AUDITORS' REPORT

Department of Social Services

FISCAL YEARS ENDED JUNE 30, 2019, 2020 AND 2021

STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor

CLARK J. CHAPIN
State Auditor

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STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CLARK J. CHAPIN

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INTRODUCTION

We are pleased to submit this audit of the Department of Social Services (DSS) for the fiscal years ended June 30, 2019, 2020 and 2021 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, and policies; and a need for improvement in practices and procedures that warrant the attention of management.

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 Social Services during the course of our examination.

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

Ann Marie Brown	Lee LeFrancois
Hunain Bukhari	Mitchell Molleur
Brian DeMilia	Joseph Onion
Patrick Dunn	Norberto Ramirez
Martha Escudero	Marissa Sartirana
Walter Felgate	Kathleen Smith
Mark Fortin	Jamie Swope
William Jordan	Laura Zhao

Lee LeFrancois
Principal Auditor

Laura Zhao
Principal Auditor

Approved:

John C. Geragosian
State Auditor

Clark J. Chapin
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Social Services (DSS) disclosed the following 27 recommendations, of which 18 have been repeated from the previous audit:

Finding 1

Lack of Compliance with Statutory Loss Reporting Requirements

Criteria

Section 4-33a of the General Statutes requires all state agencies to promptly notify the Auditors of Public Accounts and the State Comptroller of any unauthorized, illegal, irregular, or unsafe handling of state funds, breakdowns in the safekeeping of other state resources, or breach of security.

Section 12006(a) of the 21st Century Cures Act (Cures Act) requires states to implement electronic visit verification (EVV) for all Medicaid-funded personal care services that require an in-home visit. The Cures Act requires states to implement EVV for personal care services by January 1, 2020, unless they requested and received a one year good-faith effort exemption. If states do not comply with the EVV requirements, the Cures Act imposes a reduction in federal medical assistance percentage (FMAP) by 0.50% for calendar quarters in 2021, 0.75% for calendar quarters in 2022, and 1% thereafter.

Condition

DSS did not report two breaches of client protected health information to the Auditors of Public Accounts and the State Comptroller. One breach was a phishing scam that affected 58,964 clients and 21 employees and contractors. The phishing scam caused multiple information security incidents from July 2019 through December 2019. The other breach was a May 2020 mailing incident that affected one client.

DSS did not report $1,799,350 in Medicaid revenue losses for noncompliance with EVV requirements. DSS received a good-faith effort exemption from EVV requirements through January 1, 2021. DSS did not comply with the requirements by the exemption expiration date and incurred $425,811, $516,181, $483,836, and $373,522 FMAP reductions for the quarters ended March 31, 2021 through December 31, 2021, respectively. DSS started complying with EVV requirements on January 1, 2022.

Context

We identified five statutorily reportable matters that occurred from July 1, 2019 through December 31, 2021.

Effect

Breaches of data increase a client's risk of identity theft, medical insurance abuse, and financial fraud. DSS incurred costs for two-year security monitoring for clients identified in the breaches. DSS experienced revenue losses that it cannot recover.

Cause

DSS did not have a process for its divisions to report and management to review relevant matters for consideration for statutory loss reporting. DSS did not develop procedures to promptly comply with EVV requirements for Medicaid-funded personal care services.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Social Services should promptly notify the Auditors of Public Accounts and the State Comptroller of any breach of security or loss of state funds, in accordance with Section 4-33a of the General Statutes.

Agency Response

"The Department agrees in part with this finding. The Department acted upon notice of the data breach. An extensive forensic review was conducted that did not find evidence that client information had been disclosed. The Department notified the affected clients to offer identify-theft protection services and notified the United States Department of Health and Human Services Office of Civil Rights. The Department agrees that the Auditors of Public Accounts (APA) was not notified timely of this incident and will notify the APA should this occur in the future.

The Department disagrees with the loss reporting requirement for EVV non-compliance. DSS was aware of the associated decrease in funding due to non-compliance and continued to work to meet the requirements. The financial impact was known, accounted for, and reported accordingly."

Auditors' Concluding Comments

A loss of revenue from the federal government requires state funds to compensate for the loss. The department should have filed a loss report, explained the circumstance, and described a corrective action plan.

Finding 2

Lack of Oversight over Bed Capacities, Capital Expenditures, and Cost Reports

Criteria

Section 17b-340(a) of the General Statutes authorizes the commissioner of the Department of Social Services to revise a facility's rate for any increases or decreases to total licensed capacity of more than ten beds. The commissioner may reduce a facility's rate by an amount not to exceed 10% of such rate when it fails to submit a complete and accurate report on or before February 15th.

