Office of the State Treasurer) and not DEEP.”

*Auditors’ Concluding
Comments:*

While it is true that the Office of the State Treasurer manages the Hopemead State Park Fund (HOPE) for investment purposes, the Treasurer would not restrict DEEP from carrying out the donor’s intent to develop Hopemead State Park. By not spending any of the HOPE funds in over 40 years, it does not appear to conform with the donor’s wishes.

Lack of Segregation of Duties for the Database Administrator

Background:

The Department of Energy and Environmental Protection’s Site Information Management System (SIMS) is a database that manages several key areas, including accounts receivable (detail of assessed fees and receipts), permitting and enforcement, and document management. DEEP considers SIMS to be the subsidiary ledger to Core-CT, and SIMS is reconciled to Core-CT on a monthly basis.

Criteria:

Separation of duties is a best practice that requires one person not be in control of all parts of a transaction or business process. Information technology duties and areas of responsibilities should be segregated to reduce the opportunities for unauthorized modification or misuse of information or services.

The most basic segregation of duties of the information technology function is separation from user departments. The user department should not perform its own information technology duties.

Database administrators (DBA) should only design and manage databases and monitor their usage and performance.

Condition:

DEEP has two database administrators. We found inadequate segregation of duties, as both DBAs also had user roles for the same system. One administrator previously was the sole DBA. This employee also had user department roles for various SIMS applications, including permits applications and enforcement, accounts receivable, common authentication and authorization, and document management. There were other user roles, including ambient water quality, stream flow diversion, and underground storage tank registration. The other database administrator had user department roles for SIMS applications and permits systems and only recently became a DBA.

- Context:* The information technology department has an Applications Development Unit. The unit filled one supervisor and ten analyst positions in November 2019.
- Effect:* The database administrators have significant control over the management and use of critical DEEP systems. There is increased risk when a DBA also has a user role. The DBA also can create users.
- Cause:* DEEP informed us that it did not have enough staff to segregate some of its user roles in SIMS. One staff member performs several tasks in support of SIMS because of his system knowledge. Recently, one staff member also became a DBA. DEEP informed us that the SIMS owners in the fiscal office must approve any system changes at the database or application level. However, since they are not DBAs, those changes could go undetected.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The Department of Energy and Environmental Protection should have segregation of duties between its database administrators and user roles. (See Recommendation 19.)
- Agency Response:* “The Department agrees with the finding and has taken steps to mitigate the weakness with additional hirings. As indicated in the finding, access to critical data should be limited to maintain the integrity of the data. This limitation to access creates a single point of failure when staffing changes and timely replacements are not always possible.”

Reporting Errors – Generally Accepted Accounting Principles (GAAP) Financial Data and Inactive Purchase Orders

- 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, 2019 and 2020 revealed the following:

GAAP Form 2 – Receivables

DEEP did not report all emergency response receivables as of June 30, 2019 and 2020. We found 19 receivables that DEEP did not report or partially reported, totaling \$70,363 as of June 30, 2019. We found that DEEP did not report 13 receivables totaling \$17,436 as of June 30, 2020.

GAAP Form 3 – Grants Receivable

During the previous audit, DEEP did not use the correct methodology to prepare the GAAP Form 3 report. While DEEP used the correct methodology in fiscal year 2019, it netted non-receivable amounts against the receivables, causing an understatement of receivables by \$710,348.

DEEP overstated grants receivable amounts by \$111,353 for fiscal year 2020. The department included one receivable because the draw of federal funds had not been posted and recorded another as a negative receivable.

GAAP Form 5 – Contractual Obligations

We compared obligations as of June 30, 2020 to those as of June 30, 2016, as we had a prior audit finding that many obligations remained unchanged over several years. Previously, 28 obligations totaling \$23,068,315 remained unchanged. As of June 30, 2020, five obligations totaling \$5,664,015 remained unchanged since June 30, 2016. Six additional obligations totaling \$8,679,626 remained unchanged from fiscal year 2018 through June 30, 2020. Several purchase orders reported on the GAAP form, totaling \$3,210,606, had expiration dates before the June 30, 2020 reporting date.

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.

GAAP Form 2 receivables are in DEEP’s cost recovery database. We were informed that the software only allows a case to be moved to collectibles when all invoices have been paid because it is based on case status and not payment status.

