

AUDITORS' REPORT

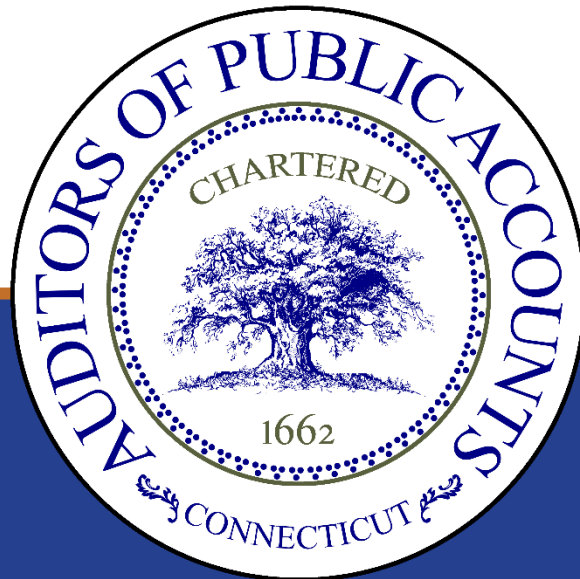
**Department of Energy and
Environmental Protection**

Council on Environmental Quality

Office of Consumer Counsel

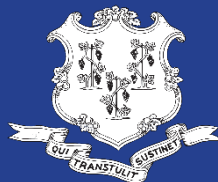
Connecticut Siting Council

FISCAL YEARS ENDED JUNE 30, 2021 AND 2022



STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor



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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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August 28, 2024

INTRODUCTION

We are pleased to submit this audit 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) for the fiscal years ended June 30, 2021 and 2022 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, and policies; and a need for improvement in practices and procedures that warrant the attention of management.

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, the Council on Environmental Quality, the Office of Consumer Counsel, and the 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:

Romina Andrade
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Michael Stemmler

A handwritten signature in black ink, appearing to read "Michael Stemmler".

Michael Stemmler
Principal Auditor

Approved:

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State Auditor

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State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Energy and Environmental Protection, the Council on Environmental Quality, the Office of Consumer Counsel, and the Connecticut Siting Council disclosed the following 23 recommendations, of which 20 have been repeated from the previous audit:

Finding 1

Controls Over Overtime and Compensatory Time

Criteria

Section 5-245 of the General Statutes provides that employees can receive overtime pay when authorized by their appointing authority.

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.

The P-4 bargaining unit contract allows eligible employees to receive straight overtime for hours worked between 35 and 40, and time-and-one-half for hours worked over 40.

Condition

We reviewed 20 employees who earned overtime and/or compensatory time during the audited period and noted the following:

- DEEP lacks a consistent policy to document advance supervisory approval for non-emergency personnel overtime or compensatory time. In nine of 13 non-emergency employees reviewed, we could not verify that a supervisor authorized the accrual of 453 hours of overtime, and 49 hours of compensatory time.
- In one instance, DEEP overpaid an employee \$256.55 in overtime. DEEP paid five hours at time-and-one-half, rather than straight time, as specified in the bargaining unit contract. Upon our notification of this overpayment, the employee repaid the department.

Context

Overtime payments at DEEP totaled \$1,853,441 and \$2,034,101 in the fiscal years ended June 30, 2021, and 2022, respectively. We judgmentally selected ten employees for testing, based on amounts of overtime earned during the audited period. We then judgmentally selected one pay period for each employee, reviewing a total of 762 overtime hours.

DEEP employees earned 7,826 and 9,061 hours of compensatory time in fiscal years ended June 30, 2021, and 2022, respectively. We judgmentally selected ten employees for testing, based on amounts of compensatory time earned during the audited period. We then judgmentally selected one pay period for each employee, reviewing a total of 333 compensatory hours.

Effect

Overtime and compensatory time costs are more difficult to manage and may be subject to abuse.

Cause

DEEP does not have a process to document the preapproval of non-emergency overtime and compensatory time, which includes the reason for the overtime and justifies why the work cannot be done during regular work hours.

Prior Audit Finding

This finding was previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.

Recommendation

The Department of Energy and Environmental Protection should revise its overtime and compensatory time policy for non-emergency personnel 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.

Agency Response

"The Department recognizes the importance of ensuring overtime hours worked are necessary and properly authorized by supervisors. The Department acknowledges the audit recommendation that a request form be used for planned overtime requirements. The Department issued a guidance document to all managers and staff in September 2022 clarifying the requirements for overtime, including managerial approval and oversight. A suggested form was delivered with clarifying guidance on use of Core-CT comments field for approvals and bureau chief acknowledgement and final approval of the additional time. The Department continues to work with the bargaining units and management to ensure acceptance and compliance. The Bureau of Central Services delivers monthly managerial reports for all compensatory time and overtime for the respective bureaus. 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 workday should qualify for overtime payments and has taken steps to minimize overtime earned. The Department will continue to provide guidance to the bureaus to ensure compliance with the agency's overtime directive. This will include supplemental guidance on managerial review and authorization for programs and will continue to deliver routine management reports."

Finding 2

Personnel File Documentation for Seasonal Employees

Background

The Department of Energy and Environmental Protection hires hundreds of seasonal employees each year at state parks and other locations. 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 DEEP can rehire the employee.

Criteria

The DEEP hiring procedures requires seasonal employees to complete various forms prior to employment. The DEEP Seasonal Employee Information Sheet lists these required 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 them 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.

Condition

Our review of documentation for 15 seasonal employees hired during the audited period disclosed 14 employees' required forms were missing or incomplete. Among these, we noted 21 missing forms and 19 that lacked proper approval signatures.

Context

DEEP hired 617 seasonal employees during the audited period. We randomly selected 15 employees for review.

Effect

If any personnel issues arise, there could be legal ramifications from missing, incomplete, or unsigned forms.

Cause	DEEP does not have an adequate process to obtain and store these forms.
Prior Audit Finding	This finding was previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.
Recommendation	The Department of Energy and Environmental Protection should ensure that all required forms for seasonal employees are in their personnel files and include necessary signatures.
Agency Response	<p>"The Department agrees with the finding and recognizes the importance of maintaining complete employee files. The Directive is intended to ensure that DEEP employees and volunteers who are required to operate a State-owned motor vehicle or personally owned motor vehicle while on official state business are properly licensed to do so. Most seasonal staff are assigned to field locations and will not operate state vehicles or their own vehicles to conduct state business. The form is not required for these individuals although the Department would consider requiring completion of the form for all seasonal and volunteer employees with additional assistance from DMV. 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. Given all the struggles to secure seasonal and volunteer staff during the pandemic and post pandemic, the Department is seeking a number of changes to recruit and manage seasonal and volunteer employees. The State has made progress on onboarding new permanent employees and the Department plans on capitalizing on the software investments and changes coordinated by DAS's Human Resources for seasonal staff and volunteers. This includes the conversion of all HR files to an electronic format, reducing the risk of documents being lost when employee files are reviewed."</p>

Finding 3

Lack of Employee Evaluations

Criteria	The Department of Administrative Services (DAS) developed the Performance Assessment and Recognition System (PARS) to support additional incentive compensation for managerial and confidential employees in participating agencies. The system serves as a basis for annual salary increases and includes developing results-oriented, measurable performance objectives and goals for each manager and confidential employee; regular communication between employees and their supervisors on meeting goals and performance
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assessments; and providing a basis for differentiating among performance levels.

Condition

We reviewed five managerial and confidential employees and noted that DEEP did not perform evaluations for any of them during the audited period. In two instances, the employee had not received an evaluation in over five years.

Context

As of June 30, 2022, DEEP employed 65 managerial employees. We judgmentally selected five employees for review.

Effect

When evaluations are not performed, there is a lack of formal feedback for management to measure performance goals, the attainment of such goals, and productivity expectations.

Cause

The department had inadequate administrative controls to ensure the completion of PARS managerial performance evaluations.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Energy and Environmental Protection should ensure that it prepares annual performance evaluations for all managers using the Performance Assessment and Recognition System.

Agency Response

"The Department agrees with the finding and recognizes the importance of managerial performance evaluations. DEEP believes that the measures are in place to facilitate the ongoing and constructive dialogue between managers and their respective supervisors but acknowledges this has not been documented in many cases."

Finding 4

Controls Over Procurement

Criteria

Section 4a-57 of the General Statutes requires that all purchases be based on competitive bids or competitive negotiation when possible.

