AUDITORS' REPORT

Office of State Ethics

FISCAL YEARS ENDED JUNE 30, 2024 AND 2025

STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor

CRAIG A. MINER
State Auditor

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July 22, 2026

INTRODUCTION

We are pleased to submit this audit of the Office of State Ethics (OSE) for the fiscal years ended June 30, 2024 and 2025 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified one finding involving an internal control deficiency and an instance of noncompliance with laws, regulations, or policies.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Office of State Ethics during the course of our examination.

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

Dennis Collins
Shirley Huang
Brianne Surfus

Dennis Collins
Principal Auditor

Approved:

John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Office of State Ethics disclosed the following recommendation, which was not repeated from the previous audit.

Finding 1

Asset Management Deficiencies

Criteria	The State Property Control Manual requires agencies to have written procedures on file for conducting a physical inventory and submit a copy to the State Comptroller no later than January 1, 2025. The State Property Control Manual also requires that agencies maintain complete property control records. Chapter 3 of the manual specifies the minimum data requirements each asset classification must contain.
Condition	OSE did not develop written procedures for conducting a physical inventory or submit them to the State Comptroller. In addition, OSE did not include information in certain property control record data fields including manufacturer, department, fund, purchase order number, and useful life, among other required information.
Context	OSE's inventory consisted of 71 current assets, totaling $218,041 as of July 16, 2025.
Effect	Poor controls over inventory leave state property susceptible to loss or theft.
Cause	Management did not prioritize developing procedures for conducting physical inventory and maintaining complete property control records.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Office of State Ethics should comply with the State Property Control Manual by establishing and submitting written procedures for conducting a physical inventory and maintaining complete property control records for each asset.

OSE Response

"The OSE agrees with this finding. The agency was not aware, as it had not received notification, of the requirement to develop a written policy for conducting physical inventory; however, it now understands the requirement and plans to submit such policy to the OSC for review and approval by June 30, 2026. Further, with respect to data deficiencies, OSE has the data, however its input has to be corrected. The agency is in the process of making those corrections."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the Office of State Ethics contained two recommendations. Both have been implemented or otherwise resolved.

Prior Recommendation	Current Status
The Office of State Ethics should strengthen internal controls to ensure it accurately accounts for its software inventory as prescribed by the Office of the State Comptroller's property control requirements.	RESOLVED
The Office of State Ethics should strengthen internal controls to ensure that it promptly records receipts in Core-CT in accordance with Section 4-32 of the General Statutes.	RESOLVED

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Office of State Ethics 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, 2024 and 2025. 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.

In planning and conducting our audit, we focused on areas of operations based on assessments of risk and significance. We considered the significant internal controls, compliance requirements, or management practices that in our professional judgment would be important to report users. The areas addressed by the audit included payroll and personnel, revenue and cash receipts, purchasing and expenditures, asset management, reporting systems, information technology, and case management. We also determined the status of the findings and recommendations in our prior audit report.

The State Elections Enforcement Commission (SEEC) administers business and fiscal related support services for the Office of State Ethics. The Office of State Ethics administers IT services for the Freedom of Information Commission (FOIC). Our audit reviewed these functions, based on assessments of risk and significance, as they relate to the Office of State Ethics. Our review did not include reviewing other aspects of SEEC's and FOIC's operations.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the office and certain external parties. We also tested selected transactions. This 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. We obtained this information from various available sources including the office's management and state information systems. It was not subject to our audit procedures. For the areas audited, we:

1. Identified deficiencies in internal controls;

2. Identified apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures; and

3. Did not identify 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 Office of State Ethics.

ABOUT THE AGENCY

Overview

The Office of State Ethics (OSE) is authorized by, and operates under, Title 1, Chapter 10 of the Connecticut General Statutes. Section 1-80(a) of the General Statutes makes the Office of State Ethics an independent state agency with an executive director, general counsel, ethics enforcement officer, and other necessary staffing. The office's mission is to practice and promote the highest ethical standards and accountability in state government by providing education and legal advice, ensuring disclosure, and impartially enforcing the Codes of Ethics. In addition, the Citizens Ethics Advisory Board (CEAB) within the Office of State Ethics adjudicates cases brought under the Code of Ethics, determines findings of violations, and issues advisory opinions.

Organizational Structure

The Citizens Ethics Advisory Board has nine members. Of these, the Governor appoints three members, the speaker of the House of Representatives, president pro tempore of the Senate, majority leader of the Senate, minority leader of the Senate, majority leader of the House of Representatives, and minority leader of the House of Representatives each appoint one member. The Citizens Ethics Advisory Board appoints the executive director. Peter Lewandowski has served as the executive director since August 2, 2019. OSE consists of 16 employees which are mostly staff attorneys.

OSE executed a memorandum of understanding with the Freedom of Information Commission and State Elections Enforcement Commission to work collaboratively to provide personnel, payroll, affirmative action, business office, and information technology support services.

Significant Legislative Changes

Notable legislative changes that took effect during the audited period are presented below:

- Public Act 23-37, effective October 1, 2023, made the following changes:
  - Subjected statewide officers-elect to the State Code of Ethics for Public Officials and State Employees by adding them to the code's definition of public official.
  - Made a parallel change to the definition of public official under the State Code of Ethics for Lobbyists.
  - Required client lobbyists to include on their biennial registration forms with the Office of State Ethics the name, job title, and contact information for (1) the individual responsible for overseeing lobbying activities and (2) any other individual designated as an authorized filer.
  - Made technical changes in the ethics codes' definition of quasi-public agency.
- Public Act 24-128 made the following changes:
  - Section 1, effective October 1, 2024, defined a dependent child in the state's Code of Ethics for Public Officials as a covered official's son, daughter, or stepchild who qualifies

as the official's dependent child under federal tax law. It also required that public officials in certain positions must include specified information about their dependent children in their statements of financial interest.

- Section 2, effective June 5, 2024, specified under the state laws on ethical considerations for bidding and state contracts, the Office of State Ethics' long-arm jurisdiction over out-of-state residents or their agents is limited to those who (1) pay money or give anything of value to a public official or state employee to obtain a competitive advantage, solicit non-public information, or unduly influence the award of certain state contracts or (2) are, or are seeking to become, prequalified state contractors or substantial subcontractors.

Financial Information

General Fund Receipts

A summary of General Fund receipts during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2023	**2024**	**2025**
Recording Fees	$ 958,325	$ 129,823	$ 938,365
Civil Penalties Imposed	39,760	16,235	8,215
Refunds of Processing Fee	(18,792)	(3,488)	(21,003)
Photocopying and Sale of Property	58	67	179
Total	**$ 979,351**	**$ 142,637**	**$ 925,756**

The significant decrease in recording fees collected in fiscal year 2024 reflects the lobbyist registration schedule imposed by Section 1-95 of the General Statutes. Lobbyists are required to register with the agency for a two-year period in January of each odd-numbered calendar year. Lobbyists that commenced their activities in an even-numbered year are required to pay half the normal fee in that year. The Refunds of Processing Fee category represents credit card processing fees to be offset against these payments.

General Fund Expenditures

A summary of General Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2023	**2024**	**2025**
Personal Services	$ 1,767,837	$ 1,843,160	$ 1,968,826
Purchased and Contracted Services	132,673	75,700	51,596
Total	**$ 1,900,510**	**$ 1,918,860**	**$ 2,020,422**

Personal Services grew due to annual and cost of living increases.