Prior Audit Finding: This finding has been previously reported in the last two audit reports covering fiscal years 2012 through 2017.

Recommendation: The Department of Energy and Environmental Protection should improve its oversight over GAAP reporting. (See Recommendation 20.)

Agency Response: “The Department agrees with the finding and 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, recent new hires within Financial Management are dedicated towards oversight of fiscal operations and provide additional management support for the GAAP reporting process. The Agency continues to make tremendous progress cleaning historical ledger balances on concurrent federal grants and forfeits remaining cash balances to the general fund.”

Failure to File Reports Required by State Statutes

Criteria: Section 22a-6r of the General Statutes requires the Department of Energy and Environmental Protection to submit an annual report on permitting efforts by the department’s environmental quality division from the preceding state fiscal year.

Section 22a-133j of the General Statutes requires DEEP to file an annual report on the activities of the program for the discovery and evaluation of hazardous waste disposal sites determined to pose a threat to the environment or public health. The program includes provisions for the containment and removal of hazardous waste and the mitigation of the effects of hazardous waste on those sites.

Section 4-60 of the General Statutes requires a report to the Governor of annual activities of each budgeted agency.

Condition: DEEP did not file the annual report required by Section 22a-6r of the General Statutes during the audited period.

DEEP did not file the annual report required by Section 22a-133j of the General Statutes during the audited period.

DEEP did not submit reports required by Section 4-60 of the General Statutes for fiscal years 2019 or 2020.

Effect: Intended recipients did not receive statutorily required reports.

Cause: DEEP informed us that an internal reorganization has delayed the submission of the report required by Section 22a-6r of the General Statutes.

DEEP informed us that the report required by Section 22a-133j of the General Statutes is no longer useful. DEEP maintained that only the list of contaminated or potentially contaminated sites is useful, and the department posts that list on its website.

DEEP did not provide a reason why it did not file the Digest of Administrative Reports.

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

Recommendation: The Department of Energy and Environmental Protection should comply with all applicable statutorily reporting requirements. If information required by the statutes is no longer relevant or useful, then the department should seek legislation to eliminate the requirement. (See Recommendation 21.)

Agency Response: “The Department agrees with the finding and recognizes the importance of the requirement. DEEP will review policies to ensure that reports are published as required by statute.”

Inactive Councils and Committees

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

Section 26-157f establishes a Lobster Restoration Advisory Committee to advise the DEEP commissioner on matters related to the development of a lobster conservation program in Long Island Sound.

Section 22a-65 requires the commissioner to establish a Pesticide Advisory Council that must meet at least annually.

Condition: The Municipal Solid Waste Recycling Program Advisory Council was formed and active for several years, from 1988 to the early 1990s. It is no longer active.

The Lobster Restoration Advisory Committee, which was created in 2006, has been inactive for some time.

The Pesticide Advisory Council has been inactive since the early 1990s.

Effect: Statutorily required councils and one committee are no longer active.

Cause: It appears that the Municipal Solid Waste Recycling Program Advisory Council may have disbanded after it developed a municipal solid waste recycling plan.

The Lobster Restoration Advisory Committee discontinued the lobster v-notch conservation program around 2014, so there was no longer a need to meet.

The Pesticide Advisory Council does not appear to be necessary, as DEEP already consults with the council's stakeholders about related matters throughout the year.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2015 through 2017.

Recommendation: The Department of Energy and Environmental Protection should determine whether there is still a need for the Municipal Solid Waste Recycling Program Advisory Council, the Lobster Restoration Advisory Committee, the Pesticide Advisory Council, and other similar groups. The department should pursue legislation to remove any groups that are no longer necessary. (See Recommendation 22.)

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."

Mattress Recycling Council Audit Report Not Provided

Background: The Mattress Recycling Council administers a mattress recycling program for Connecticut.

Criteria: Section 22a-905a(k) states that, two years after the implementation of the mattress recycling program and every three years thereafter, or upon the request of the Commissioner of DEEP, but not more frequently than once a year, the Mattress Recycling Council shall have an audit of the program. The audit shall review the accuracy of the council's data concerning the program and provide any other information requested by the commissioner.