Section 4-252 of the General Statutes requires vendors to submit certain ethics affidavits and certifications for state contracts with values exceeding \$50,000.

The State Agencies' Records Retention/Disposition Schedule details the minimum retention requirements for state records, including dictating that fiscal records be retained for three years or until audited, whichever is later.

Condition

We reviewed 20 expenditure transactions, totaling \$11,632,447, and noted the following:

- In two instances, DEEP did not provide support for written quotations. The purchase orders totaled \$34,300 and \$47,500.
- In three instances, purchase orders referenced DEEP contracts, however, the department did not provide these contracts. The purchase orders totaled \$624,663, \$24,469,075, and \$769,206. Furthermore, DEEP did not provide required ethics affidavits and certifications for a \$769,206 contract.

Context

There were over 43,000 expenditure transactions, totaling \$556,949,662, during the audited period. We stratified our universe by transaction amount, including amounts over \$50,000, amounts \$10,000 to \$49,999, and amounts less than \$10,000. We judgmentally selected a total of 20 for review.

Effect

A lack of competitive quotes decreased assurance that DEEP paid the lowest price.

Without the contract on file, DEEP cannot verify it is adhering to the contractual terms.

Cause

These conditions appear to be the result of a lack of management oversight.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Energy and Environmental Protection should strengthen internal controls to ensure compliance with purchasing laws and retention standards.

Agency Response

"The Department recognizes the importance of ensuring that purchasing laws and regulations have been followed and acknowledge that the documentation could have been handled differently during the pandemic and post pandemic. As the State converted its workforce to a remote environment and implemented tools for managing electronic documentation, not all staff were as diligent about uploading their backup documentation to Core-CT. Many of those staff have now left State service and their

documentation is only available in a dormant email account. New procedures have been implemented to ensure that supporting materials are captured within Core-CT going forward.”

Finding 5

Controls Over Purchasing Cards

Criteria

The State Comptroller’s Purchasing Card Manual makes cardholders responsible for completing their agency’s reconciliation process, record all purchases on a purchasing log, and maintain all supporting documentation such as proper receipts, packing slips, etc. The manual also states that it is important for cardholders to emphasize that the purchase is exempt from sales tax.

DEEP’s Purchasing Card Program procedure states that the completed P-Card Log Sheet or Envelope, along with all the documentation, must be received in the Purchasing Unit no later than the 15th of the following month. The procedure also states that the cardholder is responsible for ensuring no tax is charged on purchases and utilizing all established state online vendor accounts which are programmed to provide tax-exempt status.

Condition

Our review of five purchasing card statements, consisting of 44 transactions totaling \$469,978, noted the following:

- Purchasing card users did not reconcile three statements on time. The delays ranged from 20 to 56 days.
- In eight instances, DEEP paid a total of \$165.81 in sales tax.

Context

There were 15,451 purchasing card transactions, totaling \$2,708,948, during the audited period. We judgmentally selected five purchasing card statements from three months with the largest expenditures.

Effect

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

Cause

The late completion of statement reconciliations and payment of sales tax appears to be an oversight by management.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.

Recommendation

The Department of Energy and Environmental Protection should strengthen internal controls over purchasing card transactions by complying with the State Comptroller's Purchasing Card Manual, the department's Purchasing Card (P-Card) Program and internal procedures.

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 if any actions to be taken."

Finding 6

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 noted PURA does not properly monitor for statutory or policy limits in its invoices for consultants or management audits. PURA receives these invoices and forwards them to the company which pays the vendor, without going through the state's accounting system (Core-CT).

Context

PURA paid approximately \$1.6 million to 12 consultants during the audited period.

Effect

The costs of consultants retained by PURA is not transparent and monitored for compliance with statutory and PURA limits. In addition, it is difficult to determine whether a consultant received an

inordinate number of contracts, as we rely on PURA to provide this information.

Cause

PURA interpreted the statutes to have vendors directly bill the companies since they are paying for the service. PURA also indicated it would be difficult budgeting and paying for these services from the DPUC/Consumer Counsel Fund, which is primarily funded by utility assessments.

Prior Audit Finding

This finding has been previously reported in the last two audit reports covering fiscal years 2015 through 2020.

Recommendation

The Public Utility Regulatory Authority should improve the process over payments to consultants to properly monitor invoices for statutory or policy limits, ensure transparency, and comply with Sections 16-8 and 16-18a of the General Statutes.

Agency Response

“The Department agrees with the finding is proactively making changes in the current fiscal period. The Authority has implemented an internal review, approval, and documentation process for the retention of consultants under CGS Sections 16-8 or 16-19a. As an additional level of transparency, each public service company has been directed to publicly file in Docket 86-09-06re01 on or before September 1st, for the previous fiscal year ending June 30, a detailed accounting of all consultant costs paid by the utility, identifying the costs by the docket number, the agency that retained the consultant (e.g. PURA, OCC, or DEEP), and the consultant that performed the work. This will allow the Authority and auditors to confirm the accuracy of the Authority’s contracting documentation and cost.”

Finding 7

Controls Over Ground Water Permit Applications

Background

The Ground Water Discharge Permit Program regulates discharges to ground water from any source, including but not limited to large septic systems, agricultural waste management systems, and all waste landfills. 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 ten or 30 years, depending on the agreement. To renew the permit, the client must submit a new application a few months prior to expiration and pay another application fee. Although review and approval for most applications takes years, DEEP considers the permits active, even if it has expired, until it renews them.

Criteria	<p>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.</p> <p>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.</p> <p>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.</p>
Condition	<p>Our review of groundwater discharge permits noted 37 permits in a pending status for more than ten years, including nine pending for more than 20 years.</p>
Context	<p>Fifty-seven permits were pending as of June 30, 2022. During the audited period, DEEP received six new permit applications, two of which were closed (issued or withdrawn).</p>
Effect	<p>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.</p>
Cause	<p>There was a lack of management oversight over pending permits.</p>
Prior Audit Finding	<p>This finding has been previously reported in the last four audit reports covering the fiscal years ended June 30, 2010, through 2020.</p>
Recommendation	<p>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.</p>
Agency Response	<p>"The Department agrees with the finding and continues to make progress in reducing the permit backlog. The Program lost a significant number of staff as a result of the recent retirement wave, that we are diligently looking to replace. Permits are continued in effect to ensure that annual fee revenue is generated to support regulated activities of the permittee. This administration has made further commitments to regulated entities as evidenced by the Agency's 20 by 20 goals and recently reissued general permits."</p>

Finding 8

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.

DEEP calculates the annual assessment by taking the full OPM approved budget and billing the utility companies 70% of that amount in July. When the expenses for the prior fiscal year are certified, any surplus from the prior year assessment is deducted from the remaining 30% and the balance is billed to the utilities for the second installment (approximately December).

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 \$1,353,530 and \$1,391,408 as of June 30, 2021, and 2022, respectively.

It does not appear DEEP considers the account balance when preparing the December billing. Since the balance exceeded \$300,000 in each fiscal year, an assessment was not necessary.

Context

Budgeted amounts for fiscal years 2021 and 2022 totaled \$5,537,043 and \$5,489,723, respectively. The final expenses for fiscal years 2021 and 2022 totaled \$4,183,513 and \$4,098,315, respectively.

Effect	DEEP appears to be over assessing nuclear licensees.
Cause	DESPP, in consultation with DEEP, did not consider the statutory limitation on the balance in the restricted fund account when preparing the budget. Furthermore, the MOU does not address the \$300,000 statutory limit on the nuclear safety preparedness account.
Prior Audit Finding	This finding has been previously reported in the last four audit reports covering fiscal years 2010 through 2020.
Recommendation	The Department of Energy and Environmental Protection should consider the balance in the nuclear safety preparedness account prior to calculating assessments or seek legislation to amend the balance limitation in Section 28-31(a) of the General Statutes.
Agency Response	“The Department agrees with the finding and acknowledges the Department of Emergency Services and Public Protection’s (Administering Agency) request to carryforward additional funds related to unliquidated purchase orders. This was more prevalent during the audit as unforeseen procurement delays caused by the pandemic and post pandemic supply chain, delayed delivery of goods and services to State agencies and municipalities. This funding supports critical public safety equipment and services. The \$300,000 balance should be maintained although recognition should be made regarding unliquidated procurements. The procurements were initiated prior to the close of the fiscal year but remained pending as delivery dates were extended by vendors. For some municipalities this is the only source of funding for emergency preparedness items related to the nuclear operations. We will continue to work with the Department of Emergency Services and Public Protection, to coordinate timely procurement and limit carryforwards into the new fiscal year. The Department of Emergency Services and Public Protection (DESPP) manages all 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.”