Section 17b-340(f)(4) of the General Statutes provides that rates for the fiscal year ended June 30, 2019, should not be higher than the rate in effect on June 30, 2018, except if adjusted with pro-rata fair rent increases. Rates for the fiscal year ended June 30, 2020, should be based on 2018 cost reports and shall not be higher than the rate in effect on June 30, 2019, except if adjusted with pro-rata fair rent increases. In addition, the 2020 rate cannot be more than 2% lower than the rate in effect on June 30, 2019, unless the facility has an occupancy level of less than 70% as reported in the 2018 cost report.

Section 17b-352 of the General Statutes requires a facility to obtain a certificate of need when it intends to substantially decrease its total bed capacity.

Section 17b-353 of the General Statutes requires any facility which proposes to incur capital expenditures exceeding $2 million to submit a certificate of need application to DSS for approval.

Condition

DSS issued bed capacity reductions to three facilities without requiring a certificate of need application and approval. These facilities implemented multiple bed reductions over nine months and reduced licensed bed capacities by 33%, 29%, and 17%.

DSS approved capital expenditures exceeding $2 million for a nursing facility from 2017 through 2019 without a certificate of need. Expenditures from 2017 through future capital project plans of 2023 totaled $5,885,000. DSS subsequently requested that the facility submit a certificate of need for capital expenditures incurred from 2020 through 2023. After the facility failed to do so, DSS retroactively disallowed expenditures for 2020, and requested that the nursing home submit a certificate of need for 2021 through 2023.

DSS issued payment rates to two residential care homes (RCH) without a 10% penalty for failure to submit annual cost reports. One home did not submit cost reports for the fiscal years ended

September 30, 2015 through 2018 and the other for the fiscal years ended September 30, 2017 and 2018.

Context

There were 247, 261, and 258 long-term care facilities and 94, 94, and 89 residential care homes that provided health care services in fiscal years 2019, 2020, and 2021, respectively. We judgmentally selected three long-term care facilities and two residential care homes for review.

Effect

The reductions in bed capacity could lower the facility's Medicaid rate. Although the statutes in effect during the period of review had capped rates, future statutes may not.

The lack of timely review and approval of capital expenditures reduces assurance that health care facilities use state funds prudently.

DSS increases the risk of allegations of inequitable treatment when it does not implement a rate penalty to a facility that did not submit its cost reports.

Cause

DSS lacked management oversight over one employee who was responsible for each of these conditions.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Social Services should strengthen internal controls to ensure compliance with Sections 17b-340, 17b-352, and 17b-353 of the General Statutes regarding bed capacity reductions, capital expenditures, and cost report submissions.

Agency Response

"The Department agrees with this finding. Procedures have been established for all requests received. All new requests are assigned a docket number, tracked in a log, and corresponding documentation is saved in a designated file. There is a formal review process in place upon staff's completion of a draft decision that includes the DSS legal team and the Commissioner's office. There are juncture points throughout this review process where staff are required to discuss proposals with the larger DSS team, ensure it aligns with statute, and conduct oversight before a decision is finalized."

Finding 3

Lack of Oversight over Internal Controls and Administrative Functions

Criteria

1. The Audit Division of DSS Office of Quality Assurance (OQA) is responsible for performing audits of DSS operations involving the review of administrative and programmatic functions and electronic data processing systems.

2. The federal Centers for Medicare and Medicaid Services (CMS) Medicaid Integrity Group (MIG) conducts comprehensive program integrity reviews of state Medicaid programs. CMS MIG assesses the effectiveness of state program integrity efforts, policies, procedures and manuals, and compliance with federal statutory and regulatory requirements.

3. The State Comptroller's Internal Control Guide requires all state agencies to complete internal control self-assessment questionnaires by June 30th of each fiscal year and maintain these questionnaires on file. The annual internal control and risk assessment process allows managers to evaluate the internal control systems and identify possible deficiencies within their areas of responsibility.

4. Section 17b-99 of the General Statutes provides that not later than February 1, 2015, DSS should establish audit protocols and publish them on its website to assist the Medicaid community in developing programs to improve compliance with Medicaid requirements under state and federal laws and regulations. DSS should also establish audit protocols for specific providers or categories of service, including behavioral health services.

Condition

1. The DSS OQA Audit Division did not audit DSS administrative functions, such as rate setting, contract administration, accounts receivables, and the department's checking account. Additionally, the division did not review or monitor the department's external audit reports and recommendations.

