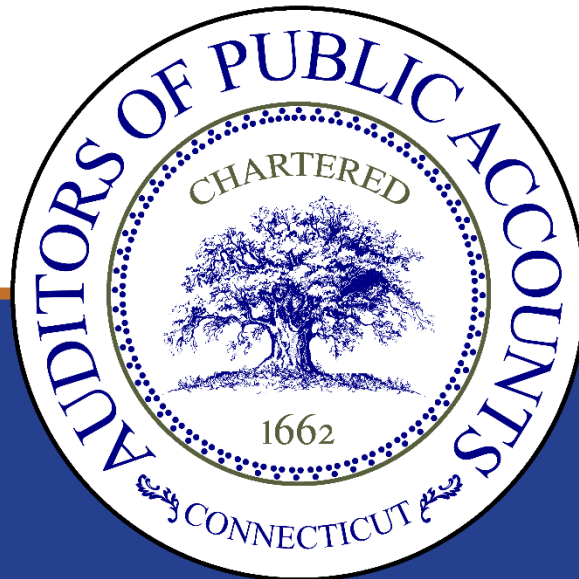


AUDITORS' REPORT

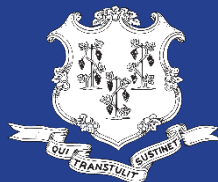
Department of Public Health

FISCAL YEARS ENDED JUNE 30, 2022 AND 2023



STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor



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STATE OF CONNECTICUT



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September 17, 2025

INTRODUCTION

We are pleased to submit this audit of the Department of Public Health (DPH) 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; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

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 Public Health during the course of our examination.

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

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STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Public Health disclosed the following 14 recommendations, of which nine were repeated from the previous audit.

Finding 1

Lack of Proper Monitoring of Contractor Noncompliance with Confidentiality and Health Information Protection Policy

Background

To prevent the spread of infectious diseases among Covid-19 positive individuals, the Department of Public Health contracted with a healthcare staffing company on August 25, 2020. The purpose of this contract was to hire, manage, and oversee contact tracers, case investigators, and supervisors. These professionals were responsible for interviewing high-risk populations that tested positive or were likely exposed to someone with Covid-19.

Contact tracing played a crucial role in attempting to prevent the further transmission of Covid-19. Identifying and notifying close contacts of infected individuals aimed to help contain the spread of the virus. Connecticut used a state-supported software system called ContaCT for contact tracing. ContaCT monitored the health and wellbeing of those impacted by Covid-19 and served as a comprehensive data management and documentation system for all contact tracing activities within the state. Contact tracers utilized ContaCT to conduct interviews and document their tracing efforts.

To safeguard sensitive health information, DPH required contact tracers to use a secure application system called RingCentral. This application facilitated making and receiving calls and messaging users. To attempt to ensure privacy and confidentiality, DPH disabled the application's function that allowed individuals to record phone calls from the statewide system.

Criteria

Section MM.1.a. of the DPH contract with the healthcare staffing company outlines that confidential information encompasses any data classified by DPH as confidential or restricted. Section MM.2.b. mandates that the contractor must establish and maintain a

comprehensive data security program to safeguard confidential information.

DPH also provided supplemental privacy and security guidelines for contact tracers. These guidelines emphasized that contact tracers must refrain from emailing confidential case or contract information. Furthermore, they should avoid including case or contact names or other protected health information (PHI) in any email.

Sound business practices require DPH to actively monitor the contractor's adherence to the department's confidential and protected health information policy to ensure compliance and data security.

Condition

DPH did not effectively monitor or enforce compliance with its confidential and protected health information policy. As a result, the department was not aware that the contractor used unapproved communication methods. DPH did not detect this during the contract period.

We obtained and reviewed over one hundred voicemails. We found that the contractor forwarded them to its contact tracers' personal email accounts to communicate information about callers who were exposed to or tested positive for Covid-19. The voicemails revealed that the contractor used those personal email accounts to distribute the workflow to follow up with callers.

Context

The contractor spoke with numerous Connecticut residents during the contract period, which extended from July 27, 2020, to May 27, 2022. Individuals who had Covid-19 in both 2021 and 2022 might have been contacted twice.

Effect

The confidential information of the caller may be compromised.

Cause

DPH did not effectively monitor the contractor implementation of its confidential and protected health information policy because it did not have a strong system to track its contractor's performance.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Public Health should strengthen internal controls to effectively monitor contractor compliance with department policy to safeguard confidential and protected health information.

Agency Response

"The Department agrees with this finding. DPH will monitor implementation of our confidential and PHI policies by having appropriate Programs staff members periodically review contractor work for compliance. Contractors who do not comply with DPH

policies will receive training and instruction on how to comply. Further noncompliance will result in the loss of the contract.”

Finding 2

Lack of Overtime Management

Criteria	The P-1 and P-4 bargaining unit contracts identify employees paid above salary groups 25 and 24, respectively, as exempt employees who are not eligible to receive overtime pay other than during declared state or national emergencies.
Condition	DPH failed to provide support for overtime eligibility for ten exempt employees who earned 89 hours of overtime totaling \$5,323.
Context	We judgmentally selected and reviewed 30 employees earning 696 hours of overtime totaling \$35,217. The department paid overtime totaling \$2,217,871 to 406 employees during the audited period.
Effect	Employees may have improperly earned overtime they were not entitled to, leading to unnecessary expenditures.
Cause	A lack of managerial oversight contributed to the condition.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Public Health should strengthen internal controls to ensure that it only pays overtime to eligible employees.
Agency Response	“The Department agrees with this finding. Overtime hours for exempt individuals are typically approved and documented at the managerial level. Payroll and Human Resources are addressing the issue of employees working overtime they are not eligible for. Payroll has recently implemented new procedures where overtime hours are reviewed and compared against the terms and conditions of applicable union contracts. DPH believes these new procedures will prevent exempt employees from charging overtime hours without proper executive approval.”

