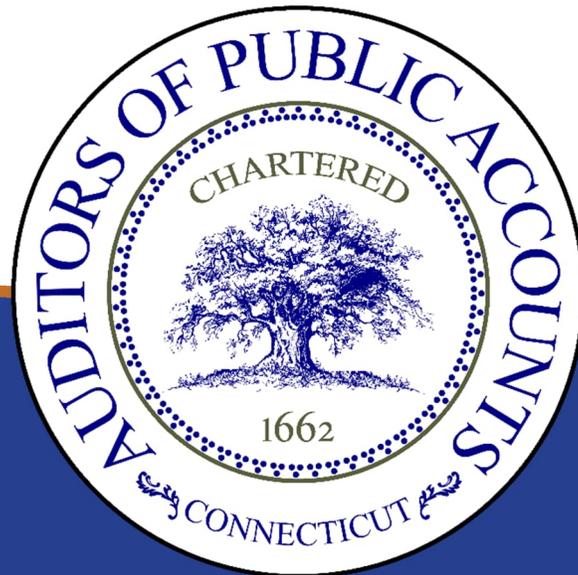


AUDITORS' REPORT

Office of Health Strategy

FISCAL YEARS ENDED JUNE 30, 2022 AND 2023



STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor



CRAIG A. MINER
State Auditor

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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December 4, 2025

INTRODUCTION

We are pleased to submit this audit of the Office of Health Strategy (OHS) for the fiscal years ended June 30, 2022 and 2023 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies and instances 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 Health Strategy during the course of our examination.

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

Mathew Cyr
Andrea Evans
Aileen Jiang
Roberto Sanchez

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

Andrea Evans
Principal Auditor

Approved:

A handwritten signature in black ink, appearing to read "John C. Geragosian".

John C. Geragosian
State Auditor

A handwritten signature in black ink, appearing to read "Craig A. Miner".

Craig A. Miner
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Office of Health Strategy disclosed the following four recommendations, of which three were repeated from the previous audit.

Finding 1

Lack of Medical Certificates

Criteria	Section 5-247-11 of the Regulations of Connecticut State Agencies requires employees to submit an acceptable medical certificate to substantiate any sick leave of more than five consecutive working days. The certificate must be on a form prescribed by the Commissioner of Administrative Services and signed by a licensed physician or other recognized practitioner.
Condition	OHS did not have medical certificates for two instances of consecutive sick leave totaling 16 days.
Context	During the audited period, six employees were on medical leave for more than five consecutive days totaling 73.5 days. We tested all seven instances of those employees using five or more consecutive sick days.
Effect	There is an increased risk that management could fail to detect abuse of sick leave.
Cause	OHS did not adequately monitor employees for compliance with medical certificate requirements.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Office of Health Strategy should improve its monitoring of medical leave to ensure that employees provide medical certificates for absences of more than five consecutive working days.
Agency Response	"We agree with this finding. Managers and Supervisors will be required to report to the Chief of Staff on all medical certificates. Also, this requirement will be added to our onboarding orientation along with the Family Medical Leave Act."

Finding 2

Annual Internal Control Self-Assessment Questionnaire

Criteria	The Office of the State Comptroller requires all executive branch agencies to complete an annual internal control self-assessment by June 30th and keep it on file. The purpose of the questionnaire is to help managers evaluate their internal control systems and identify possible deficiencies within their areas of responsibility.
Condition	OHS did not complete its annual internal control self-assessment for fiscal year 2022 and completed its fiscal year 2023 annual internal control self-assessment over one month late.
Context	The annual internal control questionnaire includes eight sections that apply to agency programs, and five related to federal funds.
Effect	OHS did not promptly evaluate its internal controls or identify possible deficiencies.
Cause	OHS was unaware of this annual requirement until the end of fiscal year 2023.
Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years 2018 through 2021.
Recommendation	The Office of Health Strategy should ensure that it promptly completes the annual internal control questionnaire.
Agency Response	"We agree with this finding. Effective July 2023, OHS Business Office staff have instituted the necessary controls and are following the recommendation of this audit finding to include segregation of duties to create accountability and to reduce errors as well as safeguard internal controls."