Finding 9

Inventory Reporting and Controls

Criteria	Section 4-36 of the General Statutes requires each state agency to maintain inventory records in the form prescribed by the State
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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. These policies and procedures include:

- The CO-59 property control report should accurately reflect all capitalized real and personal property as of June 30th. Agencies preparing the report must use specific queries to gather the applicable information in the Asset Management System Module of Core-CT.
- It highly recommends appraisals for works of art and historical treasures when resources are available. It also recommends expert appraisals for all permanent collection pieces over \$10,000 every five years.
- Every agency must conduct an annual physical inventory to accurately track and account for assets as of June 30th.

Condition

The department did not comply with the requirements of the State Property Control Manual. Our review disclosed the following:

CO-59 Reporting

- We found \$158,269,649 in variances between ending balances reported on the fiscal year 2021 and 2022 CO-59 property control report, and balances in Core-CT. In each year, we noted eight of the nine asset categories from Core-CT did not agree with the ending balances on the CO-59. DEEP could not provide support for these variances.
- DEEP did not include the value of fuel in the tanks at its fifteen fueling stations on its CO-59 property control report. The department should have reported this balance as stores and supplies.
- DEEP did not record a value for state-owned software (capitalized). The department provided us with a listing of 28 applications developed internally as of June 30, 2022.
- DEEP did not report any additions for easements on its CO-59 property control report for the fiscal year ended June 30, 2021. Per Core-CT, there were \$473,500 in easement additions.

Internal Control

- Our review of ten capital/controllable assets purchased during the audited period noted two instances in which

DEEP could not locate \$11,460 in assets. In another instance, we found a \$26,626 asset in a different location than listed on the inventory records.

- We noted that DEEP conducted the most recent physical inventory in fiscal year 2018. During this inventory, the department only inventoried eighteen items. Most assets had inventory dates of 2006 or earlier.
- DEEP has not conducted a fine art inventory and has not appraised any of its fine art since 2000. The department has reported \$760,264 of fine art on its CO-59 since 2009.

Context

DEEP reported \$607,826,919 and \$610,040,406 in real and personal property on its CO-59 as of June 30, 2021, and 2022, respectively.

The most recent inventory listing included 7,411 assets valued at \$55,289,132. DEEP purchased 278 assets, totaling \$2,652,010, during the audited period. We randomly selected ten of these assets, valued at \$317,346.

Effect

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

Cause

The department’s controls were not sufficient to prevent this condition.

DEEP informed us a lack of staff contributed to this condition.

Prior Audit Finding

This finding has been previously reported in the last six audit reports covering the fiscal years ended June 30, 2006, through 2020.

Recommendation

The Department of Energy and Environmental Protection should strengthen internal controls over inventory to comply with the requirements in the State Property Control Manual and the State Comptroller’s reporting instructions.

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 these values should be represented on the annual CO-59 report and if so, at what value."

Finding 10

Controls Over Loss Reporting

Criteria	Section 4-33a of the General Statutes requires state agencies 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.
Condition	<p>DEEP does not 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.</p> <p>DEEP reported three losses to the Auditors of Public Accounts in fiscal year 2022 and none in fiscal year 2021. The department did not promptly report these losses, with delays ranging from 20 days to two and a half years. We also identified several unreported losses.</p>
Context	DEEP reported \$607,826,919 and \$610,040,406 in real and personal property on its CO-59 as of June 30, 2021, and 2022, respectively.
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 did not have an adequate process to educate management at various field locations on its statutory reporting requirements.
Prior Audit Finding	The finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2012, through 2020.
Recommendation	The Department of Energy and Environmental Protection should promptly notify 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.

Agency Response

“The Department recognizes the need to report losses and has taken steps to improve communications between field staff responsible for managing assets throughout the state, the Department’s police department (ENCON) in their role of leading investigations, and fiscal staff in our Hartford office, that are responsible to report losses to OSC and the State Auditors. Losses on state property are reported to ENCON. ENCON will typically lead investigations and will assist in preparing loss or incident reports. Greater awareness has been made to ensure that all three groups participate in finalizing and reporting losses and irregularities to OSC and the State Auditors.”

Finding 11

Controls Over Fueling Stations and Fuel/Mileage Reporting

Background

DEEP employees obtain gasoline and diesel from several sources, including fifteen DEEP fueling stations, and Department of Transportation (DOT) and commercial fueling stations. Conservation officers and emergency response personnel also may obtain fuel from Connecticut State Police (CSP) stations.

Criteria

The Department of Administrative Services (DAS) General Letter No. 115 (GL-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 and the supervisor must review and confirm the travel.

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 fuel usage reports and clearly show any corrections. Employees should always list the equipment number. 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.

DEEP’s Vehicle Policy and Procedure requires employees to separately record all fuel from state and commercial stations on their 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 the employee's monthly mileage reports.

Condition

Our review of 293 mileage logs (CCP-40) completed during the month of April 2022 disclosed the following:

- DEEP employees did not complete mileage logs for every vehicle. DEEP provided us a listing of 502 of its vehicles as of April 30, 2022. However, DEEP only made 293 April mileage logs available for review.
- Twenty-one mileage logs lacked a supervisor's signature.

At each DEEP fueling station, a monthly fuel sheet is maintained and updated manually upon pumping. Each month, all sheets are forwarded to DEEP's Central Services for entry onto an excel spreadsheet. We reviewed manual logs and the Excel spreadsheets for the month of April 2022 and noted the following:

- In fifteen instances, totaling 243 gallons, the fuel entry had no name. Some had vehicle identification numbers, but DEEP could not be assured that the employee associated with the vehicle pumped the fuel.
- In two instances, the ending fuel pump balance did not match the beginning balance of the next entry. The missing amounts totaled 38 and 39 gallons.

Context

As of April 30, 2022, DEEP maintained a fleet of 502 vehicles, 347 DEEP-owned and 155 leased from DAS. We judgmentally selected April and reviewed all mileage and fuel logs.

Per the department's Excel spreadsheets, DEEP fueling stations pumped 14,295 gallons of gasoline and 3,077 gallons of diesel during April 2022.

Effect

Management may not promptly detect misuse of vehicles or fuel.

Cause

Management does not appear to be regularly obtaining all required mileage logs or reviewing hand-written fuel sheets for accurate amounts and incomplete entries. In addition, Environmental Conservation (EnCon) officers do not complete mileage logs, because they do not believe that the DAS GL-115 applies to them.

DEEP has an antiquated system for monitoring vehicle and fuel usage. Fuel pumps are accessed using a key in each DEEP vehicle.

Prior Audit Finding

This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2015, through 2020.

Recommendation

The Department of Energy and Environmental Protection should ensure that monthly mileage logs are prepared and approved for all its vehicles. The department should also upgrade its fueling stations to better account for fuel, or close its stations and require employees to use Department of Transportation facilities. The department should ensure that employees accurately complete fuel logs and include equipment numbers on all entries.

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 WEX 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. DEEP believes a modern statewide means of tracking and reporting mileage using available technology should be implemented. DAS Fleet Operations has implemented telematics (GPS) tracking in all leased vehicles which can assist with daily use reporting, fuel consumption and driver safety compliance. We will explore adding this equipment in agency owned vehicles and maximizing its functionality for management of the Agency's overall fleet. The current paper-based approach is prone to error, requires significant staffing resources to acquire, consolidate and track and offers very limited benefit to agencies from a data utility perspective.”