Finding 3

Compensatory Time Plan Enrollments

Criteria	Core-CT designates specific compensatory time plans based on bargaining unit contracts and state statutes. It also sets the expiration for the use of compensatory time. Enrolling employees in the correct compensatory time plan helps to ensure compliance with bargaining unit contracts and state statutes.
Condition	Our review of compensatory time plan enrollment for 550 employees found 54 employees were enrolled in the wrong plan. Their plan did not agree with compensatory time provisions in their bargaining unit contract.
Context	As of June 30, 2023, there were 550 employees enrolled in a compensatory time plan. We reviewed all employees.
Effect	Employees may earn compensatory time that is not permitted by their bargaining unit contracts. Their compensatory time may not expire as required by those contracts.
Cause	A lack of managerial oversight contributed to the condition.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Public Health should review all employees compensatory time plans enrollments to ensure they are enrolled in the correct plan in accordance with their bargaining unit contracts.
Agency Response	"The Department agrees with this finding. Payroll and Human Resources have been collaborating to address the classification of bargaining unit staff. The Payroll unit has taken responsibility for ensuring employees are enrolled in the correct compensatory time plan and will adjust employee compensatory time plans as needed for promotions, transfers, etc."

Finding 4

Unpaid Administrative Leave

Criteria

Adequate internal controls over human resource functions require the review and approval of justifications for employee use of unpaid leave.

The P-1 Bargaining Unit contract stipulates that when employees are placed on administrative leave for disciplinary reasons, the leave may not exceed 60 days without obtaining permission from the Office of Labor Relations.

Condition

We reviewed four employees on paid administrative leave. One of the four was placed on administrative leave for disciplinary reasons. DPH put the employee on paid administrative leave for 126 days (May 6, 2022 to September 9, 2022). DPH did not obtain permission from the Office of Labor Relations to extend the administrative leave period beyond 60 days.

Context

During the audited period, there were 262 and 103 employees on paid leave for a total of 11,418 and 4,680 hours, respectively. We judgmentally selected ten employees on paid leave that included four employees who were on paid administrative leave.

Effect

There is an increased risk that unpaid leave will be used in violation of bargaining unit agreements and statewide human resources policies.

DPH may be placing employees on paid leave longer than allowed by their contract and state policy.

Cause

The department has no written policies for the use and approval of unpaid leave. On December 1, 2023, the Payroll Unit informed the Human Resources Unit about the lack of internal controls over unpaid leave and proposed forms for the approval of unpaid leave. However, as of March 20, 2024, the Human Resources Unit has not implemented a policy for the approval of unpaid leave.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Public Health should develop and implement internal controls to ensure it obtains approval from the Office of Labor Relations to extend administrative leave beyond 60 days in accordance with the provisions in bargaining unit contracts.

DPH Response

"The Department partially agrees with this finding. While DPH is aware that Human Resources does not have internal controls associated with unpaid leave procedures, the Department does not have authority over the Human Resources function due to centralization by the Department of Administrative Services. DPH's Payroll unit advised Human Resources of the need for policies and procedures surrounding unpaid leave. Additionally, Payroll provided HR with DPH-specific forms to use for unpaid leave and HR began using the forms in April of 2024."

DAS Response

"DAS disagrees that this falls to the HR Business Partners. Similar to attendance policies, it would not be appropriate for DAS to create a statewide policy around paid and unpaid leaves. Those types of leave codes are nuanced based on the situation, are at the discretion of the agency and/or Labor Relations, and are based on bargaining unit contracts and/or regulations. In situations in the past that were standardized statewide (for example, paid Covid leave with a positive test), OLR and DAS Policy created a memo denoting the policy.

If an agency feels that it needs an unpaid leave policy, then that Agency's leadership (e.g. Commissioner or Executive Director) should order the creation of such policy through the onsite Payroll and HR teams. Lastly, Human Resources has no jurisdiction over the entering or auditing of timecodes. That is under the purview of agency payroll departments."

Auditors' Concluding Comments

The viewpoints from DPH and DAS highlight a fundamental disagreement regarding which agency is responsible for creating and managing unpaid leave policies. DPH acknowledges the necessity for internal controls and has taken steps to address this within its limited authority. However, DAS asserts that developing such policies falls outside its scope and should be managed at the agency level, stressing the nuanced and situation-specific nature of the leave policies. This disagreement shows the complexity of managing internal controls within a centralized environment, highlighting the need for a clear delineation of each agency's responsibilities and collaborative to ensure the effectiveness of the controls.

Finding 5**Lack of Proper Controls over Revenue Receipts****Background**

The Department of Public Health's program units collect service fees. These units include Professional Licensure, Facility Licensure, Asbestos Abatement, Newborn Screening, and Vital Records. For any payments (cash or check), program units prepare daily

transmittals. The units send the transmittals and payments to the Fiscal Office for deposit and accounting in Core-CT.

The Fiscal Office processes refund requests for the program units. The Office of the State Comptroller does not send the customers a refund check until DPH processes the refund through Core-CT.

Criteria

The Connecticut State Library's Public Records Administrator requires agencies to retain fiscal records for three years or until audited whichever is later.

Prudent business practices dictate that agencies promptly process refund requests.

Condition

DPH failed to provide supporting documentation for two deposits totaling \$174,664.

On March 11, 2024, DPH had a backlog of 80 refund requests, totaling \$37,251, dating back to October 2023. The Fiscal Office began working through the backlog in April 2024. Thirteen refunds, totaling \$6,685, remained unprocessed as of April 22, 2024.

