



AUDIT SUMMARY

Office of the Secretary of the State

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Fiscal Years Ended June 30, 2023 and 2024

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, 2023 and 2024. 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](#)



Our audit identified internal control deficiencies and instances of noncompliance with laws, regulations, or policies.

NOTEWORTHY FINDINGS



Findings

The office did not perform revenues reconciliations between its cash receipts software, its business registration system, and Core-CT during the audited period.

We identified one employee in FICA-exempt status during the audited period and found the office lacked support for this exemption. The office recorded the employee as FICA exempt upon hire in July 2023 and remained in this status until their transfer to another state agency in September 2024. The employee's share of \$12,695 in FICA tax should have been withheld.

The office reported \$53,182,366 in unearned revenue to the Office of State Comptroller as of June 30, 2024. This appears to be all revenue received during the year, instead of only the amount considered unearned. Our analysis estimated the balance to be \$9,616,231 as of June 30, 2024.

The office maintains a voucher report of filer refunds and overpayments. This report includes over 142,000 pending vouchers totaling \$9,616,231 that were at least a year old on June 30, 2023, with most accounts inactive for more than ten years. The office has not discontinued these accounts and considers them unearned revenue.

Our review of accounts receivable amounts reported on GAAP reporting forms noted the balances were incorrect. Our analysis estimated a receivable balance of \$4,787,770 and \$8,849,400 as of June 30, 2023, and 2024, respectively. However, the office reported \$1,524,251 and \$1,390,874, as of June 30, 2023, and 2024, respectively. Furthermore, the office reported zero as receivables considered uncollectible for each fiscal year. We calculated this amount to be approximately \$2,759,645 and \$5,100,747 as of June 30, 2023, and 2024, respectively.

For four of ten receivables reviewed, the office did not promptly send demand letters, with delays ranging from 14 to 23 months.



Recommendations

The Office of the Secretary of the State should strengthen internal controls over receipts and ensure that it completes routine reconciliations between the three financial recordkeeping systems (Recommendation 3).

The Office of the Secretary of the State should strengthen internal controls to ensure it enters the correct fields in Core-CT when processing a new employee. The office should review and verify a biweekly report of FICA-exempt employees (Recommendation 1).

The Office of the Secretary of the State should continue to pursue the termination of accounts no longer eligible for refund. The office should also ensure accurate reporting of unearned revenue balances to the Office of the State Comptroller (Recommendation 5).

The Office of the Secretary of the State should improve its accounts receivable recordkeeping to ensure records are accurate and supported. The office should improve internal controls over accounts receivable to ensure it promptly issues demand letters (Recommendation 6).