2. According to the 2007, 2010, and 2015 MIG reviews, DSS did not have a program integrity manual, and lacked written program integrity policies and procedures in key areas.

3. DSS did not complete internal control self-assessment questionnaires for fiscal years 2020, 2021, and 2022.

4. DSS did not establish and publish audit protocols for behavioral health services on its website.

Context

DSS administrative functions directly related to approximately $8.6 billion in annual expenditures in fiscal years 2019, 2020, and 2021. At least six federal agencies issued 11 external audit reports with 1,518 recommendations on the department's operation of various federal programs during fiscal years 2019, 2020, and 2021.

Effect

1. DSS has reduced assurance that internal controls are adequate to operate effectively and efficiently as the agency experiences program changes, system modifications, and reduced staffing. Because the division did not review or monitor external audit recommendations, there is an increased risk for improper benefit payments, information security vulnerabilities, and federal program penalties.

2. The lack of written policies and procedures leaves DSS vulnerable to inconsistent operations, especially when the department loses experienced OQA staff. DSS may be vulnerable to defend its processes in an administrative hearing or court.

3. Outdated, inadequate, or obsolete internal controls increase the risk that DSS will not detect improper activities.

4. Behavioral health service providers may be unaware of administrative errors or noncompliance with Medicaid requirements.

Cause

Lack of management oversight contributed to all conditions.

DSS uses the results of audits performed on client eligibility, medical providers, overpayments, and client and employee fraud to support the review of DSS administrative functions. For example, DSS uses the Audit Division's medical provider audits as support for the internal audit of the agency's checking account. Although medical provider audits may support the validity and accuracy of the transactions paid through the checking account, they do not provide assurance of the reliability, effectiveness, or efficiency of the internal controls regarding the administrative functions of operating the department's checking account.

In 2010 and 2015, DSS informed the federal Centers for Medicare and Medicaid Services that a draft manual of program integrity procedures was in process. In 2022, DSS informed the Auditors of Public Accounts that it had not finalized the written policies and procedures for the program integrity manual.

DSS OQA did not have procedures to monitor the department's external audits and recommendations. Program staff independently managed external audits and recommendations for their respective federal programs.

Prior Audit Finding

This finding has been previously reported in the last six audit reports covering the fiscal years ended June 30, 2006 through 2018.

Recommendation

The Department of Social Services should periodically perform audits of its administrative functions and strengthen internal controls over Medicaid program integrity, risk assessments, and audit protocols.

The Department of Social Services Office of Quality Assurance should implement procedures to ensure that it reviews the department's external audits and works with the department to resolve audit recommendations.

Agency Response

"The Department agrees in part with this finding. The Office of Quality Assurance (OQA) performs reviews of several functions within the Department that are not listed in the condition of this finding. The OQA audits payments made to medical providers which include a review of the systems used to make payments to providers. Additionally, the OQA reviews payments made to grantees which includes a review of the Department's processes in issuing and processing payments and reviews client eligibility which includes the review of the eligibility processes followed by Department staff. Each of these areas impacts the Department's most significant financial functions.

The Department will make efforts to put program integrity policies and procedures in written form.

The Department agrees that an internal control self-assessment was not performed. The Department will make efforts to implement processes to ensure that this function is performed going forward.

The Department agrees that it did not publish audit protocols for behavioral health providers on its website. The Department will take the appropriate steps to ensure that the audit protocols are published."

Auditors' Concluding Comments

Although the department's response outlines some of the audits it performed, it does not address the lack of reviews of the specific administrative functions addressed in this finding.

Finding 4

Lack of Review of Employee Access to Confidential Information

Criteria

Section 17b-90 of the General Statutes requires that no person disclose any information concerning persons applying for or receiving Department of Social Services assistance. Persons may only disclose such information for purposes directly connected with the administration of DSS programs.

Section 14-10 of the General Statutes allows the Department of Motor Vehicles (DMV) to disclose personal motor vehicle record information to any federal, state, or local government agency for the purpose of carrying out its functions. No person may redisclose DMV information for other purposes.

Section 31-254 of the General Statutes permits the Department of Labor (DOL) to furnish wage and claim information to DSS for the purposes of administering its programs. The statute requires DOL and DSS to execute a memorandum of understanding with appropriate confidentiality safeguards.