Context

We judgmentally selected and reviewed five deposits totaling \$243,654. DPH processed cash receipts of \$103,897,856 and refunds of \$1,578,212 during the audited period.

Effect

The lack of sufficient accountability of cash receipts increases the risk that agencies may not promptly deposit or accurately record revenue.

Customers may have to wait up to six months for a refund.

Cause

DPH could not locate the missing documentation.

Insufficient staffing levels contributed to the refund backlog.

Prior Audit Finding

This finding has been previously reported in the last four audit reports covering the fiscal years 2015 to 2021.

Recommendation

The Department of Public Health should strengthen internal controls to ensure it properly supports receipts and promptly processes refund requests.

Agency Response

"The Department agrees with this finding. Fiscal has implemented new procedures to address these issues, allowing the Department to clear the refund backlog and remain within a 30-day period for all refunds that have occurred since May of 2024. Fiscal has committed

to ensuring all future supporting document requests are properly represented.”

Finding 6

Property Control and Reporting Deficiencies

Criteria

Section 4-36 of the General Statutes provides that an inventory of property shall be kept in the form prescribed by the State Comptroller. The State Property Control Manual specifies requirements and standards that state agency property control systems must comply with, including maintaining a software inventory and tagging, recording and maintaining capital assets and controllable property in the Core-CT Asset Management module.

State agencies should complete an annual physical inventory of all property to ensure that property control records accurately reflect the actual inventory on hand within the current fiscal year, and to report the year-end balances on Form CO-59.

The software inventory should include all licensed, owned, and agency-developed software media and licenses.

Condition

DPH did not have adequate internal asset management controls related. The department had not updated and maintained information in the Core-CT Asset Management module for several years.

We reviewed the CO-59 reports for fiscal years 2022 and 2023 and noted variances of \$2,186,641 and \$2,195,470 between Core-CT data and the CO-59 reports for the fiscal years 2022 and 2023 respectively.

We reviewed 15 disposals of capital and controllable assets and noted the following:

- DPH could not produce a certificate of destruction for the disposal of two assets totaling \$31,025.
- DPH did not remove five disposed assets totaling \$11,235 from Core-CT in the fiscal year that it disposed them.

We reviewed DPH's physical inventory process and performed a physical inventory inspection of 22 capital and controllable assets and noted the following:

- DPH could not locate five assets.

DPH did not perform a complete annual physical inventory during fiscal years 2022 and 2023. We noted 724 items in

the fiscal year 2023 inventory list that had no recorded inventory date.

We reviewed ten repair and maintenance expenditures and noted six totaling \$1,101,728 should have been capitalized.

We reviewed DPH's software inventory and found the following:

- The same individual was responsible for recording and maintaining custody of the information technology inventory.
- The Information Technology Unit did not communicate software disposals to the Asset Management Unit.
- For internally developed software, DPH did not assign values, capitalize as appropriate, or record the software on its inventory record.
- The Information Technology Unit could not locate the key for the drawer containing physical software licenses.

Context

DPH reported an ending balance on the CO-59 report of \$34,571,712 and \$34,979,583 for the fiscal years 2022, and 2023, respectively.

DPH disposed of 250 assets, which totaled \$3,626,295 during the audited period. We judgmentally selected 15 items totaling \$131,282 for review.

DPH property control records included 6,829 assets with a value of \$37,292,402 for the audited period. We judgmentally selected 22 items totaling \$261,297 for review.

In fiscal year 2023, the inventory list included 2170 items, totaling \$12.6 million.

Repair and maintenance expenditures totaled \$12,354,962 for the audited period, from which we judgmentally selected ten related vouchers totaling \$1,502,624 for review.

The department's software inventory included 666 items totaling \$3,534,184.

Effect

The department is not in compliance with the requirements of Section 4-36 of the General Statutes and the State Property Control Manual. Furthermore, deficiencies in the control over equipment inventory decrease the department's ability to properly safeguard state assets and accurately report its inventory.

The department's CO-59 Asset Management Reports for fiscal years 2022 and 2023 did not accurately represent the value of its assets.

Cause

A lack of administrative oversight, and a significant number of historical errors contributed to the condition.

Prior Audit Finding

This finding has been previously reported in the last eleven audit reports covering the fiscal years 2000 to 2021.

Recommendation

The Department of Public Health should strengthen internal controls over the custody and reporting of assets to ensure compliance with the State Property Control Manual.

Agency Response

"The Department agrees with this finding. Fiscal is currently updating the asset management policies and procedures. The process will address the asset management module, ensuring the module is updated and complies with the DPH policy creation and approval procedures, which states policies must be reviewed annually and formally updated every five years. The Department will also ensure a proper physical inventory is taken and properly maintained."

Finding 7

Inadequate Administration of the Expired Pharmaceuticals Inventory

Background

The Department of Public Health uses a specialized returns vendor to ship expired pharmaceuticals to the appropriate manufacturers. The manufacturers process the returned pharmaceuticals and issue credits to the department's account with the specialized returns vendor. The credit granted for a specific drug can vary, depending on the manufacturing year.

Criteria

Effective internal controls are essential for efficient and cost-effective state government. The management of each state agency is responsible for establishing and maintaining effective internal controls and safeguarding the state's assets. Records should be accurate and complete.

Condition

The Department of Public Health did not effectively track or account for returned or expired pharmaceuticals. We reviewed 15 pharmaceutical returns on the department's tracking spreadsheets. Six of the returns could not be traced to the return log.