Finding 3

Lack of Supporting Documentation for P-Card Transactions

Criteria	The Office of the State Comptroller’s Purchasing Card Cardholder Work Rules Manual governs purchasing card (P-Card) transactions. The manual requires a P-Card Coordinator to provide cardholders with a purchasing log and ensure cardholders complete it every month. The coordinator collects and maintains cardholder receipts. Cardholders are required to record all purchases on a purchasing log and maintain all supporting documentation for the respective transactions.
Condition	OHS was unable to provide purchasing logs for seven of ten P-Card transactions selected for testing, totaling \$4,444. For five of these seven transactions, totaling \$2,190, the office was unable to provide supporting invoices or receipts.
Context	OHS P-Card purchases totaled \$43,641 during the audited period. We judgmentally selected ten transactions based on monetary value. During the audited period, the department had two P-Card holders, and we selected five transactions from each. The total value of the ten transactions was \$8,924.
Effect	Without adequate documentation, there is less assurance that the office made purchases for a legitimate state purpose and complied with purchasing card policies.
Cause	OHS was unable to locate documents processed by former employees.
Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years 2018 through 2021.
Recommendation	The Office of Health and Strategy should review and comply with the State Comptroller’s Purchasing Card Cardholder Work Rules Manual.
Agency Response	“We agree with this finding. Effective FY 23, OHS Business Office staff are utilizing the purchasing log to ensure compliance with this audit finding. The P-Card log is signed monthly at the end of each billing cycle by the Supervisor. Also, receipts for each transaction are maintained by the Business office and attached to each transaction during reconciliation in CORE.”

Finding 4

Contractor Evaluations and Report Review

Criteria	<p>Section 4-217 of the General Statutes charges the Office of Policy and Management (OPM) with creating standards and procedures for state agencies to follow when entering health and human services purchase of service (POS) contracts and personal service agreements (PSA). Provisions require state agencies to systematically monitor and evaluate POS and PSA contractor performance.</p> <p>OPM procurement standards require agencies to prepare a written evaluation of a contractor's performance within 60 days after the completion of their work.</p> <p>OHS contracts require contractors to submit programmatic or financial reports.</p>
Condition	<p>OHS could not provide evidence that it completed evaluations for four of five contracts reviewed totaling \$15,463,546. OHS also could not locate the required monthly project reports for a \$7,742,405 contract.</p>
Context	<p>OHS paid \$49,901,176 to contractors during the audited period. We judgmentally selected ten payments, totaling \$10,550,252, based on dollar value and year-by-year fluctuations. Of this amount, five contracts totaling \$6,641,565 required vendor evaluations, and eight contracts totaling \$10,388,097 required project or financial reports.</p>
Effect	<p>Without timely contractor evaluations, the office may be renewing agreements with nonperforming or underperforming contractors.</p> <p>The inadequate review of required reports can lead to inappropriate spending, unauthorized activities, or undelivered services.</p>
Cause	<p>OHS indicated that the responsible employee left the agency.</p>
Prior Audit Finding	<p>This finding has been previously reported in the last audit report covering the fiscal years 2018 through 2021.</p>
Recommendation	<p>The Office of Health Strategy should promptly perform personal services and purchase of service contractor evaluations to better assess the contractor's quality of work, reliability, and cooperation.</p>

The Office of Health Strategy should ensure that it files and reviews all required reports.

Agency Response

“We agree with this finding. OHS shall assign new Contract/Project Leads to contracts upon the departure of Contract/Project Leads who departed to ensure that contractors are completing contractual obligations, and they will be responsible for completing PSA evaluations. The Business Office shall incorporate the status of PSA evaluations to monthly contracts report to Project Leads as well as follow-up with reminders to complete evaluations. OHS shall provide annual procurement training to ensure that all staff are compliant with these criteria.”