DSS entered agreements with DOL and DMV to share confidential client data. Each agreement maintains that each agency shall safeguard confidential information in conformance with federal and state statutes and regulations, such as Sections 14-10, 17b-90, and 31-254 of the General Statutes; Driver Privacy Protection Act per Title 18 United States Code Section 2721; Federal-State Unemployment Compensation Program Confidentiality per Title 20 Code of Federal Regulations Part 603; and Health Insurance Portability and Accountability Act per Public Law 107-191.

Condition

DSS has not performed an audit of employee access to confidential client information maintained in the department's ImpaCT eligibility and document management system.

DSS has not performed an audit of employee access to confidential client information on the Eligibility Management System (30-year-old legacy system that DSS sunset in September 2019) since February 2014.

Context

The ImpaCT system interfaces with DOL, DMV, and federal databases. DSS launched the ImpaCT system on October 11, 2017. DSS records showed that 1,948 employees had access to the ImpaCT system as of June 2, 2021.

Effect DSS has reduced assurance that employees properly safeguard confidential client information.

Cause Lack of management oversight contributed to the condition.

Prior Audit Finding This finding has not been previously reported.

Recommendation The Department of Social Services should periodically perform audits of employee access to confidential client information to ensure that ImpaCT system users properly safeguard data.

Agency Response "The Department agrees with this finding. The Audit Division is in the process of creating a specialized unit that will focus on reviews outside of typical medical provider audits. This item has been added to the list of possible reviews that will be implemented."

Finding 5

SNAP Data Discrepancies and EBT System Limitations

Background DSS entered into a multi-state agreement with a private contractor to process Supplemental Nutrition Assistance Program (SNAP) electronic benefit transfer (EBT) card transactions. The same contractor also processes these transactions for other DSS cash assistance programs.

Criteria Title 7 Code of Federal Regulations (CFR) Part 275.15 requires each state agency to analyze and evaluate all management information sources to identify deficiencies in program operations and systems. The regulation defines analysis as the process of classifying data to provide a basis for studying the data and determining trends including significant characteristics and their relationships. The regulation defines evaluation as the process of determining the cause, magnitude, and geographic extent of each deficiency to provide the basis for planning and developing effective correction action.

Title 7 CFR Part 274.4 requires state agencies to account for all issuances through a process that includes the reconciliation of benefits posted to household accounts against benefits on the Issuance Authorization File. State agencies must report all unreconciled issuances monthly to the United States Department of Agriculture Food and Nutrition Service (FNS) on Form FNS-46, Issuance Reconciliation Report.

Condition

The EBT data warehouse provided limited reporting capabilities and unreliable data that inhibited the department's ability to analyze SNAP data.

We analyzed the department's SNAP data through the contractor's EBT system for calendar years 2019 and 2020.

We identified 197,508 issuances, totaling $45,235,699, reported on the department's FNS-46 for January 2019 that did not exist in the EBT data warehouse. The department's contractor restored the transaction data after we brought this matter to its attention. However, DSS and its contractor provided no explanation for this discrepancy.

One EBT data warehouse report could only output a day's worth of data, which we had to run hundreds of times to extract the population for our two-year audit period. Additionally, due to report filtering limitations, we had to run this report twice for every day in the audit period to distinguish between in-person and online EBT transactions. This is inconsistent with industry norms in which analysts can use one step to summarize and/or match data with other datasets spanning multiple years.

Another EBT data warehouse report had extraction limitations that could not provide a complete population of transactions for a full day. This report contained at least 23 types of transactions, including user logins, balance inquiries, and reports of card theft. DSS and its contractor informed us that no alternative report contained these types of transactions.

We identified 586 instances in which the retailer name or address information differed between two reports from the same system, for the same transaction. We were unable to determine the number of such discrepancies because of EBT data warehouse reporting limitations. The department provided no explanation for these discrepancies.

Context

DSS issued SNAP benefit payments totaling $591 million, $758 million, and $935 million during fiscal years 2019, 2020, and 2021, respectively.

Effect

DSS has reduced assurance over the accuracy of financial functions, compliance with program regulations, and the effectiveness, economy, and efficiency of operations. This may have inhibited the department's ability to detect waste, fraud, and abuse.

Cause

The department lacked monitoring controls over data quality, accessibility, and usability of the contractor's deliverables.

Prior Audit Finding

This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2014 through 2018.

Recommendation

The Department of Social Services should investigate discrepancies between different data warehouse reports and ensure transaction level data reconciles with corresponding amounts reported to the federal Food and Nutrition Service. The department should ensure its contractor efficiently and effectively provides accessible data.