Context	During the audited period, the department received \$12,834 in credits for the return of 367 pharmaceuticals. Only \$1,439 was accounted for in Core-CT. We judgmentally selected 15 pharmaceutical returns for review.
Effect	There is an increased risk that the Department of Public Health may not receive all the credits due for returned pharmaceuticals.
Cause	A lack of administrative oversight contributed to the condition.
Prior Audit Finding	This finding has been previously reported in the last six audit reports covering the fiscal years 2010 to 2021.
Recommendation	The Department of Public Health should strengthen internal controls to ensure that it accurately tracks and accounts for returned and expired pharmaceuticals in Core-CT to ensure it maximizes return credits.
Agency Response	"The Department agrees with this finding. UCONN Health is now responsible for the storage and disposal of pharmaceuticals on behalf of DPH."

Finding 8

Access to Information Systems

Criteria	The CORE-CT Security Liaison Guide requires agency security liaisons to immediately request deletion of system access upon notice of an employee's termination, retirement, or transfer. The guide further instructs the security liaison to immediately reset passwords upon notice of separation to disable user account access.
Condition	We reviewed 37 Core-CT user accounts for employees separated from the agency during the audited period. DPH disabled 17 accounts ten to 39 months after the employees' separation.
Context	Thirty-seven employees separated from the agency during the audited period.
Effect	The failure to promptly terminate an employee's Core-CT access exposes the department to an increased risk of unauthorized access and manipulation or destruction of data.

Cause	The Department of Public Health management did not exercise adequate oversight over termination of separating employees' access to Core-CT.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Public Health should promptly terminate access to Core-CT upon an employee's separation.
Agency Response	"The Department agrees with this finding. Human Resources, Payroll, and other involved units are producing workflows and developing policies and procedures regarding the necessary personnel actions and security permissions when an employee is hired, fired, or transferred."

Finding 9

Lack of Administrative Oversight on Boards and Commissions

Background	The General Statutes relating to the Department of Public Health provide for 27 boards, councils, committees, and commissions, which we collectively refer to as boards. The boards include 14 regulated professional licensing boards and 13 other boards and committees, which are School-Based Health Center Advisory Committee, Palliative Care Advisory Council, Public Health Preparedness Advisory Committee, Emergency Medical Services Advisory Board, Emergency Medical Services Medical Advisory Committee, Field Hospital Advisory Board, Maternal Mortality Review Committee, Health Care Associated Infections and Antimicrobial Resistance committee, Nursing Home Financial Advisory Board, Scope of Practice Review Committee, Water Planning Council, Interstate Licensure Compact, Advisory Committee on Medically Contracted Vaccinations. Board members are appointed by various government bodies and other organizations as stated in the board's respective statutes.
Criteria	Section 1-225 of the General Statutes requires the meeting agendas and minutes of all state agencies to be available for public inspection and posted to the agency's website within seven days. In addition, agencies must file their regular meeting schedule for the ensuing year with the Secretary of the State no later than January 31st of each year and post it on their website.

Condition

Our review of the boards under the Department of Public Health's purview revealed the following:

- Ten boards did not post one or more meeting agendas or minutes on their websites.
- Six boards did not submit their meeting schedule to the Secretary of the State or post the meetings to the Secretary of the State's calendar.
- Six boards did not have appointment letters for all their members.
- We could not ascertain whether the Advisory Committee on Medically Contraindicated Vaccinations fulfilled its meeting requirements because the committee did not respond to our inquiries.

Context

DPH had 27 boards during the audited period. We reviewed all the boards.

Effect

The lack of public meeting notices could limit participation and contributions of interested parties. Without appointment letters, it is unclear whether members were appointed in compliance with the General Statutes.

Cause

The department informed us that fiscal years 2022 and 2023 were a transitional period for its legal office. The office hired and trained new staff members and a manager who are responsible for Freedom of Information Act compliance for the professional licensing boards. Additionally, during this time, the policy office helped post meeting minutes and collect appointment letters.

Prior Audit Finding

This finding has been previously reported in the last four audit reports covering the fiscal years 2014 through 2021.

Recommendation

The Department of Public Health should work with its related boards to ensure they submit meeting schedules to the Office of the Secretary of the State, maintain meeting schedules and required membership, hold regular meetings, and keep all appointment letters for their members on file.

Agency Response

"The Department agrees with this finding. DPH will communicate with the responsible parties of its professional boards to ensure meetings, minutes, and schedules are posted to the appropriate websites. The Department will also address the issues of appointment letters and required memberships; however, DPH would like to point out that Connecticut General Statutes for the

professional licensing boards state that vacancies on these boards will be filled by the Governor, not by DPH.”

Finding 10

Contracts and Grants Management: Lack of Contract Approval and Performance Evaluation

Background

The Department of Public Health (DPH) Contracts and Grants Management Section (CGMS) is a critical unit in the contract and grant management process, interfacing with twelve program sections, the legal fiscal services divisions in coordinating budgeting, purchasing, contract development, and reporting processes.

Criteria

The Office of Policy and Management (OPM) Procurement Standards for Personal Services Agreements (PSA) and Purchase of Service (POS) Contracts states that contractors must not begin work until a contract is fully executed. Any amendment must be executed before the contract’s original end date.

Sound business practice dictates that contracts should be properly completed and fully executed prior to the start and payment of services. Contracts with original amount and amendments exceeding \$25,000 require approval from the Office of the Attorney General unless a memorandum of agreement exempts this requirement.

Section 4-217 of the General Statutes requires that each state agency systematically monitor and evaluate contractor performance in accordance with procurement standards established by the Office of Policy and Management. These standards require state agencies to submit a written contractor performance evaluation within 60 days of the completion of work to assess the contractor’s quality of work, reliability, and cooperation.