Finding 12

Excess Inventory of DEEP-Owned Vehicles and Controls Over Maintenance

Background	<p>The Department of Energy and Environmental Protection purchases its vehicles or leases vehicles from the Department of Administrative Services (DAS). DAS vehicles may be leased daily, monthly, or yearly.</p> <p>DEEP has garages in Thomaston (Western District) and Moosup (Eastern District) for the maintenance of its vehicles.</p>
Criteria	<p>Agencies are responsible for ensuring that their state-owned vehicles are used in the most cost effective and efficient manner.</p> <p>A fleet management system should properly document maintenance costs.</p>
Condition	<p>Our review of 293 vehicle mileage reports completed for April 2022 disclosed 105 instances in which a vehicle was used five times or less during the month. This included 36 instances in which a vehicle had no reported use. It appears some vehicles are being underutilized.</p> <p>Our review of controls over vehicle maintenance noted that DEEP does not have a fleet management system to manage vehicle costs. DEEP employees prepare a Vehicle/Equipment/Facility Repair Request form listing the work requested and completed, but the department does not centrally track forms.</p>
Context	<p>As of April 30, 2022, DEEP maintained a fleet of 502 vehicles. This includes 347 DEEP-owned and 155 leased from DAS. We judgmentally selected the month of April for review.</p>
Effect	<p>The lack of a fleet management system prevents DEEP from efficiently and effectively managing vehicle utilization and costs.</p>
Cause	<p>DEEP did not utilize a fleet management software to track utilization, monitor service on its vehicles, or document all maintenance purchases.</p>
Prior Audit Finding	<p>This finding was previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.</p>

Recommendation

The Department of Energy and Environmental Protection should analyze its vehicle inventory and determine the number of vehicles it needs to operate efficiently. The department should improve its vehicle maintenance system by acquiring software to track its vehicle repair and maintenance costs.

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 rightsizing of the DEEP fleet to avoid unnecessary operating costs associated with idle vehicles. Additionally, DEEP has begun conversations 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. The initial impacts of COVID had a distinct impact on lack of utilization of many vehicles in DEEP’s Fleet. As many staff have migrated towards a hybrid work environment, the need for DEEP to reassess its baseline for vehicle needs is even more apparent. The modernization of racking tools like GPS will ensure that the Department is able to capture its needs holistically.”

Finding 13**Controls Over Disposals****Criteria**

The State Property Control Manual states that all computer and electronic equipment deemed no longer useable must be approved for recycling by the Department of Administrative Services and recycled in an environmentally appropriate manner per Regulations of Connecticut State Agencies Section 22a-449(c)-113. Agencies are instructed to contact the approved state electronics recycling vendor.

Agencies should promptly remove disposed items from their inventory listing to ensure accurate reporting.

Condition

Our review of nine assets disposed during the audited period disclosed the following:

- In six instances, DEEP did not promptly remove the asset from its inventory list following disposal. The delays range from 25 days to approximately one year.

- In four instances, the department could not provide support that it contacted a recycling vendor to dispose of electronic equipment.

During a review of firearms inventory, we noted DEEP recorded one firearm in Core-CT as in service, when it was traded in during May 2020. We discovered that this firearm was part of 39 firearms that the department traded in. The department did not update any of these in Core-CT until November 2022, upon our notification.

Context

DEEP disposed of 50 and 218 assets in fiscal years 2021 and 2022, respectively. We randomly selected nine asset disposals during the audited period.

DEEP had over 600 firearms in inventory as of June 24, 2022.

Effect

The failure to promptly remove disposed assets from the inventory list may result in inaccurate reporting.

Cause

The department did not adhere to equipment disposal procedures in the State Property Control Manual.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.

Recommendation

The Department of Energy and Environmental Protection should improve internal controls over equipment disposals to ensure compliance with the policies and procedures set forth in the State Property Control Manual. The department should also promptly remove disposed assets from its inventory list.

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.”

Finding 14

Controls Over Collection and Documentation of Emergency Spill Cases

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.

DEEP's Emergency Response/Spill Prevention Unit responds 24 hours per day to emergencies that result from accidental and deliberate discharges and uncontrolled releases of chemicals, hazardous wastes, petroleum products, and other hazardous materials.

Criteria

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

DEEP should accurately record liens as receivables in the correct amounts.

Sound internal controls over emergency spill responses dictate that DEEP should maintain adequate documentation for all spills, regardless of their significance.

Condition

DEEP does not recover all potential costs related to its administration, investigation, or other related Emergency Spill Response Unit expenses. These expenses include equipment and personnel costs that the department could potentially recover from

liable parties. We found that unrecovered overtime totaled \$402,739 and \$447,809 for the fiscal years ended June 30, 2021, and 2022, respectively.

DEEP maintains a list of cases in which an unknown party was responsible for the contamination. We identified 98 of these cases, totaling \$314,920 as of June 30, 2022. DEEP informed us it did not request the federal government to assume the contractual obligation of the cleanup costs.

DEEP does not appear to be actively placing liens on these receivables. The department provided us a lien report as of June 30, 2020, with a \$5,122,566 balance. The most recent lien was for a 2010 case.

Our review of GAAP Form 2, as of June 30, 2022, noted that DEEP reported \$33,156,936 in emergency spill receivables with \$8,864,257 considered uncollectible. We believe that DEEP greatly understated its uncollectible amount. We estimate the uncollectible amount to be closer to \$19,000,000, as a significant portion of the reported collectible balance has been inactive for many years.

DEEP lacks policies or procedures that require Emergency Response Coordinators to document a spill that occurs during an ongoing emergency spill response.

Context

The Emergency Response/Spill Prevention Unit responds to more than one thousand spills each year.

Our estimate of the uncollectible amount included receivables prior to 2016 with no collections during fiscal year 2022.

Effect

DEEP is missing out on the chance to recoup administrative costs associated with spill response and recoveries from the responsible party.

Untimely or inaccurate reporting of receivables and uncollectible amounts may result in misstatements on the state's financial statements.

Without adequate documentation, DEEP cannot verify that it took proper steps to mitigate a spill.

Cause

There was a lack of management oversight and failure to implement statutory cost recovery provisions.

DEEP does not have adequate procedures for the proper preparation of certain GAAP forms.

DEEP lacks formal policies and procedures to document spills. The Emergency Response/Spill Prevention Unit generally only documents significant spills.

Prior Audit Finding

Parts of this finding have been previously reported in the last five audit reports covering the fiscal years ended June 30, 2008, through 2020.

Recommendation

The Department of Energy and Environmental Protection should improve its oversight over financial reporting of emergency spill receivables. The department should implement policies and procedures pertaining to the Emergency Response/Spill Prevention Unit's documentation of spills.

The department should also request the federal government assume a share of the spill response costs when an unknown party is responsible for the contamination.

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. Most of the existing debt is uncollectible. The Department has been working with the Attorney General's Office reviewing cases to decide on whether to pursue collections. If a Responsible Party was identified and has property or resources available, collection consideration will be made. If the Responsible Party is unknown or there are concerns regarding the title of property where a spill incident took place, a recommendation to discharge the debt as uncollectible will be made 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. Regarding 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.”

Finding 15

Controls Over Required Reporting

Criteria

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

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

Section 22a-133j of the General Statutes requires the Department of Energy and Environmental Protection 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 22a-352(i) of the General Statutes requires the Water Planning Council to submit an annual report on the status of the development and implementation of the state water plan and any updates to such plan to the joint standing committees of the General Assembly having cognizance of matters relating to the environment, public health, planning and development and energy and technology.

Section 23-15b(c) of the General Statutes requires the Commissioner of Energy and Environmental Protection to report to the legislative Office of Fiscal Analysis on the state parks that semiannually collect funds.

The Office of the State Comptroller requires each agency to annually submit closing packages to enable the Comptroller to prepare accurate financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

We selected five statutorily required reports due during the audited period and noted the following:

- In three instances, DEEP could not provide support that it prepared and submitted a required annual report. This

included reports required under Sections 4-60, 22a-6r, and 22a-133j of the General Statutes.

- For the two reports on file, DEEP submitted one late and the other lacked support for the submission date. DEEP did not submit the annual report required under Section 22a-352(i), covering 2021 and 2022, until February 17, 2023. DEEP also could not provide support that it transmitted the semi-annual report, required under Section 23-15b(c), to the Office of Fiscal Analysis.

Our review of the GAAP reporting package for the fiscal year ended June 30, 2022, noted that DEEP did not complete the package on time. DEEP submitted most forms, due September 2, 2022, on September 19, 2022. The department did not submit the final GAAP 2 (Emergency Spill Response) form until December 13, 2022. It did not appear that DEEP requested or received an extension from the Office of the State Comptroller.

Context

DEEP has at least 40 reporting requirements. Many reports are due annually, however, some are due semi-annually or every two to three years. We judgmentally selected five reports, as well as the fiscal year 2022 GAAP reporting package for review.

Effect

Intended recipients did not receive statutorily required reports, which impacts their ability to make informed and timely decisions.

Cause

DEEP lacks an adequate centralized tracking system for required reports.