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on the Office of Health Strategy contained five recommendations. Two have been implemented or otherwise resolved and three have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
<p>The Office of Health Strategy should ensure that it completes the annual internal control questionnaire and maintains a copy on file.</p>	<p>REPEATED Modified Form</p> <p>Recommendation 2</p>
<p>The Office of Health and Strategy should implement internal controls to ensure compliance with the State Comptroller’s Purchasing Card Cardholder Work Rules Manual.</p>	<p>REPEATED</p> <p>Recommendation 3</p>
<p>The Office of Health Strategy should strengthen internal controls to ensure that its contractors perform all services required by the terms of their contracts.</p>	<p>RESOLVED</p>
<p>The Office of Health Strategy should promptly perform personal services and purchase of service contractor evaluations to better assess the contractor’s quality of work, reliability, and cooperation.</p> <p>The office should establish policies and procedures to ensure that contractors submit all required reports.</p>	<p>REPEATED</p> <p>Recommendation 4</p>
<p>The Office of Health Strategy should work with the Department of Public Health to ensure the accuracy of its annual asset management report.</p>	<p>RESOLVED</p>

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Office of Health Strategy 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, 2022 and 2023. 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, accounts receivable, purchasing and expenditures, asset management, reporting systems, and information technology. We also determined the status of the findings and recommendations in our prior audit report.

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 Health Strategy.

ABOUT THE AGENCY

Overview

Public Act 17-2 of the June Special Session, effective January 1, 2018, established the [Office of Health Strategy](#) (OHS). OHS operates primarily under the provisions of Title 19a, Chapter 368dd of the General Statutes. The legislation organized existing state resources into one body and centralized healthcare policymaking to advance health reform initiatives with the goal of improving health, driving down consumer costs, and supporting modernization efforts made possible by advancements in technology and communication. Through collaboration with consumers, providers, payers, employers, and other stakeholders, OHS is responsible for leading work to forward high-quality, affordable, and accessible healthcare for all Connecticut residents, including:

- Developing health policy that improves health outcomes, ensures better access to healthcare, and identifies and addresses health inequities.
- Reining in Connecticut's high per-capita healthcare spending, stabilizing consumer costs across all sectors of healthcare, and promoting growth and job creation through healthcare reform initiatives.
- Modernizing how healthcare providers communicate and share data to improve patient experience, reduce costly redundant testing, and strengthen the value of each dollar spent on healthcare.
- Developing and supporting multi-payer healthcare payment and service delivery reforms that improve population health, focus on the root causes of health conditions, and prevent those conditions from occurring, and
- Ensuring that healthcare facilities are financially stable and appropriate to meet the medical needs of consumers in all geographic areas.

Organizational Structure

The Central Office includes a Business and Administrative Office, Health Systems Planning Unit, Healthcare Innovation Unit, and Health Information Technology Unit.

The Office of Health Strategy is housed within the Department of Public Health (DPH) for administrative purposes only. While OHS functions independently in matters of policy, planning, and oversight, DPH provides the office's primary administrative logistical and support services. These services include information technology, facility management, and other operational functions.

The Office of Health Strategy is led by an executive director and a deputy director who is appointed by the Governor in accordance with the provisions of Sections 4-5 to 4-8 of the General Statutes. Victoria Veltri served as executive director from February 2018 through July 1, 2022. Dr. Deidre S. Gifford was appointed executive director on January 5, 2023, and retired in June 2025. Effective June 20, 2025, Amy Porter, commissioner of the Department of Aging and Disability Services was appointed acting commissioner of OHS.

Significant Legislative Changes

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

- **Public Act 22-118 (Sections 217 through 223, 225)**, effective May 7, 2022, required the OHS executive director to publish the health care cost growth benchmarks, annual primary care spending targets, and the annual health care quality benchmarks on the office's website. It also increased the certificate of need application fee for health care institutions based on a project's cost.
- **Public Act 22-47 (Section 57)**, effective May 23, 2022, required OHS to study the rates at which health carriers in the state reimburse health care providers for physical, mental, and behavioral health benefits and report to the insurance and public health committees.