Condition

Our test of 25 contracts and contract amendments for proper execution determined that six did not include the Office of the Attorney General’s approval.

Our test of ten contracts for contractor evaluations determined that CGMS could not find nine of the ten and filed one evaluation 15 days late.

Context	CGMS manages 500 contracts. During the audited period, CGMS was responsible for \$444 million of DPH contractual expenditures.
Effect	Without timely contractor evaluations, the department may be renewing agreements with contractors that underperformed or failed to perform. Without Office of the Attorney General review and approval, contracts and amendments could contain provisions unfavorable to the department and its clients.
Cause	During the audited period, CGMS faced significant staffing challenges, averaging 42% of its authorized filled positions, reaching a low of 12% at one point. Retirements led to understaffing, compounded by outdated policies, increased turnover, and heightened workloads from federal pandemic legislation.
Prior Audit Finding	This finding has been previously reported in the last two audit reports covering the fiscal years 2018 through 2021.
Recommendation	The Department of Public Health should implement effective monitoring procedures to ensure that contracts are approved by the Office of the Attorney General. The department should promptly perform contractor evaluations to assess the contractor's quality of work, reliability, and cooperation.
Agency Response	"The Department agrees with this finding. During the past 18 months, DPH has made a concerted effort to fill all the open positions within Contracts and Grants Management, resulting in all open positions being filled. In addition to staffing efforts, Contracts and Grants Management has mapped out their current process and implemented strategies to allow for greater efficiency. The section has also started drafting new policies that are more consistent with their operation procedures. The Department is also working on a better mechanism to collect contractor evaluations from our program partners. The Department anticipates completing these processes by fiscal year-end 2025."

Finding 11

Contracts and Grants Management: Lack of Contracts and Grants Management

Criteria	The Department of Public Health (DPH) Contract, Grant and State Federal Single Audit Review Policy went into effect on January 16, 2015. The policy lists all the review and control procedures for the
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monitoring team to track, review, and monitor provider services, audits, and reports.

DPH contracts require contractors to submit programmatic or financial reports.

Condition

Our review of the Contract, Grant, and State Federal Single Audit Review policy identified the following exceptions:

- DPH last reviewed and updated the policy on December 9, 2015.
- DPH did not have a monitoring team during the audited period.
- DPH did not perform procedures to track, review, and monitor the provider services, audits, and reports. The department did not maintain an audit log or worksheet to track the submission of provider audit reports and DPH follow-up activity.

DPH could not provide program or financial reports for ten contracts totaling \$1,131,538.

Context

DPH contract payments totaled \$444,101,268 for fiscal years 2022 and 2023. We judgmentally selected and reviewed 18 contracts totaling \$18,015,824 that required program or financial reports.

Effect

The lack of contract and grant monitoring can lead to inappropriate spending, unauthorized activities, or undelivered services.

Cause

Severe staffing shortages during the audited period required shifting employees to higher priority activity within the Contracts and Grants Management Section.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2020 through 2021.

Recommendation

The Department of Public Health should review, update, and fully implement its Contract, Grant and State Federal Single Audit Review Policy. The department should also ensure that it obtains contractor's program and financial reports.

Agency Response

"The Department agrees with this finding. However, as stated above, the Contracts and Grants Management Section is now 100% staffed. The section also designates staff for certain grants and specific contracts to increase oversight and ensure the department remains compliant with grantor requirements and State statutes and regulations."

Finding 12

Lack of Risk Management Function

Background

The Department of Public Health is the state's lead agency in the protection of public health and providing health information, policy, and advocacy.

The department is the center of a comprehensive network of public health services and is a partner to local health departments. DPH provides advocacy, training and certification, technical assistance and consultation, and specialty services (such as risk assessment) that are not available at the local level.

DPH prepares, issues, and manages hundreds of contracts, grants, and low interest loans in support of for-profit and non-profit service providers, federal and local governments, and individuals. These contracts and grants provide funding for health and support services to underserved residents of Connecticut that would otherwise be unavailable.

On November 18, 2021, DPH and the Department of Administrative Services-Bureau of Information Solutions (DAS-BITS) signed a Memorandum of Understanding (MOU). The MOU specifies that DPH owns its data. Accordingly, DPH must be proactive in identifying data critical to its mission, anticipating the contingency risk of a prolonged information technology failure, and be prepared to act in response to that contingency.

Criteria

Risks must be managed through a system of controls. Effective management requires the identification of risks through an ongoing assessment process by skilled staff, the development and implementation of a plan to mitigate identified risks, and the monitoring and review of the plan elements to gauge their success. Risk assessment is important for safeguarding assets and preventing fraudulent reporting.

The information obtained through this process may then be incorporated into the risk assessment process to determine whether plan modifications are required.

Control activities are defined as the actions established through policies and procedures that help ensure the implementation of management risk mitigation directives to achieve objectives.

Ongoing monitoring activities are designed to assess the quality of internal control performance over time and communicate that

performance to decision makers along with recommendations for improvement.

The National Institute of Standards (NIST) 800-53 recommends that organizations identify essential mission and business functions and associated contingency requirements. Such requirements should consider fallback to a manual mode, alternate information flows, and operating in modes reserved for when systems are under attack.

Condition

DPH lacks a dedicated and ongoing risk assessment and mitigation function and formal monitoring procedures.

Certain federally funded programs have contingency plans, but the department lacks a comprehensive strategy addressing potential loss of centralized information technology resources. A review of three legacy systems that are being upgraded, revealed that while they are backed up, hardware failure would render them irrecoverable. Program managers have interim solutions to sustain operations without technology. However, the lack of agency-wide risk assessment and prioritization raises concerns about unaddressed vulnerabilities related to information technology failures.