Agency Response

"The Department agrees that the functionality of the current EBT data warehouse could be enhanced. The Department uses the current Data Warehouse to reconcile the Department's issuances against the EBT Vendor's Authorizations. The Data Warehouse allows the Department to conduct a one-to-one reconciliation of its issuances and identify items issued by the Department and not recorded by the EBT Vendor on the expected day.

In January 2019, the Department conducted this reconciliation and was able to document that all the Department's issuances were recorded by the EBT vendor and were available in the Data Warehouse. Upon learning of the issues related to the January 2019 data, the Department contacted the EBT vendor. The EBT Vendor agreed there was a problem with the query and fixed the problem promptly.

The Data Warehouse is not the source for reconciling the monthly FNS 46 report. The reports generated by the EBT Vendor's Electronic Payment Processing Information Control (EPPIC) system are the accepted source documents for producing the FNS 46 report."

Finding 6

Incarcerated Individuals Recorded as Eligible for SNAP

Background

The Integrated Management of Public Assistance for Connecticut (ImpaCT) system interfaces daily with inmate location data from the Department of Correction (DOC) to alert DSS eligibility workers of clients incarcerated in Connecticut.

Criteria

Title 7 Code of Federal Regulations Part 272.13 requires each state agency to establish a system to monitor and prevent individuals held in any federal, state, or local detention or correctional institution for more than 30 days from inclusion in a SNAP household. The regulation outlines system requirements such as the use of match data and frequency.

DSS maintains a SNAP Claims Management Plan that provides guidance in the establishment and collection of improper SNAP claims.

Condition

We identified 705 SNAP household members listed as eligible in ImpaCT while incarcerated for more than 30 days. Our review identified that 391 of those recipients resided in a single-person household with electronic benefit transfer (EBT) cards that reflected 12,833 transactions totaling $768,889 during their incarceration.

Context

DSS records showed 267,654 and 270,646 SNAP households for calendar years 2019 and 2020, respectively. We matched the ImpaCT social security number and dates of birth of eligible SNAP household members with the Department of Correction inmate location data to identify instances in which an individual was considered an eligible SNAP household member while incarcerated during 2019 and 2020.

Effect

DSS received federal SNAP funding for unallowed expenditures. The use of a single-person household's EBT card during a client's incarceration could represent an improper use of benefits.

Cause

DSS did not promptly resolve client incarceration alerts, or the ImpaCT system did not properly generate an alert following a client's incarceration.

DSS did not review whether a single-person household's EBT purchases occurred during the client's incarceration.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Social Services should strengthen internal controls to ensure that it promptly reduces, suspends, or terminates benefits upon the incarceration of SNAP household members. The department should recoup benefits issued to ineligible clients in accordance with its SNAP Claims Management Plan.

Agency Response

"The Department agrees with the finding and has conducted a review of the controls related to the processes undertaken when individuals are incarcerated while receiving SNAP benefits.

During the review, it was noted that there were multiple reasons that could have contributed to the noted deficiencies. Historically, the Department reviewed the doc_release.txt report [DOC match report] to identify possible items that needed to be acted on. Based on employee feedback, the report needs to be simplified to avoid possible oversights and errors. The Department plans to ask that the DOC match report be redesigned to capture only individuals who are currently active on programs. Additionally, staff turnover may have added to the delays in the review of possible cases that needed actions to be taken.

It was determined that there is an ImpaCT report (REP-087) that can be accessed that may be more user friendly. This report will be run monthly and will be reviewed by field staff.

It is the Department's goal to work with the two reports and determine the processes that need to be undertaken to ensure all appropriate cases are acted on in a timely manner."

Finding 7

State Employees Over Maximum Income Limits Recorded as Eligible for SNAP

Background

The Integrated Management of Public Assistance for Connecticut (ImpaCT) system matches data with external sources to alert DSS eligibility workers of certain records that do not support client reported income amounts.

DSS establishes maximum gross household income limits for each household size, each federal fiscal year, based on guidance from the United States Department of Agriculture Food and Nutrition Service and the Census Bureau.

Criteria

Title 7 Code of Federal Regulations (CFR) Part 272.8 requires state agencies to maintain an income and eligibility verification system to assist in verifying SNAP eligibility and the benefit amount.

Title 7 CFR Part 273.12(a)(5) requires households to report and state agencies to act when a household's monthly gross income exceeds the limit for its household size.

DSS maintains a SNAP Claims Management Plan that provides guidance in the establishment and collection of improper SNAP claims.

Condition

We identified 44 SNAP households with a state employee or retiree whose gross state pay exceeded the SNAP income limit for their household size for at least three consecutive months during calendar years 2019 and 2020. DSS issued $78,067 in SNAP benefits to these ineligible households.