In our prior audit, DEEP informed us the report required by Section 22a-133j is no longer useful. However, DEEP did not seek to eliminate that statute.

Prior Audit Finding

This finding was previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.

Recommendation

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

Agency Response

“The Department agrees with the finding and recognizes the importance of the reporting requirement. DEEP will review policies to ensure that reports are published as required by statute and will request statutory changes to reporting when reports are no longer valid.”

Finding 16

Lack of Disaster Recovery Plan

Background	A comprehensive disaster recovery plan is an essential part of an organization's plan for the continuity of operations in the event of a disaster or other interruption in information technology (IT) systems.
Criteria	A disaster recovery plan should include detailed specifications to ensure the recovery of essential hardware and software. It should also incorporate systematic procedures for carrying out the recovery process that prioritizes the tasks to be performed and identifies the people to perform them. A disaster recovery plan must be tested regularly. Otherwise, it could fail to execute as expected.
Condition	DEEP has an All-Hazards Continuity of Operations Plan. However, the plan does not include a detailed description of essential hardware and software to be recovered, and the steps for performing the recovery process.
Context	DEEP relies on its IT systems to perform various agency administration and reporting.
Effect	The absence of a comprehensive disaster recovery plan could seriously hamper DEEP's ability to promptly restore information technology functionality when a disaster strikes.
Cause	DEEP believes its All-Hazard Continuity of Operations Plan also serves as its disaster recovery plan.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Energy and Environmental Protection should develop a comprehensive information technology disaster recovery plan. The department should routinely test its plan.
Agency Response	"The Department recognizes the importance of protecting its data and has utilized backup servers for years. Most of DEEP's servers have been migrated to the State's enterprise data centers in Springfield and Groton. DAS-BITS manages a statewide disaster recovery plan which includes DEEP data. It is anticipated that all of DEEP's servers will be fully migrated in the near future."

Finding 17

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 reconciles SIMS to Core-CT monthly.

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 database administrators had user roles for the same system. One performs several tasks and has full access to other IT functions such as 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.

Context

As of June 30, 2022, there were over 340 users in SIMS, each with access to at least one of 61 divisions within SIMS.

Effect

The database administrators have significant control over the management and use of critical DEEP systems. There is increased risk when a DBA has a user role and can also create users.

Cause

DEEP does not have enough staff to be able to allow for resources dedicated solely to database administration tasks. The DEEP database administrators also support other IT functions including

application support that require them to be able to access applications to troubleshoot user reported issues.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.

Recommendation

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

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. The Department expects to make significant improvements in this area, maximizing security design controls that the Department created when developing its enterprise software.”

Finding 18

DEEP Administered Trust Funds

Background

The Department of Energy and Environmental Protection is the beneficiary of eleven trust funds with a combined balance of \$37,010,127 as of June 30, 2022. DEEP administers eight of the trust funds, and three are managed by outside sources that periodically distribute funds to the department.

Criteria

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 risk, invest funds, monitor performance, maintain controls, and oversee contracts with investment advisors, among other responsibilities.

Bequests include provisions relating to the management and administration of funds. These funds should be monitored and reviewed regularly to ensure they are being properly utilized.

Condition

In 2013, DEEP an outside investment management bank notified the department that it no longer intended to service its DEEP accounts. The Office of State Treasurer requested that the bank continue to manage these funds until the Treasurer could choose a successor. However, throughout our audited period, the outside bank continued to manage the accounts. The accounts were finally

migrated to a new bank, under guidance of the Office of the State Treasurer, effective March 13, 2023.

Our review of the balance in each trustee fund as of June 30, 2022, disclosed the following investments appeared inactive:

- A \$21,808 balance 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 \$4,327,293 balance of is held for the development of Hopemead State Park. However, in the 1970s, the state decided against developing the park due to streams and wetlands in the area. It appears that there have been no withdrawals from this fund in nearly 40 years.

Context	There was a \$17,092,731 balance in the eight DEEP administered trust funds as of June 30, 2022.
Effect	DEEP does not regularly monitor trust accounts to ensure the effective use of funds.
Cause	DEEP lacks the resources to adequately monitor and administer investment funds.
Prior Audit Finding	This finding was previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.
Recommendation	The Department of Energy and Environmental Protection should seek advice from the Office of Attorney General regarding the disposition of Shakespeare Theatre funds and the use of Hopemead State Park funds.
Agency Response	"The Department disagrees with the findings related to expenditures and continued oversight and monitoring of investment funds. Reports are reconciled routinely, and progress has been made to migrate trust assets to a State Treasurer recommended investment resource. In regard to funding, while more funding may be available for operational expenditure on a periodic basis than what has been spent during this audit cycle, there are periods where higher level of spending is necessary to properly maintain the infrastructure associated with these sites. Overspending on routine operations could compromise the required capital investments in these historic structures and will impact the future income produced by the corpus of the trust. The Department will seek advice from the Attorney General on use of the Hopemead Trust account, which is managed directly by the Office

of the State Treasurer and will continue to work with the Office of the Attorney General on liquidating the funding for the former Shakespeare Theatre.”

**Auditors’ Concluding
Comments**

While we agree reports seem to be regularly reviewed, it does not appear DEEP is actively pursuing ways to use these funds. Hopemead State Park funds have not been spent in over 40 years.

Finding 19

Foundation Designation and Lack of Agreements

Background

The Department of Energy and Environmental Protection benefits from the existence of several “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 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. Most of the funds it received since inception were from DEEP Supplemental Environmental Penalty funds. The commissioner of DEEP serves on the board and department staff provides 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. However, based on a review of their websites and tax forms, these organizations claim to support primarily state parks or forests.

We also noted that several of the "Friends of" organizations have access to areas of state parks that are not available to the public or hold fundraisers when the park is not available to the public. DEEP staff must be at the park during these events, and the department is not reimbursed for their hours. In addition, some "Friends of" organizations operate gift stores at state parks without written agreements. This includes the Friends of Dinosaur State Park, Hammonasset, Gillette Castle, and Harkness. However, DEEP did not provide us with any reports documenting the extent to which the profits from sales at these stores are used at the parks.

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 more than 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 type 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.

DEEP staff dedicated an undetermined number of uncompensated hours to the RecycleCT Foundation.

Cause	DEEP does not consider these organizations to be foundations under the statutory definition and has not entered into written agreements with them. DEEP informed us it does not believe these organizations mainly support DEEP, but rather partner with the department.
Prior Audit Finding	This finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2012, through 2020.
Recommendation	<p>The Department of Energy and Environmental Protection should pursue an Attorney General opinion concerning the applicability of laws governing foundations in relation to "Friends of" organizations.</p> <p>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.</p>
Agency Response	<p>"The Department will continue to conduct reviews to ensure that its relationship with our "Friends of State Parks" groups are done in accordance with the law. The Department will enter into written agreements with a "Friends of" group that uses state space in a way that differs from what the general public is permitted to do, including operations of gift stores.</p> <p>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.</p> <p>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."</p>
Auditors' Concluding Comments	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 referenced by DEEP discuss the establishment of the entity for the principal purpose of receiving or using private funds that support or improve the state agency. The opinions also add that determinations of foundation status involve case-by-case analyses. In its response to us on December 11, 2018, DEEP noted 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, they would need to revise their bylaws and missions.

Finding 20

Lack of Central Database for Complaints

Background

The Department of Energy and Environmental Protection 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 daily phone calls, which it directs to a related DEEP division.

Criteria

State agencies that regularly receive citizen complaints should have a process to ensure that the division logging the complaint independently investigated and accurately reported the results to the commissioner and the public. The process should track all complaints from the date of receipt to resolution.

Condition

DEEP does not maintain a central database of all complaints and their status. DEEP divisions log complaints in various locations and the department does not have an adequate centralized tracking system.

Context

There are at least five divisions that accept and investigate citizen complaints.

Effect

Without a central, transparent database of all complaints, we do not know whether the division satisfactorily resolved the complaints in a timely manner or performed a proper investigation. 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 management oversight contributed to this condition.

Prior Audit Finding This finding has been previously reported in the last two audit reports covering the fiscal years 2015 through 2020.

Recommendation The Department of Energy and Environmental Protection should implement a centralized tracking system for citizen complaints that identifies the date received, investigator, and date of resolution.

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."

Finding 21

Mattress Recycling Audit Report Not Obtained

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.