Context

Risk management is the process of identifying risks, assessing the likelihood and impact of their occurrence, and determining the most effective methods of managing or reducing them to an acceptable level.

Effect

DPH is exposed to a higher risk that it will not achieve its operational objectives. Risks that could have been anticipated and avoided by periodic assessments may result in operational ineffectiveness, additional costs and liabilities, and exposure to fraud.

Cause

DPH did not dedicate adequate resources to establish a formalized risk assessment and mitigation process during the audited period. This absence has likely contributed to the department's inability to identify and address issues related to recommendations in our audit reports.

Prior Audit Finding

This finding has been previously reported in the last six audit reports covering the fiscal years 2010 through 2021.

Recommendation

The Department of Public Health should develop or acquire an independent, formal, and ongoing risk assessment and mitigation process to identify and address risks that could impact its operational and reporting objectives.

Agency Response

"The Department agrees with this finding. The Management Assurance Unit was created approximately two years ago but has

recently achieved full staffing, ensuring the unit has the capacity to take on the responsibility for completing a comprehensive risk assessment of every section with DPH. MAU began creating an audit package for each unique section/unit at the beginning of fiscal year 2025 and expects to have that project completed by July 2025.”

Finding 13

Lack of Compliance with Statutory Reporting Requirements

Criteria	The Department of Public Health is mandated to submit reports under various sections of the General Statutes. These reports are due at different times throughout the year. An adequate system of internal control should include a method for management to track and monitor the submission or posting of mandated reports.
Condition	DPH could not provide 22 of 29 statutorily required reports or evidence of their submission or posting to its website.
Context	DPH was subject to 29 statutory reporting requirements during the audited period. We requested all 29 reports.
Effect	There is diminished executive and legislative oversight if the department does not submit required reports or post them on its website for the public.
Cause	The preparation of statutorily required reports is assigned to various DPH personnel. The department did not have an effective centralized system to track its reporting requirements during the audited period.
Prior Audit Finding	This finding has been previously reported in the last three audit reports covering the fiscal years 2016 through 2021.
Recommendation	The Department of Public Health should establish and implement an effective centralized system to track its statutory reporting requirements to ensure that it submits all required reports.
Agency Response	“The Department partially agrees with this finding. We noted one report that is not our responsibility to produce, and the general statute associated with that report only requires DPH to receive a copy. For the remaining reports, the Department will reach out to

the responsible parties to determine the cause of the failure and create a tracking log to ensure mandated reports are submitted in accordance with the Connecticut General Statutes.”

Auditors’ Concluding Comments

The disputed report should be submitted by the Palliative Care Advisory Council, which is established and administered by DPH. DPH should ensure that the council submits the report to the Commissioner of Public Health’s review and the Joint Standing Public Health Committee of the General Assembly.

Finding 14

Delayed Issuance of Purchase Orders

Criteria

Section 4-98 of the General Statutes states that no budgeted agency may incur any obligation except by the issuance of a purchase order transmitted to the State Comptroller to commit to the agency’s appropriations to ensure that funds are available for the purchase.

Condition

Our review of 30 expenditure transactions, totaling \$35,042,556, identified four transactions totaling \$3,055,032, that were not supported by valid purchase orders.

Context

DPH had \$699,132,381 in expenditures during the audited period. We judgmentally selected 30 vouchers totaling \$35,042,556 for review.

Effect

Incurring an obligation without properly committing funds circumvents budgetary controls and increases the risk that funding may not be available at the time of payment.

Cause

The department did not have sufficient internal controls to ensure that it completed and approved all purchase orders prior to ordering goods and services.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2020 and 2021.

Recommendation

The Department of Public Health should strengthen internal controls to ensure it issues purchase orders in compliance with Section 4-98 of the General Statutes.

Agency Response

“The Department agrees with this finding. DPH’s Project Management Office is working with Fiscal leadership to improve

Accounts Payable's workflow and streamline their policies and procedures, with a focus on efficiency."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on the Department of Public Health contained 13 recommendations. Four have been implemented or otherwise resolved and nine have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
The Department of Public Health should ensure that it completes annual performance appraisals for all of its employees. The department should promote its employees in accordance with Section 5-227 of the General Statutes.	RESOLVED
The Department of Public Health should strengthen internal controls to ensure that funds are committed prior to ordering goods or services, contracts are properly executed, payments are made in accordance with contract terms, and receipt and invoice dates are accurate.	REPEATED Modified Form Recommendation 14
The Department of Public Health should strengthen internal controls over its revenue and remittance reporting to ensure proper accountability.	REPEATED Modified Form Recommendation 5
The Department of Public Health should strengthen internal controls over the custody and reporting of its assets.	REPEATED Recommendation 6
Department of Public Health should implement procedures to ensure that it accurately tracks returned or expired pharmaceuticals.	REPEATED Recommendation 7
The Department of Public Health should comply with the Office of Policy and Management's telecommunication equipment policy and its internal control policy to monitor wireless devices.	RESOLVED