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| <i>Condition:</i> | DEEP received the Mattress Recycling Council’s audited financial statements through December 31, 2016. On several occasions, we asked DEEP personnel for the required audit for the subsequent three-year period. They did not provide it. |
| <i>Effect:</i> | The Mattress Recycling Council did not comply with the statutes. An audit could reveal problems with the program. |
| <i>Cause:</i> | It appears there was a lack of management oversight regarding statutory compliance. |
| <i>Prior Audit Finding:</i> | This finding has not been previously reported. |
| <i>Recommendation:</i> | The Department of Energy and Environmental Protection should comply with the General Statutes and require that the Mattress Recycling Council promptly provide the department with the required audit of the program in accordance with Section 22a-905a(k) of the General Statutes. (See Recommendation 23.) |
| <i>Agency Response:</i> | “The Department agrees with the finding and recognizes the importance of the requirement. DEEP will review policies to ensure that audits are received and available as required by statute.” |

Surplus and Scrap Items Not Properly Documented

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|--------------------|---|
| <i>Background:</i> | <p>The Department of Administrative (DAS) administers a property distribution program for the disposition of usable property that agencies deem surplus. The purpose of the DAS State Property Surplus Unit is to act as a clearinghouse for the transfer, sale, or disposal of property. Once an agency identifies an item as surplus, the unit informs the agency regarding whether the item should be sold, transferred, or disposed of by some other method.</p> <p>The State Property Control Manual provides guidance and requirements for the disposal of state equipment.</p> |
| <i>Criteria:</i> | <p>Agencies must complete DPS-38 Disposal of Surplus Property Form to request the disposal of an item.</p> <p>Once the Department of Administrative Services deems an electronic item with little or no value as scrap, it meets the requirements of a mandatory recyclable. Agencies are instructed to contact the state contract approved electronics recycling vendor to arrange for recycle.</p> |

All computer and electronic equipment deemed no longer useable must be recycled in an environmentally appropriate manner per Regulation of Connecticut State Agencies Section 22a-449(c)-113.

Condition: We tested five assets for proper disposal. DEEP could not provide us with the documentation for disposal of a weighing system valued at \$103,025.

DEEP could not provide documentation that it contacted the electronics recycling vendor and that the vendor took possession of the following items for recycling: 36 computers and laptops, including one of the five assets from our sample, and one television.

Effect: There is decreased assurance that the department properly disposed of equipment.

Cause: The department is not following the State Property Control Manual's equipment disposal procedures.

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

Recommendation: The Department of Energy and Environmental Protection should improve controls over equipment disposals and recycling by complying with statutory requirements and the policies and procedures set forth in the State Property Control Manual. (See Recommendation 24.)

Agency Response: "The Department agrees with the finding and recognizes the importance of proper documentation for disposal of state property. Recent staffing assignment changes with the Unit will result in increased accountability for documentation and reporting requirements."

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 the Connecticut Siting Council contained 18 recommendations. Six have been implemented or otherwise resolved and 12 have been repeated or restated with modifications during the current audit.

- The Department of Energy and Environmental Protection should improve its oversight over GAAP reporting. **This recommendation is being repeated. (See Recommendation 20.)**
- 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 the timesheet. **This recommendation is being repeated. (See Recommendation 1.)**
- 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. **This recommendation is resolved.**
- The Department of Energy and Environmental Protection should strengthen internal controls over inventory to comply fully with the requirements of the State Property Control Manual and the State Comptroller's reporting instructions. **This recommendation is being repeated. (See Recommendation 6.)**
- The Department of Energy and Environmental Protection should improve controls over software inventories by adhering to procedures in the State Property Control Manual. **This recommendation is resolved.**
- 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 they would benefit the state park or forest. **This recommendation is being repeated. (See Recommendation 9.)**
- 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 for more than 20 years. **This recommendation is being repeated. (See Recommendation 10.)**

- 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. **This recommendation is being partially repeated. We did not find any instances of noncompliance with state records retention policies. (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 comply with Section 3-7(a) and (b) of the General Statutes for the proper write-off of those receivables deemed uncollectible. **This recommendation is being repeated. (See Recommendation 11.)**
- 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. **This recommendation is partially resolved. The first part of this recommendation was included in our 2019 Annual Report to the General Assembly; therefore, we are removing it from this report. (See Recommendation 12.)**
- 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. **This recommendation is resolved.**
- The Department of Energy and Environmental Protection should upgrade its fuel stations to better account for fuel distributed at pumps and used by employees. The department should ensure that employees complete manual or electronic prepared sheets for fuel and show all entries recorded by equipment number. All employees should complete monthly mileage reports accurately and thoroughly on a daily basis. The department should perform reconciliations between fuel on mileage reports and fuel obtained from various sources. **This recommendation is being repeated. (See Recommendation 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. **This recommendation is resolved.**