Condition DEEP could not provide the required audit reports of the Mattress Recycling Council. The last report on file was for financial statements as of December 31, 2016. The council should have audit reports for 2019 and 2022.

Context The most recent audit report for the Mattress Recycling Council indicated total net assets of \$2,408,181 as of December 31, 2016.

Effect	The Mattress Recycling Council did not comply with the statutes. An audit could reveal problems with the program.
Cause	It appears there was a lack of management oversight concerning statutory compliance.
Prior Audit Finding	This finding was previously reported in the last audit report covering the fiscal years ended June 30, 2018, through 2020.
Recommendation	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.
Agency Response	"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."

Finding 22

Inactive Councils and Committees

Criteria	<p>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.</p> <p>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.</p> <p>Section 22a-65 requires the commissioner to establish a Pesticide Advisory Council that must meet at least annually.</p>
Condition	In our review of five DEEP statutory advisory groups, we noted that these three were inactive and may no longer be necessary. The department has not pursued legislation to amend or repeal the related statutes.
Context	DEEP is associated with at least 50 councils, committee, boards, or commissions. We judgmentally selected five for review.

Effect	The General Statutes include advisory committees that are inactive and may no longer be necessary.
Cause	<p>The Municipal Solid Waste Recycling Program Advisory Council appears to have been disbanded following the implementation of the Statewide Solid Waste Management Plan in 2006.</p> <p>The Lobster V-notch Conservation Program was discontinued in 2014. Therefore, there does not appear to be a need for the committee.</p> <p>The Pesticide Advisory Council has been inactive since the early 1990s. DEEP regularly consults with the council’s stakeholders about related matters.</p> <p>We could not determine why DEEP has not sought legislative changes to the related statutes.</p>
Prior Audit Finding	This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2015, through 2020.
Recommendation	The Department of Energy and Environmental Protection should pursue legislation to update or repeal General Statutes which include related councils or committees that are inactive and may no longer be necessary.
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.”

Finding 23

Improper Time Reporting

Background

The Environmental Conservation (EnCon) Police is a part of the Department of Energy and Environmental Protection’s Bureau of Outdoor Recreation. Its mission is to provide natural resource protection and public safety through education, outreach and enforcement in the areas of fish and game, boating, commercial fishing, wildlife management, parks, and forests. EnCon Police have statewide conservation law enforcement responsibilities and work in three geographical districts each managed by a district captain and overseen by a colonel. They are responsible for over 255,000 acres of agency owned land and water that includes state forests, state parks, wildlife management areas and boating access areas.

EnCon utilizes a computer-aided dispatch (CAD) log to document when an officer is on duty or responding to a call. The officer radios into the dispatcher who updates the CAD log to track the officer's status.

Most EnCon officers are assigned a state-owned vehicle. These vehicles are fixed with a GPS device, which is monitored and tracked by Department of Administrative Services (DAS) software.

Criteria

Adequate internal controls dictate that time reporting be accurate, supported, and reflect hours worked.

Condition

We reviewed time reporting by 13 EnCon officers during 32 pay periods and compared the information to their vehicle GPS data and noted the following:

- In 70 instances, involving nine officers, the shift start or end time on the CAD log differed by more than 30 minutes from the GPS vehicles start/stop time. The CAD log is used whenever an officer is on duty, whether on a normal shift or responding to a call. The officer radios in at the beginning and end of each shift and the CAD log is updated. In 33 of these instances, involving five officers, the start/stop time differed by more than one hour.
- In 11 instances, involving three officers, the vehicle stopped at the officer's home for greater than one hour during their shift.

Context

As of June 30, 2022, there were approximately 69 vehicles assigned to 57 EnCon employees. We judgmentally selected 13 officers for review.

Effect

Unsupported or inaccurate time reporting could result in employees being paid for time they did not work.

Cause

EnCon Police do not have adequate controls to prevent these conditions.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Energy and Environmental Protection should improve internal controls over its monitoring of Environmental Conservation Police to ensure the time reported by its officers is accurate and supported.

Agency Response

"The Department recognizes the importance of ensuring that time reporting for all employees reflect hours worked. The Department does not believe there are any instances of officers being paid for time they did not work.

Neither the CAD nor GPS logs are the primary tools used to record worked hours. Timekeeping is handled through scheduling and reporting time in the Core-CT Time and Labor Module. Staff enter their time into Core-CT Self Service, and it is reviewed and approved by their supervisors on a bi-weekly basis. Managerial review is also conducted on a regular basis. This system is the official time management system of the agency.

EnCon has additional tools to record service time as noted above. Officers manage on duty time in CAD through network login or dispatch service duty call in. The Department acknowledges room for improvement on CAD reporting. Dispatch handles a myriad of EnCon calls and officers respond frequently to emergency situations. Dispatch also manages wildlife, radiation, spills, and other emergency related calls. This sometimes results in a delay between an officer radioing into dispatch, and dispatch logging them as on duty within the software. As noted, CAD is not the primary system for tracking time, this responsibility rests with supervisors in the chain of command. Any discrepancies in time are addressed at the supervisory level. Both CAD and GPS are important tools for enhancing officer safety and tracking vehicle usage, primarily to assess maintenance needs; they are not designed to be used for tracking work hours.

EnCon officers are field based and begin duty from their residence. Officers are available to respond to emergencies 24 hours a day. Though their duties are primarily patrol, officers have various other responsibilities including responding to emails, maintaining equipment, writing reports, case research, and other administrative tasks. These duties are generally completed using the officers' home or vehicle as an office. Differences between GPS location of the vehicle and officer's worked time are expected when officers are completing these tasks.

The Department believes officer work time is accurately reported in Core-CT and will continue to seek further time reporting efficiencies in other existing and new tools available to EnCon officers."

Finding 24

Improper Paid Administrative Leave

Criteria	Section 5-240-5a of the Regulations of Connecticut State Agencies allow an employee to request a voluntary leave of absence without pay pending disposition of criminal charges. The agency may place an employee on a paid leave of absence for up to thirty days, provided written notice be provided to the employee detailing the reason, the effective date of the leave, and the duration of the leave.
Condition	<p>Our review of two employees on paid leave during the audited period disclosed the following:</p> <ul style="list-style-type: none">• DEEP placed one employee on paid administrative leave, pending criminal charges, for more than the allowable 30 days. The employee received \$114,983 in paid administrative leave over 19 months. Of this amount, \$109,239 should not have been allowed because it exceeded 30 days.• DEEP placed one employee on paid administrative leave for 11 days but lacked supporting documentation.
Context	Two employees received paid administrative leave during the audited period. We reviewed the circumstances for each employee.
Effect	DEEP paid \$109,239 in salary and fringe benefit costs for an employee beyond the 30-day limit in the regulations. The department did not properly document another employee's paid leave.
Cause	DEEP waited for the criminal matter to be adjudicated. In the other instance, the department did not formally document its justification and approval.
Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years 2018 through 2020.
Recommendation	The Department of Energy and Environmental Protection should comply with requirements concerning employees placed on paid leave as provided for under Section 5-240-5a of the State Regulations.
Agency Response	"The Department acknowledges the importance of complying with state agency regulations regarding paid administrative leave. In the

first instance mentioned, the employee was placed on administrative leave pending criminal charges. This happened during the COVID19 pandemic when courts were hearing cases at an extraordinarily slow rate. This led to the employee remaining on leave for an extended period as management felt it inappropriate and possibly unsafe to allow the employee to return to work pending charges. Ultimately the charges were nulled, and the employee returned to work. In the second instance, the employee resigned and, due to derogatory comments made by said employee, management, in concurrence with the Office of Labor relations, decided the employee should be placed on administrative leave with pay for the two weeks until his last day. In future, the agency will seek extension from the appropriate regulatory authorities should we encounter other extraordinary circumstances such as these."