Prior Recommendation	Current Status
<p>The Department of Public Health should establish and implement a centralized system to track its statutory reporting requirements to ensure that it submits all required reports.</p>	<div data-bbox="1198 317 1393 394">REPEATED</div> <p>Recommendation 13</p>
<p>The Department of Public Health should ensure its information technology disaster recovery plans are current, tested and approved. The department should perform routine maintenance and backups of vital systems to minimize the potential loss of data.</p>	<div data-bbox="1198 541 1393 619">RESOLVED</div>
<p>The Department of Public Health should promptly perform contractor evaluations to better assess the contractor's quality of work, reliability, and cooperation. The department should ensure that it obtains required certifications and affidavits and follows appropriate service contracting procedures.</p>	<div data-bbox="1198 699 1393 777">REPEATED Modified Form</div> <p>Recommendation 10</p>
<p>The Department of Public Health should review, update, and fully implement its Contract, Grant and State Federal Single Audit Review Policy. The department should also ensure that it obtains contractor program and financial reports.</p>	<div data-bbox="1198 909 1393 987">REPEATED Modified Form</div> <p>Recommendation 11</p>
<p>The Department of Public Health should develop or acquire an independent, formal, and ongoing risk assessment and mitigation process to identify and address risks that could impact its operational and reporting objectives.</p>	<div data-bbox="1198 1113 1393 1190">REPEATED Modified Form</div> <p>Recommendation 12</p>
<p>The Department of Public Health should work with its related boards to ensure they submit meeting schedules to the Office of the Secretary of the State, maintain meeting schedules and required membership, hold regular meetings, and keep all appointment letters for their members on file.</p>	<div data-bbox="1198 1316 1393 1394">REPEATED</div> <p>Recommendation 9</p>
<p>The Department of Public Health should review its regulations to determine whether modifications or additions are necessary to reflect current statutory language and internal procedures.</p>	<div data-bbox="1198 1497 1393 1575">RESOLVED</div>

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Department of Public Health 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. 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.

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, information technology, grants and contracts monitoring, practitioner licensing investigations, and facility licensing investigations. 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 department 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 department's management and state information systems. It was not subject to our audit procedures. For the areas audited, we identified

1. Deficiencies in internal controls;
2. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or 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 Public Health.

ABOUT THE AGENCY

Overview

[The Department of Public Health](#) operates primarily under the provisions of Title 19a, Chapters 368a through 368l, 368v, 368x, and Title 20, Chapters 369 through 388, 393a, 395, 398, 399, 400a and 400c of the General Statutes.

The DPH statutory responsibility statement states that the department "...is the center of a comprehensive network of public health services, and in partnership with local health departments, provides coordination and access to federal initiatives, training and certification, technical assistance and oversight, and specialty public health services that are not available at the local level." DPH is a source of up-to-date health information and analytics for the Governor, General Assembly, federal government, and local communities. This data is used to monitor the health status of Connecticut's residents, set health priorities, and evaluate the effectiveness of health initiatives. The department is a regulator focused on positive health outcomes and ensuring quality and safety, while also minimizing the administrative burden on the personnel, facilities, and related programs. According to its Healthcare Quality and Safety Branch Statement, DPH "regulates access to health care professions and provides regulatory oversight of health care facilities and services."

Organizational Structure

The Department of Public Health is administered by a commissioner appointed by the Governor under Sections 4-5 to 4-8 of the General Statutes. The commissioner is responsible for the department's operation and administration, including the state's health laws and public health code. Manisha Juthani, M.D. was appointed commissioner on July 26, 2021, and continues to serve in that capacity.

The commissioner is supported by two deputy commissioners and a chief of staff. DPH had 725 full-time employees as of June 30, 2024, operating under eleven divisions. The agency has several advisory boards and commissions that are essential to public health initiatives and policymaking. Additionally, the DPH human resources and information technology functions are centralized under the Department of Administrative Services.

Under the provisions of Section 19a-14 of the General Statutes, DPH is also responsible for all administrative functions related to various boards and commissions and the licensing of regulated professions. These boards and commissions assist the department in setting standards for the professions, examining applicants for licensure, and disciplining any license holder who has been found to engage in illegal, incompetent, or negligent conduct.

Significant Legislative Changes

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

- **Public Act 22-58 (Section 15)**, effective May 23, 2022, expanded the duties of the State Board of Examiners for Nursing to include approval of nursing schools; required DPH, instead of the board, to post a list of all approved nursing education programs for registered nurses and licensed practical nurses, and eliminated a requirement that DPH adopt regulations on adult education practical nursing training programs offered in high schools.

- **Public Act 22-81(Section 28)**, effective May 24, 2022, required community-based primary care services providers participating in the DPH direct service program to provide, or arrange access to, behavioral health services; made certain mental health professionals eligible for the state loan repayment program for fiscal year 2023; and required DPH to use at least \$1.6 million of the funds appropriated to the state loan repayment program for repayments for physicians.
- **Public Act 22-108 (Section 3)**, effective July 1, 2022, allowed practitioners authorized to prescribe and dispense controlled substances from a mobile unit.
- **Public Act 22-118 (Sections 493 to 496)**, effective July 1, 2022, replaced the DPH childhood immunization registry and tracking system with an immunization information system to ensure vaccine recipients access their immunization records.

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
Licensure, Registration, and Inspection Fees	\$ 41,535,520	\$ 42,474,686	\$ 45,797,501
Title XIX State Survey and Medicaid Funds	15,617	4,351,713	1,872,719
Fees for Laboratory Services	4,919,425	3,591,535	5,333,434
Birth, Marriage, and Death Certificates	444,570	378,901	357,515
Fines, Civil Penalties, and Court Costs	393,121	890,930	2,319,170
Miscellaneous	751	507	21,187
Refunds of Expenditures	483,596	661,672	689,966
Refunds of Processing Fees and Other	(653,060)	(751,164)	(827,048)
Total	\$ 47,139,540	\$ 51,598,780	\$ 55,564,444

Hospitals, nursing facilities, and intermediate care facilities for individuals with intellectual disabilities (ICF/IID) that serve Medicaid patients must meet prescribed health and safety standards. A Medicaid agency may not execute a provider agreement or make Medicaid payments to a facility unless the state survey agency has certified that the facility meets the prescribed standards. DPH performs these surveys and receives the Title XIX State Survey and Medicaid Funds for this purpose. Funds for the fiscal year 2021 were significantly lower than the subsequent two years because of a delay in the receipt of the funds. In fiscal year 2022, \$1,878,769 in funds originally allocated for fiscal year 2021 were posted in 2022, resulting in the fluctuation.