Context

DSS records showed 267,654 and 270,646 SNAP households for 2019 and 2020, respectively. We matched the ImpaCT social security number data of eligible SNAP household members with data from the state's payroll system. We limited our review to state employees and retirees due to the availability of income data. There were 506 SNAP households that included a state employee or retiree during 2019 and 2020.

Effect

DSS received federal SNAP funding for unallowed expenditures. Ineligible state employees, retirees, and their households received SNAP benefits.

Cause

DSS did not promptly resolve income alerts, or the ImpaCT system did not properly generate an alert following the client's increase in income.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Social Services should strengthen internal controls to ensure that it uses all information from eligibility and income matches to issue the correct amount of benefits to eligible clients. The department should recoup benefits issued to ineligible clients in accordance with its SNAP Claims Management Plan.

Agency Response

"The Department agrees with the finding and began a process to strengthen controls related to the verification of state employee wage data. In July 2021, in partnership with the Office of the State Comptroller, DSS began a process in which state employee demographic information is matched with active SNAP recipients to ensure the income reported is correct in the ImpaCT Eligibility system.

A test run of the matching process was performed in March 2022. The match uncovered (13) overpayments. The overpayments were processed and are being recouped by DSS or were sent to the Department of Administrative Services for collections.

The Department is looking into a process that will ensure there is a review done on a periodic basis. If income is not reported or under-reported, staff will take appropriate action in accordance with the department's SNAP Claims Management Plan and SNAP eligibility policy."

Finding 8

Deceased Individuals Recorded as Eligible for SNAP

Background

The Integrated Management of Public Assistance for Connecticut (ImpaCT) system interfaces monthly with the Social Security Administration (SSA) death master file to alert DSS eligibility workers when a client has died.

Criteria

Title 7 Code of Federal Regulations Part 272.14 requires each state agency to establish a system to verify and ensure that it does not issue SNAP benefits to deceased individuals. The system must compare identifiable information about each household member against information from databases on deceased individuals and establish and collect claims as appropriate.

DSS maintains a SNAP Claims Management Plan that provides guidance in the establishment and collection of improper SNAP claims.

Condition

We identified 365 SNAP household members listed as eligible in ImpaCT after their date of death on the SSA death master file. Our review identified that 101 of those deceased members resided in a single-person household and had at least one electronic benefit transfer (EBT) card transaction after their date of death. These transactions totaled $75,611.

Context

DSS records showed 267,654 and 270,646 SNAP households for calendar years 2019 and 2020, respectively. We matched the ImpaCT social security number and dates of birth of eligible SNAP household members to the SSA death master file for calendar years 2019 and 2020.

Effect

DSS received federal SNAP funding for unallowed expenditures. The use of a single-person household's EBT card after the client's death could represent an improper use of benefits.

Cause

DSS did not promptly resolve client death alerts, or the ImpaCT system did not properly generate an alert following a client's date of death.

DSS did not review whether a single-person household's EBT purchases occurred after the client's death.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Social Services should strengthen system controls to ensure ImpaCT compiles death data matches and properly generates death match alerts. The department should strengthen internal controls to ensure that eligibility workers promptly address death match alerts in ImpaCT to prevent benefits to deceased clients. The department should recoup benefits issued to deceased clients in accordance with its SNAP Claims Management Plan.

Agency Response

"The Department agrees with the finding. From an operational standpoint, the Department has controls/processes in place related to processing death matches. On a monthly basis, death match information is provided to resource supervisors who verify the death and inform eligibility staff via an alert [1024 alert] to close out the case if it has not been closed out already. The field operations division has two eligibility staff members assigned to process the 1024 alerts.

Internally, DSS produces two reports from the death match information that is received from SSA, the ImpaCT 084 report [Impact Report] and a text file that is stored on one of the DSS mapped drives. Historically, since the ImpaCT system was implemented, the Department has been utilizing the ImpaCT report when working the death match data. There is a possibility that this report is not picking up the entire universe of items that need to be reviewed. It appears that the ImpaCT report only picks up items when SSA sends the actual date of death whereas the text file populates not only the items that have the actual death date but items that have an indication that an individual has passed away.

The Department plans on performing a comparison of the ImpaCT reports and the text files and will work with our contractor to ensure that all items are being captured on the ImpaCT report.

To ensure that the ImpaCT alerts are generated and processed in a timely manner, informational emails were sent to resource staff (9/27/2022) and eligibility staff (9/28/2022)."