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 24 recommendations. Four have been implemented or otherwise resolved and 20 have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
<p>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.</p>	<p>RESOLVED</p>
<p>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.</p>	<p>REPEATED Recommendation 1</p>
<p>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.</p>	<p>REPEATED Recommendation 24</p>
<p>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.</p>	<p>RESOLVED</p>
<p>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.</p>	<p>REPEATED Modified Form Recommendation 2</p>

<p style="text-align: center;">Prior Recommendation</p>	<p style="text-align: center;">Current Status</p>
<p>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.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 9</p>
<p>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.</p>	<p style="text-align: center;">REPEATED Modified Form</p> <p style="text-align: center;">Recommendation 12</p>
<p>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.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 10</p>
<p>The Department of Energy and Environmental Protection should determine the applicability of laws governing foundations in relation to "Friends of" organizations.</p> <p>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.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 19</p>
<p>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.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 7</p>
<p>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.</p>	<p style="text-align: center;">REPEATED Modified Form</p> <p style="text-align: center;">Recommendation 14</p>
<p>The Department of Energy and Environmental Protection should consider the balance in the nuclear safety preparedness account prior to calculating assessments.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 8</p>

<p style="text-align: center;">Prior Recommendation</p>	<p style="text-align: center;">Current Status</p>
<p>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.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 11</p>
<p>The Department of Energy and Environmental Protection should improve internal controls over purchasing card use by complying with state purchasing card policies.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 5</p>
<p>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.</p>	<p style="text-align: center;">REPEATED Modified Form</p> <p style="text-align: center;">Recommendation 6</p>
<p>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.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 20</p>
<p>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.</p>	<p style="text-align: center;">RESOLVED</p>
<p>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.</p>	<p style="text-align: center;">REPEATED Modified Form</p> <p style="text-align: center;">Recommendation 18</p>
<p>The Department of Energy and Environmental Protection should have segregation of duties between its database administrators and user roles.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 17</p>

<p style="text-align: center;">Prior Recommendation</p>	<p style="text-align: center;">Current Status</p>
<p>The Department of Energy and Environmental Protection should improve its oversight over GAAP reporting.</p>	<p style="text-align: center;">REPEATED Modified Form</p> <p style="text-align: center;">Recommendation 14</p>
<p>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.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 15</p>
<p>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.</p>	<p style="text-align: center;">REPEATED Modified Form</p> <p style="text-align: center;">Recommendation 22</p>
<p>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.</p>	<p style="text-align: center;">REPEATED</p> <p style="text-align: center;">Recommendation 21</p>
<p>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.</p>	<p style="text-align: center;">REPEATED Modified Form</p> <p style="text-align: center;">Recommendation 13</p>

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Department of Energy and Environmental Protection, the Council on Environmental Quality, the Office of Consumer Counsel, and the Connecticut Siting Council 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, 2021 and 2022. The objectives of our audit were to evaluate the:

1. Department's internal controls over significant management and financial functions;
2. 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. 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 the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

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

1. Deficiencies in internal controls;
2. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, and procedures; and
3. A 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.

ABOUT THE AGENCY

Overview

[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 has jurisdiction over all matters relating to the preservation and protection of the air, water, and other natural resources of the State of Connecticut. The principal areas of operation, stated in terms of broad purpose, are as follows: conservation of land and water resources, parks and recreation, fish and wildlife, water resource management, solid waste management, air and water pollution, geological survey, and energy efficiency.

Organizational Structure

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, which develops energy efficiency, infrastructure, and alternative power programs. The Environmental Conservation Division is concerned primarily with natural resources represented by open spaces and underdeveloped land areas; fish life; streams and coastal areas; and state-owned parks and forests. The Environmental Quality Division maintains and improves the quality of the air, land, and water resources of the state by preventing pollution or mismanagement thereof by private, public, or business interests. Katie Dykes was appointed commissioner effective January 9, 2019 and continued to serve in that capacity during the audited period.

Within the energy division, PURA operates under the provisions of Title 16, Chapter 277, Section 16-1 to 16-50f of the General Statutes. PURA regulates the rates and services of Connecticut's investor-owned electricity, 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 right to safe, adequate, and reliable utility service at reasonable rates with the provider's right to a reasonable return on investment. PURA monitors utility companies to promote equity among competitors, while customers benefit from competition and are protected from unfair business practices. As of June 30, 2022, PURA consisted of three commissioners appointed by the Governor: Chair Marissa Paslick Gillett, Vice-Chair John W. Betkoski III, and Commissioner Michael Caron.

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 in which matters affecting utility services rendered may be involved. OCC is a party to each contested case before PURA and may appeal decisions in any such proceeding. OCC is under the direction of a consumer counsel, appointed by the Governor with the advice and consent of either house of the General Assembly. The expenses of OCC are assessed in accordance with the provisions of Section 16-49. The Governor nominated Claire E. Coleman to serve as consumer counsel, effective December 3, 2021. She continues to serve in this role.

The [Connecticut Siting Council](#) (CSC) established under Title 16, Chapter 277a, Section 16-50j, is within DEEP for administrative purposes only. The council's primary mission is to provide a regulatory process for balancing the need for adequate and reliable public utility services with the need to protect the environment and ecology of the state. The council, 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. The CSC chairperson position, a Governor's appointment, was vacant as of June 30, 2022.

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 can receive and investigate citizen complaints and refer such matters to the appropriate regulatory agency for action. Annual reporting to the Governor is required. The CEQ chairperson position, a Governor's appointment, was vacant as of June 30, 2022.

Significant Legislative Changes

- **Public Act 20-9 (September Special Session)**, effective October 2, 2020, required DEEP to adopt regulations for reporting and remediating releases of oil, petroleum, chemical liquids or solids, liquid or gaseous products, or hazardous waste to the land or waters of the state. The regulations must address remediation supervision, verification, auditing, and any required fees. Furthermore, starting two years after the adoption of regulations, the commissioner must annually report to the Governor and the Environment and Commerce committees on the verification audits and post the report on the DEEP website.
- **Public Act 21-2 (June Special Session)**, effective June 23, 2021, required DEEP to implement a beverage container recycling grant program to provide forgivable grants for new beverage container redemption centers in urban centers and environmental justice communities lacking access to redemption locations. It established a beverage container recycling grant program account. DEEP must use all the account's funds for the program. The act required the DEEP commissioner to issue a grant application process by December 1, 2021. It caps the amount of an awarded grant at \$150,000 in any fiscal year and limits the use of grant funds to infrastructure, technology, and other costs associated with establishing a redemption center.
- **Public Act 21-48**, effective September 1, 2021, required DEEP to establish an energy efficiency retrofit grant program using available federal or other funds. It authorizes the DEEP commissioner to receive funds from the federal government, corporations, associations, or individuals to fund the program.
- **Public Act 21-159**, effective January 1, 2022, required the DEEP commissioner to establish and administer a grant program, subject to the availability of federal funding, to support the deployment of broadband service. It allows the commissioner to employ outside consultants to develop and implement the program. The act also required DEEP, by December 1, 2022, to submit a biennial report to the Governor on broadband deployment.

Financial Information

During the fiscal years ended June 30, 2021, and 2022, DEEP activity was accounted for in the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, and Fiduciary/Trust Funds. A summary of these amounts is presented below.

GENERAL FUND

The General Fund accounts for general operations not required to be accounted for in another fund. Revenues and expenditures during the audited period, and preceding year, are summarized below.

Fiscal Year Ended June 30,			
Receipts	2020	2021	2022
Licenses and Sales/Use Tax	\$ 11,669,895	\$ 12,495,283	\$ 11,185,037
Fees	12,277,408	16,380,937	13,742,650
Permits	5,912,642	8,904,758	7,643,508
Sales - Commodities and Services	49,000	61,558	36,610
Rents, Fines and Escheats	2,667,255	2,510,920	1,237,793
Refunds and Miscellaneous	(454,055)	(855,875)	(625,444)
Total	\$ 32,122,145	\$ 39,497,581	\$ 33,220,154

The increase in revenue from fiscal year 2020 to 2021 was largely due to an extension of annual fees due in fiscal year 2020 to fiscal year 2021 because of COVID-19. The return to the standard fee schedule, coupled with a decline in the number of sportsman licenses contributed to the reduction from fiscal year 2021 to 2022.

Fiscal Year Ended June 30,			
Expenditures	2020	2021	2022
Personal Services & Benefits	\$ 41,709,287	\$ 44,263,567	\$ 46,005,827
Premises and Property Expenses	2,095,916	1,222,114	1,251,940
Purchases & Contracted Services	3,266,942	4,281,780	5,055,787
Information Technology	1,774,017	1,897,210	1,978,403
Motor Vehicle Costs	551,074	431,106	609,357
Purchased Commodities	926,457	1,088,515	1,198,761
Capital Outlays	221,694	475,063	401,984
Fixed Charges	291,635	246,215	129,360
Employee Expenses	215,106	195,706	154,375
Other Charges	8,145	(86,658)	50,020
Total	\$ 51,060,273	\$ 54,014,618	\$ 56,835,814

The increase in expenditures throughout the audited period was primarily due to approved wage increases.