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
Salaries and Wages	\$ 33,485,679	\$ 34,767,690	\$ 34,602,614
State Aid and Other Grants	17,019,590	21,998,371	20,514,689
Purchased Commodities	1,429,589	1,726,574	1,715,982
Premises and Property Expense	3,072,735	3,218,034	3,761,183
Professional Services	211,799	540,782	894,981
Other Services	615,420	808,949	2,080,264
Informational Technology	855,048	777,482	103,075
Rental and Maintenance - Equipment	877,641	797,210	806,838
Other Miscellaneous Expenditures	434,883	585,972	446,459
Total	\$ 58,002,384	\$ 65,221,064	\$ 64,926,085

Expenditures were relatively steady throughout the audited period.

Federal and Other Restricted Accounts Fund

Federal and Other Restricted Accounts Fund receipts totaled \$318,288,736 and \$226,117,444 for the fiscal years 2022, and 2023 respectively. The largest federal source was Covid-19 pandemic relief funds, which totaled \$ 291,015,487 and \$196,109,166 for the fiscal years 2022 and 2023, respectively.

A summary of Federal and Other Restricted Accounts Fund expenditures for the audited period and preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2021	2022	2023
Grants and Grant Transfers	\$ 327,365,400	\$ 64,935,333	\$ 86,459,548
Personnel Services and Employee Benefits	46,293,434	47,750,883	56,198,399
Purchased Commodities	35,683,447	38,866,658	59,507,196
Other Charges	12,709,295	11,421,074	10,671,971
Information Technology	8,301,575	12,455,328	11,820,308
Other Services	3,732,290	48,212,796	14,046,504
Professional, Scientific, & Technical Services	21,934,263	45,314,630	29,468,575
Other Miscellaneous Expenditures	3,212,903	4,309,344	2,567,775
Total Expenditures	\$ 459,232,607	\$ 273,266,046	\$ 270,740,276

Federal and Other Restricted Accounts Fund receipts totaled \$273,266,046 and \$270,740,276 for the fiscal years 2022 and 2023, respectively. The higher grant revenues in fiscal year 2022, resulted from additional funding from the Epidemiology and Laboratory Capacity for Infectious Diseases Enhancing Detection COVID-19 Fund, vaccines for children, and the Coronavirus Relief Fund.

Grants and Grant Transfers decreased by \$262 million (80%) in fiscal year 2022, primarily due to reduced COVID-19 funding for testing services in nursing homes and to the Department of Social Services for performing contact tracing on behalf of DPH. Purchased Commodities increased by \$21 million (53%) during the 2023 fiscal year due to additional food and beverage charges to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) grant.

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
Purchased Commodities	\$ 61,718,195	\$ 62,995,871	\$ 41,419,518
Fixed Charges	8,379,968	7,131,859	8,219,029
Other Services	443,790	1,778,886	1,570,673
Personal Services and Employee Benefits	1,140,487	1,166,486	1,237,984
Other Miscellaneous Expenditures	410,497	103,894	41,650
Total Expenditures	\$ 72,092,937	\$ 73,176,996	\$ 52,488,854

Insurance Fund expenditures were primarily for the purchase of vaccines, drugs, and pharmaceuticals for tuberculosis and sexually transmitted diseases. Fixed Charges expenditures were composed of state aid grants for AIDS services, and the Breast and Cervical Cancer Detection Treatment and Children's Health Initiative programs. The decrease in expenditures of approximately \$21 million in fiscal year 2023 was primarily due to the use of 2020 population estimates and significantly reduced vaccine orders during the COVID-19 pandemic, leading to a surplus in virtual inventory when updated estimates resumed in fiscal year 2023. As a result, DPH adopted a new procurement model, limiting new vaccine orders to actual usage and using existing inventory to meet provider distribution requests, which reduced the fiscal year 2023 distribution needs.

Capital Equipment Purchase Fund

Capital Equipment Purchase Fund expenditures totaled \$1,199,229 and \$1,056,524 for the fiscal years 2022 and 2023, respectively.

Special Revenue Fund – Small Town Economic Assistance Program (STEAP)

Grant expenditures from the Small-Town Economic Assistance Program (STEAP) to nonprofit providers and community health agencies for facility improvements totaled \$420,304 for the fiscal year 2023. These grants support local economic development, community conservation, and quality of life projects. STEAP funds can be used only for capital projects and not for programmatic or recurring budget expenditures. As a result, fiscal year expenditures vary based upon the approval and eligibility of projects.

Capital Improvement & Other Projects Fund – Community Conservation and Development Fund

State aid grants funded from the Capital Improvement and Other Projects Fund totaled \$9,710,430 and \$1,194,505 for fiscal years 2022 and 2023, respectively. These expenditures were for fire detection equipment.

Capital Projects Funds – Capital Improvements and Other Purposes

Capital Projects Funds totaled \$150,973 and \$67,300 for fiscal years 2022, and 2023, respectively.

Drinking Water Federal Loan Fund

Section 22a-477(s) of the General Statutes provides that amounts in the drinking water federal revolving loan account of the Clean Water Fund shall be available to the commissioner of Public Health to provide financial assistance to any recipient for construction of eligible DPH-approved drinking water projects.

Drinking Water Federal Loan Fund expenditures totaled \$23,609,846 and \$13,851,524 for fiscal years 2022 and 2023, respectively. The financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account are audited by independent public accountants.