



# AUDIT SUMMARY

Office of the Secretary of the State

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Fiscal Years Ended June 30, 2021 and 2022

## ABOUT THE AGENCY



The Secretary of the State is an elected constitutional state officer whose duties are set forth in Title 3, Chapter 33, of the Connecticut General Statutes. The Secretary of the State serves as

the chief election and business registrar and is the official keeper of public records and documents.

## ABOUT THE AUDIT

We have audited certain operations of the Office of the Secretary of the State 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. Office's internal controls over significant management and financial functions;
2. Office's compliance with policies and procedures internal to the office 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.

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.

[Link to full report](#)

**9 Findings**

**6 Repeat Findings**

Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

## NOTEWORTHY FINDINGS



### Findings



### Recommendations

1

The office does not perform regular reconciliations of its revenue between the cash receipts journal (FinSys), its business registration system, and the state's accounting system (Core-CT).

The office should strengthen internal controls over receipts by ensuring that it completes routine reconciliations between the three financial recordkeeping systems.

2

The office could not provide support for \$3,355,548 in unearned revenue reported to the Office of the State Comptroller as of June 30, 2022. In addition, the office has not discontinued \$9,645,741 in accounts that are over a year old and are no longer eligible for a refund, with most accounts being inactive for more than ten years.

The office should continue to pursue the termination of accounts no longer eligible for refund. The office should also maintain support for the unearned revenue balances it reported to the Office of the State Comptroller.

3

The office could not provide supporting documentation for accounts receivable balances reported on its fiscal year 2022 GAAP reporting form and did not report an uncollectible amount which we estimate should have been \$2,031,755 as of June 30, 2022. In addition, our review of ten accounts receivables noted the office did not send nine second demand letters on time and did not send eight final demand letters.

The office should improve its accounts receivable recordkeeping to ensure records are accurate and supported. The office should periodically evaluate outstanding accounts and seek approval from the Office of Policy and Management to write off accounts deemed uncollectible.

4

Our review of the office's inventory report as of June 30, 2022, noted that it only inventoried 32% of equipment since 2016. In addition, the office could not locate 12 of the 15 equipment items we selected from its inventory listing and could not provide supporting documentation for disposals of all six assets reviewed.

The office should perform a complete physical inventory and update its records in Core-CT to reflect an accurate equipment balance. In addition, the office should properly document all disposals of capital assets.

5

The office did not adequately support its publication sales. We reviewed 15 transactions, totaling \$24,918, and noted that none were supported with orders or invoices. As a result, we could not determine the specific items customers ordered, or whether the office charged the correct amount and properly removed them from inventory. Furthermore, in four instances, the office could not provide support for sales receipts.

The office should strengthen internal controls to ensure that inventory records of merchandise for sale are accurate, complete, and comply with the State Property Control Manual.