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,		
	2021	2022	2023
Certificate of Need Filing Fees	\$ 17,500	\$ 10,500	\$ 95,200
Recovered Expenses -Hospitals	3,911,080	4,346,469	4,862,014
Refunds of Prior Years Expenditures	973,371	600	0
Miscellaneous Fees and Other fees	29,500	10,725	3,325
Total Revenue and Receipts	\$ 4,931,451	\$ 4,368,294	\$ 4,960,539

The major source of revenue is the recovery of OHS 's costs from hospitals as mandated under Section 19a-631(b) of the General Statutes. That section permits the recovery of the OHS Health Systems Planning Unit's actual costs during each fiscal year, including the cost of personal services, fringe benefits, central state services attributable to the unit, and expenditures made on behalf of the unit from the Capital Equipment Purchase Fund. Hospitals are assessed for a portion of the costs in relation to each hospital's net revenue as compared to the total net revenue of all hospitals.

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,		
	2021	2022	2023
Personal Services	\$ 1,921,623	\$ 2,400,065	\$ 2,670,972
Management Consultant Services	657,431	0	16,343
Non-Employee Reimbursements	0	794,623	14,752,869
Administration Expenses	12,477	3,049	9,369
IT Support and Telecommunication Services	186,475	1,039	973
Total	\$ 2,778,006	\$ 3,198,776	\$ 17,450,526

The notable rise in Non-Employee Reimbursements during fiscal year 2023 was due to an increase in contracts with vendors who assisted OHS in administering and managing the Covered Connecticut Program, established and funded under Public Act 21-2 of the June Special Session (Section 16). This program aims to reduce the state's uninsured population by offering health insurance subsidies.

Federal and Other Restricted Accounts Fund

Federal and Other Restricted Accounts Fund receipts totaled \$12,489,374 and \$10,768,241 for fiscal years 2022 and 2023, respectively. The largest federal contribution was from the State Innovation Model and Health Information Technology grant award, totaling \$12,414,374 for fiscal year 2022. Other significant federal receipts included the federal share of the Covered CT program, which totaled \$4,329,793 for fiscal year 2023.

A summary of Federal and Other Restricted Accounts Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2021	2022	2023
Personal Services	\$ 977,139	\$ 866,633	\$ 823,445
Management Consultant Services	656,615	478,421	3,896,083
Non-Employee Reimbursements	0	0	4,329,793
Administration Expenses	2,128,452	8,267,152	0
Grants Transfers - State Agencies	13,328,791	5,046,297	0
Total	\$ 17,090,996	\$ 14,658,503	\$ 9,049,321

Management Consultant Services grew by \$3.4 million during the 2023 fiscal year due to increases of \$1.7 million in Health Information Technology spending and \$1.5 million in vaccine outreach and social determinants of health screenings/referrals from the Centers for Disease Control Disparities Grant. The decreases in Grant Transfers - State Agencies were due to the depletion of the federal share of funding for certain projects.

Insurance Fund

A summary of Insurance Fund expenditures for the audited period and the preceding fiscal year follows:

Expenditures:	Fiscal Year Ended June 30,		
	2021	2022	2023
Personal Services	\$ 1,455,958	\$ 1,607,049	\$ 2,095,722
Management Consultant Services	909,402	3,077,410	4,350,415
Administration Expenses	(27,719)	31,392	43,339
IT Support and Teleservices and Equipment	664,585	927,138	691,816
Grant Transfers - State Agencies	551,474	270,980	315,488
Total Expenditures	\$ 3,553,699	\$ 5,913,969	\$ 7,496,779

Management Consultant Services grew during the 2022 and 2023 fiscal years due to increased spending on establishing the cost growth benchmark and supporting the Health Information Technology State Innovation Model. Additionally, this growth was partially attributed to a miscoding of funding specifically related to the Centers for Disease Control Health Enhancement Communities Disparities Grant.