- The Department of Energy and Environmental Protection should ensure that its future contracts with service organizations include the proper Service Organization Control Reports. The department should receive these reports in a timely manner. **This recommendation is resolved.**
- The Department of Energy and Environmental Protection should determine whether 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. **This recommendation is being repeated. (See Recommendation 22.)**
- 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. **This recommendation is being repeated. (See Recommendation 15.)**
- 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. **This recommendation is resolved.**
- 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 of complaint resolution. **This recommendation is being repeated. (See Recommendation 16.)**

Current Audit Recommendations:

- 1. 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 the timesheets.**

Comment:

We found that there were two payroll employees (one has since retired) who could administer the payroll, human resources, and time and labor processes. As such, they had the ability to set up an employee in Core-CT, complete and approve that employee's timesheet, and process the employee's pay.

These same two payroll employees, rather than the employees' direct supervisors, approved over 1,000 timesheets each fiscal year of this audit.

- 2. The Department of Energy and Environmental Protection should revise its overtime and compensatory time policy to document the preapproval of overtime and compensatory time. The documentation should include the reason for the time and the justification as to why the work cannot be performed during regular hours.**

Comment:

We found that supervisors could not always provide the specific reasons for granting overtime and compensatory time and why the duties could not be performed during the employees' regular work hours. The reasons the department provided appeared to fall within the employees' regular duties.

- 3. The Department of Energy and Environmental Protection should comply with requirements concerning employees on paid leave as provided under Section 5-240-5a(f) of the State Regulations to minimize the amount of wages paid to employees on administrative leave during an investigation.**

Comment:

State Regulations state that agencies may place an employee on a leave of absence with pay up to 15 days during an investigation. DEEP placed nine employees on paid administrative leave during the fiscal years ended June 30, 2018 through June 30, 2020. Eight employees were on leave from 31 to 168 days.

- 4. The Department of Energy and Environmental Protection should comply with the Office of the State Comptroller memorandums concerning the taxable benefit of employees' non-business use of state vehicles.**

Comment:

We found that DEEP did not tax employees who used their state vehicles for commuting from home to their worksite and other non-business use.

- 5. The Department of Energy and Environmental Protection should ensure that all required forms for seasonal employees are in their personnel files and that they are signed when necessary. The department should clarify its policies related to when seasonal employees are entitled to overtime.**

Comment:

DEEP did not maintain complete seasonal employee files and did not consistently allocate overtime to these employees.

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

Comment:

DEEP reported incorrect or unsupported amounts on its CO-59 Fixed Asset Inventory Report. DEEP has not performed physical inventories of its assets for some time. DEEP personnel did not make themselves available to help us conduct a physical inspection of ten equipment items in the central office.

- 7. The Department of Energy and Environmental Protection should analyze its owned vehicle inventory and determine the number of vehicles it needs to operate efficiently. The department should improve its vehicle maintenance system by utilizing software to track its vehicle repair and maintenance purchases.**

Comment:

We found that DEEP appears to underutilize its owned vehicles. Many vehicles were not driven or used less than five days in the month tested. DEEP does not utilize fleet management software to monitor service on its vehicles or document all maintenance purchases.

- 8. 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.**

Comment:

DEEP did not report all losses and irregular handling of funds to the Auditors of Public Accounts and State Comptroller in accordance with Section 4-33a of the General Statutes.

- 9. The Department of Energy and Environmental Protection should 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 they would benefit the state park or forest. The agreements should include reports from “Friends of” organizations detailing how they would prepare and provide funds and activities to support the park. The department also should enter into a written agreement with the RecycleCT Foundation.

Comment:

DEEP does not consider any of the “Friends of” groups to be foundations supporting a state agency. The “Friends of” groups we reviewed were 501(c)(3) 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. DEEP does not have written agreements with these groups or RecycleCT Foundation for the use of its facilities for gift shops and other events in which the department’s staff and resources are used.

- 10. 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 for more than ten years.**

Comment:

DEEP delayed groundwater discharge permit renewals for excessive periods. As of March 20, 2020, there were 53 groundwater discharge applications pending, of which four were pending for over 20 years, 38 were pending for over ten years, and 11 were received during the audited period.