Finding 9

Benefits Issued to Deceased Clients and Lack of Recoupment

Background

The Integrated Management of Public Assistance for Connecticut (ImpaCT) system sends alerts to work queues to notify eligibility workers when the State Data Exchange shows a client has died.

Criteria

DSS Uniform Policy Manual (UPM) Section 1565.05 establishes the end date of State Supplement and Supplemental Nutrition Assistance Program (SNAP) benefits due to non-financial factors, including the death of a client. The UPM provides that the final day of benefits is the last day of the month in which a non-financial eligibility factor causes ineligibility, if eligibility existed on the first of the month.

Section 17b-198-15 of the State Regulations provides that DSS terminate State-Administered General Assistance (SAGA) benefits when the department receives information verifying the death of a client.

Condition

We judgmentally selected ten death alerts of State Supplement clients for review and found that DSS issued $114,930 in benefits to six residential care facilities on behalf of eight deceased clients. DSS did not recoup these benefits. In addition, DSS did not record the date of death of one client in ImpaCT.

We judgmentally selected ten death alerts of SAGA clients for review and found that DSS issued $5,530 to one deceased client. DSS did not recoup these benefits, which included $3,316 in SNAP and $2,214 in SAGA. We noted that the client was from a single-person household and an unauthorized individual used their benefits for $4,706 in purchases ($2,726 in SNAP and $1,980 in SAGA). In addition, DSS did not record the date of death of four clients in ImpaCT.

Context

Client and payment data for the audit period indicated that DSS paid $207,507 on behalf of 154 deceased State Supplement clients and $31,393 to 39 deceased SAGA clients.

Effect

DSS has reduced assurance that residential care facilities will return ineligible benefit payments for deceased clients.

Maintaining a single-person household's cash benefits after the client's death creates opportunities for fraud.

Cause

DSS did not properly review and promptly resolve alerts of client deaths. DSS designed the ImpaCT system to delete alerts of a client's death if an eligibility worker does not address the alert within 90 days.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2016 through 2018.

Recommendation

The Department of Social Services should strengthen internal controls to ensure it issues benefits in the correct amount on behalf of eligible clients. The department should record deceased clients' date of death in ImpaCT and close the case file promptly upon verification that the client died. The department should recoup benefits issued to deceased clients and residential care facilities.

Agency Response

"The Department agrees with this finding and will work to improve internal controls around this process to ensure ImpaCT is updated promptly with date of death information and that corrective actions are taken timely regarding benefits that have been used inappropriately. Corrections to the identified cases have been assigned to Field Operations staff who will be working with Financial Services to recoup the boarding home payments. In addition, the Economic Security, Medical Policy (related to boarding homes), and Field Operation teams are in the process of assessing why the dates of death are not entered timely and will work to find solutions to correct the process, as well as coordinating with the Business Systems team to identify system improvements."

Finding 10

Inadequate Controls over State-Administered General Assistance Disbursements

Criteria

Section 17b-191 of the General Statutes provides that no individual shall be eligible for cash assistance under the State-Administered General Assistance (SAGA) program if one is eligible for cash assistance under any other state or federal cash assistance program.

Section 17b-194 of the General Statutes provides that, when making determinations concerning disabilities or impairments that DSS expects will last a period of six months or longer, DSS bases such determinations on the recommendations made by a medical review team. DSS contracted with a vendor to determine the disability or employability status of individuals requesting SAGA cash benefits. The vendor reviews medical packets to determine eligibility.

Cooperation requirements under DSS Uniform Policy Manual (UPM) 8080.35 provide that applicants for, and recipients of, SAGA cash assistance must apply for, or cooperate in applying for, potential benefits from any source, including Social Security Insurance and other DSS-administered cash programs. The policy manual also states that the applicant must sign Form W-650ALT – Authorization for Reimbursement to the State of Connecticut from S.S.I. Retroactive Payment and send it to the Benefits Accounting Unit, which must maintain it in the client's case record.

Section 17b-198-17(c) of the State Regulations provides that DSS shall investigate and take action to recoup a SAGA benefit overpayment when the department discovers the overpayment, regardless of when it occurred or whether DSS closed the client's case.

Condition

We randomly selected 25 SAGA payments totaling $8,139 to determine whether recipients met eligibility requirements. We disclosed the following exceptions:

- DSS did not complete timely medical reviews in three instances. DSS took seven to 13 months to complete these reviews.

- DSS did not have a signed Form W-650ALT on file for three clients. DSS lacked documentation to confirm that one of these clients applied for benefits from other sources.