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 the Federal and Other Restricted Accounts, Consumer Counsel/DPUC Fund, and Small Town Economic Assistance Program (STEAP) Grants to Local Government funds.

Federal and Other Restricted Accounts Fund

The Federal and Other Restricted Accounts Fund accounts for federal and other revenue that is restricted from general use. The department manages numerous federal programs, and the largest were the Performance Partnership Grant and the Title VI Clean Water Fund Cap Grant. The Regional Green House Gas Initiative (RGGI) and the Passport to the Parks account had the largest impact on non-federal aid. Revenues and expenditures during the audited period, and preceding year, are summarized as follows.

Fiscal Year Ended June 30,			
Revenue	2020	2021	2022
Non-Federal Aid-Restricted	\$ 55,843,249	\$ 74,822,981	\$ 102,297,219
Federal Aid-Restricted	54,852,310	33,379,788	61,196,368
Community Investment Account	2,670,721	4,122,364	4,052,539
Grant Transfers and Other	718,185	1,306,301	(32,635)
Total	\$ 114,084,465	\$ 113,631,434	\$ 167,513,491

The fluctuations in federal aid from fiscal year 2020 through 2022 is primarily due to the timing of drawdowns. The increase in non-federal aid is the result of several factors, mainly the deferments of fiscal year 2020 fees to 2021, because of COVID-19, and aid carried forward in fiscal year 2022 for the newly established solid waste and t passport to the parks accounts.

Fiscal Year Ended June 30,			
Expenditures	2020	2021	2022
Personal Services & Benefits	\$ 42,808,332	\$ 45,938,760	\$ 46,806,189
Fixed Charges - Grants	31,411,662	16,636,446	31,463,768
Other Charges - Includes RGGI	14,592,333	23,899,910	46,586,173
Purchases & Contracted Services	8,272,616	-2,260,864	5,161,197
Capital Outlays	3,636,503	3,036,025	2,091,002
Premises and Property Expenses	3,153,451	7,985,789	-890,111
Capital Outlays - Equipment	1,409,800	757,968	332,894
Information Technology	1,517,211	3,046,169	1,339,956
Motor Vehicle Costs	1,516,355	1,682,016	1,931,699
Purchased Commodities	1,327,297	1,307,318	1,357,108
Employee Expenses	258,123	167,423	197,240
Capital Outlays-Building	2,074	40,860	529,179
Total	\$ 109,905,757	\$ 102,237,820	\$ 136,906,294

The decrease in expenditures from fiscal year 2020 to 2021 was primarily due to a significant reduction in fixed charges. This was mainly due to the timing of a significant increase in federal grants from fiscal year 2021 to 2022. In addition, coding corrections in fiscal year 2021 and 2022 impacted the increase to the other charges category.

Consumer Counsel/DPUC Fund

This fund includes receipts and expenditures for the Public Utilities Regulatory Authority, formerly known as the Department of Public Utility Control, 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. PURA expenses and revenue are accounted for in this 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. Receipts consist primarily of assessments on utility companies. Revenues and expenditures during the audited period, and preceding year, are summarized below.

Fiscal Year Ended June 30,			
Revenue	2020	2021	2022
Recoveries of Expenses	\$ 24,796,529	\$ 26,661,761	\$ 33,263,852
Fees for Examination	14,500	19,500	15,900
Other Fees and Refunds	50	30	90
Total	\$ 24,811,079	\$ 26,681,291	\$ 33,279,842

Fiscal Year Ended June 30,			
Expenditures	2020	2021	2022
Personal Services & Benefits	\$ 22,449,163	\$ 25,444,571	\$ 26,755,339
Premises and Property Expenses	618,216	693,464	763,762
Indirect Overhead - Federal	-	(990,993)	(246,441)
All Other Expenditures	1,091,837	1,175,895	967,846
Total	\$ 24,159,216	\$ 26,322,937	\$ 28,240,506

Revenues and expenditures remained relatively flat from fiscal years 2020 through 2022, with the only significant increase related to revenue from fiscal year 2021 to 2022. This was attributable a \$6 million increase to the public utility company base assessment.

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 \$7,438,027 and \$16,283,476 during the 2021 and 2022 fiscal years, respectively. Most of the expenditures were for remediation at hazardous waste disposal sites, land acquisition grants, and the Connecticut Bikeway.

ENTERPRISE FUNDS

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 and a water pollution control federal loan account. The fund provides for financial assistance to municipalities and others for the planning, design, and construction of water quality projects and improvements. Revenues are derived from federal grants and can fluctuate depending on timing of drawdowns. Revenues totaled \$8,839,539 and \$8,262,716 during fiscal years 2021 and 2022, respectively. Expenditures during the audited period, and preceding year, are summarized below.

Fiscal Year Ended June 30,			
Expenditures	2020	2021	2022
State Account	\$ 81,713,258	\$ 68,380,033	\$ 45,822,092
Federal Account	130,906,697	118,372,602	108,993,923
Total	\$ 212,619,955	\$ 186,752,635	\$ 154,816,015

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 PROJECT FUNDS

Expenditures from capital and non-capital project funds totaled \$21,335,947 and \$26,332,396 during the 2021 and 2022 fiscal years, respectively. These were primarily for community conservation and development, energy projects, and state park renovations. There were no revenues recorded for the Capital and Non-Capital Project Funds.

TRUST FUNDS

DEEP is responsible for maintaining administrative control over eight accounts, with other trustees responsible for three other accounts. There was a \$37,010,128 in balance of all these accounts as of June 30, 2022.

COUNCIL ON ENVIRONMENTAL QUALITY

The Council on Environmental Quality (CEQ) is within DEEP for administrative purposes only. The accounting of operations is reported in the Federal and Other Restricted Accounts Fund. CEQ assesses and reports on Connecticut's environment and advises state agencies on environmental impacts of proposed construction projects. CEQ also investigates citizen complaints and allegations of violations of environmental laws. There were no significant revenues for CEQ during the audited period. CEQ expenditures were \$300,804 and \$357,584 during the 2021 and 2022 fiscal years, respectively.

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. The accounting of operations is reported in the Consumer Counsel/DPUC Fund. There were no significant revenues for OCC during the audited period. OCC expenditures during the audited period, and preceding year, are summarized below.

Expenditures	Fiscal Year Ended June 30,		
	2020	2021	2022
Personal Services & Benefits	\$ 1,738,428	\$ 1,936,993	\$ 2,368,727
Premises & Property Expenses	91,990	104,650	116,290
Purchases & Contracted Services	61,821	81,158	32,653
Indirect Expenses	-	55,553	33,590
Employee Expenses & Allowances	43,184	29,633	29,175
Other	12,126	13,731	41,491
Total	\$ 1,947,549	\$ 2,221,718	\$ 2,621,926

The increase in expenditures throughout the audited period was primarily due to approved wage increases.

CONNECTICUT SITING COUNCIL

The Connecticut Siting Council (CSC) is with DEEP for administrative purposes only. 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. Revenues and expenditures during the audited period, and preceding year, are summarized below.

Revenues	Fiscal Year Ended June 30,		
	2020	2021	2022
Expense Recovered by Public Service	\$ 887,743	\$ 1,333,064	\$ 1,937,457
Expense Recovered by Electric Power	722,580	886,543	785,692
Environmental Certification Fees	633,518	747,118	897,569
Other Miscellaneous Fees	2,114	732	201
Recoveries - General	(735,579)	(756,382)	(748,460)
Total	\$ 1,510,376	\$ 2,211,075	\$ 2,872,459

Revenue fluctuates based on the number of dockets and petitions filed by each industry and the actual expenses and corresponding reimbursements related to each case.

Expenditures	Fiscal Year Ended June 30,		
	2020	2021	2022
Personal Services & Benefits	\$ 1,277,242	\$ 1,377,696	\$ 1,499,657
Other Charges - Indirect Overhead	(48,634)	40,504	122,745
Purchases & Contracted Services	48,127	131,503	99,893
Premises and Property Expenses	55,920	63,670	70,573
Purchased Commodities	1,170	125	1,613
Information Technology	1,095	9,366	12,665
Employee Expenses & Allowances	2,018	550	550
Motor Vehicle Costs	5,097	5,058	4,889
Total	\$ 1,342,035	\$ 1,628,472	\$ 1,812,585

Expenditures increased throughout the audited period primarily due to approved wage increases.