- 11. 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 Sections 3-7(a) and (b) of the General Statutes for the proper write-off of those receivables deemed uncollectible.**

Comment:

DEEP does not recover all potential emergency spill costs, including its administration, investigation, administrative costs, and other related expenses.

DEEP does not write off uncollectible receivables. Receivables in which DEEP does not know who the responsible party is are deleted periodically from the recovery database without requesting that the federal government assume the liability. The department may not be properly reporting liens in its Access database.

- 12. The Department of Energy and Environmental Protection should consider the balance in the nuclear safety preparedness account prior to calculating assessments.**

Comment:

DEEP assessed licensees despite the balance in the account exceeding the \$300,000 statutory cap in each of the audited fiscal years.

- 13. The Department of Energy and Environmental Protection should upgrade its fueling stations to better account for fuel distributed at pumps used by employees, or close the stations and require employees to use Department of Transportation facilities. The department should ensure that employees accurately complete prepared sheets for fueling stations and show all entries recorded by equipment number. All employees should complete monthly mileage reports accurately and thoroughly on a daily basis. The department should perform reconciliations between fuel usage on mileage reports and fuel obtained from various sources.**

Comment:

DEEP's fueling stations are antiquated. The department handwrites entries for fuel usage on a spreadsheet. These entries are later entered into an Excel spreadsheet. We found that dispensed fuel was not accounted for and not reported in accordance with Section 4-33a of the General Statutes. DEEP does not reconcile monthly mileage reports that list fuel pumped with the employee's various fuel sources.

- 14. The Department of Energy and Environmental Protection should improve internal controls over purchasing card use by complying with state purchasing card policies.**

Comment:

We found instances in which DEEP employees did not comply with departmental and Office of the State Comptroller purchasing card policies.

- 15. 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:

We found that the Public Utility Regulatory Authority (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.

- 16. 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 the date received, investigator, and the date of resolution.**

Comment:

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

- 17. The Department of Energy and Environmental Protection should review the operations of its store for cost-effectiveness. The department should establish procedures for discarding and writing off obsolete merchandise and managing inventory items to reduce outdated inventory. The department should consider making some of its publications available for online for viewing if they are not selling well.**

Comment:

DEEP's store contained large quantities of obsolete inventory and many items were not on the store website. While there is a value to maintaining a store for some items, many sales are not significant.

- 18. The Department of Energy and Environmental Protection should administer trust funds in accordance with the General Statutes, legal provisions, and good business practice. The department should consider using more of the funds with significant balances instead of state funds. The department also should seek advice from the Office of Attorney General regarding the disposition of Shakespeare Theater funds.**

Comment:

The administration of trust funds is not always in accordance with donor intent. DEEP could use trust fund monies in place of state funds in some instances.

19. The Department of Energy and Environmental Protection should have segregation of duties between its database administrators and user roles.

Comment:

There is a lack of segregation of controls for the two database administrators.

20. The Department of Energy and Environmental Protection should improve its oversight over GAAP reporting.

Comment:

Our review of GAAP forms found that DEEP continues to make errors in the preparation of its forms.

21. The Department of Energy and Environmental Protection should comply with all applicable statutory reporting requirements. If information required by the statutes is no longer relevant or useful, then the department should seek legislation to eliminate the requirement.

Comment:

DEEP did not prepare several statutorily required reports.

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

Comment:

Some of DEEP's councils and committees have not been active for some time, yet are still required by statute.

- 23. The Department of Energy and Environmental Protection should comply with the General Statutes and require that the Mattress Recycling Council promptly provide the department with the required audit of the program in accordance with Section 22a-905a(k) of the General Statutes.**

Comment:

DEEP could not provide us with the required audit report of the Mattress Recycling Council that was due during the audited period.

- 24. The Department of Energy and Environmental Protection should improve controls over equipment disposals and recycling by complying with statutory requirements and the policies and procedures set forth in the State Property Control Manual.**

Comment:

DEEP did not provide us with proper documentation supporting the disposal of some items in our sample.

ACKNOWLEDGMENTS

The Auditors of Public Accounts 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, Council on Environmental Quality, Office of Consumer Counsel, and Connecticut Siting Council during the course of our examination.

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

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Approved:



John C. Geragosian
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