- DSS did not recoup $5,475 in overpayments from two clients who received concurrent state and federal cash assistance benefits for ten to 15 months.

Context

DSS issued $58,648,865 in SAGA benefits to clients during fiscal years 2019, 2020, and 2021.

Effect

DSS SAGA program controls do not provide reasonable assurance of client eligibility. DSS cannot obtain reimbursement from the Social Security Administration without Form W-650ALT.

Cause

Existing controls are inadequate for ensuring caseworkers obtain and review all information necessary to verify client eligibility.

Prior Audit Finding

This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2014 through 2018.

Recommendation

The Department of Social Services should verify and document that applicants met the requirements of the State-Administered General Assistance program. The department should recoup overpayments in accordance with state regulations.

Agency Response

"The Department agrees with this finding. A directive has been communicated to staff to align SAGA renewal end dates with medical determination end dates. This will ensure eligibility is not authorized for months in a SAGA renewal cycle where the client has not met the medical determination criteria. The Department is pursuing system changes that will strengthen the internal controls of the eligibility system to ensure timely and accurate transactions are completed. The overpayments identified in this finding are under review and will be processed if appropriate."

Finding 11

Financial Reporting Inaccuracies

Background

State agencies submit Generally Accepted Accounting Principles (GAAP) reports and federal expenditure information to the State Comptroller to produce the state's Annual Comprehensive Financial Report and Schedule of Expenditures of Federal Awards (SEFA).

Criteria

Agency GAAP reports and federal expenditure information should be complete, accurate, and comply with the State Comptroller's requirements as set forth in the State Accounting Manual and other instructions.

Condition

DSS submitted GAAP reports and federal expenditure information that contained several inaccuracies.

Fiscal Year Ended June 30, 2019:

- DSS overstated one SEFA amount by $17.4 million.
- DSS overstated two GAAP forms by $38.5 million.

Fiscal Year Ended June 30, 2020:

- DSS overstated one SEFA amount by $3.2 million.
- DSS overstated two GAAP forms by $1.6 billion and understated three GAAP forms by $28.3 million.

Fiscal Year Ended June 30, 2021:

- DSS overstated eight SEFA amounts by $771.1 million and understated eight SEFA amounts by $790.5 million.
- DSS overstated two GAAP forms by $1.5 billion and understated three GAAP forms by $297.8 million.

Context

DSS reported SEFA amounts of $6.2 billion, $6.7 billion, and $7.8 billion for fiscal years 2019, 2020, and 2021, respectively. DSS SEFA errors averaged 23% from what should have been reported. SEFA errors increased from one to 16 during the audited period.

DSS completed ten GAAP forms and we judgmentally reviewed eight of those forms for each fiscal year 2019, 2020, and 2021. DSS GAAP errors averaged 128% from what should have been reported. GAAP errors increased from two to six during the audited period.

Effect

These conditions, if not corrected, would have caused the State Comptroller to report inaccurate or incomplete information on the state's Annual Comprehensive Financial Report and Schedule of Expenditures of Federal Awards.

Cause

DSS did not follow the State Comptroller's instructions. Clerical errors caused some of the conditions.

Prior Audit Finding

This finding has been previously reported in the last eight audit reports covering the fiscal years ended June 30, 2002 through 2018.

Recommendation

The Department of Social Services should prepare the Generally Accepted Accounting Principles Reporting Package and the Schedule of Expenditures of Federal Awards in accordance with the State Comptroller's requirements and perform sufficient reviews to ensure that reports are accurate and complete.

Agency Response

"The Department agrees with this finding and the recommendation that the Generally Accepted Accounting Principles Reporting Package should be prepared in accordance with the State Comptroller's requirements and perform sufficient reviews to ensure that reports are accurate and complete. In a meeting held with the Comptroller's Office on October 15, 2022, it was agreed that an estimate, namely the quarterly scheduled drawdowns from Payment Management System, would be an appropriate alternate source of quarterly expenditures in the case that the certified quarterly CMS 64 and CMS 21 claims are not completed."

Finding 12

Inadequate Controls over GAAP Receivables

Background

Several entities, including the DSS fiscal unit, support the administration of the department's accounts receivable DSS contracts with three vendors to maintain and collect child support, third-party liabilities, and manufacturer drug rebate receivables. DSS partners with the Department of Administrative Services (DAS) to maintain and collect client receivables.

DAS administers the Diamond system for collecting the state's delinquent accounts receivables. DSS utilizes the system to pursue and maintain delinquent receivables held at DAS.

Criteria

The State Accounting Manual provides that accounts receivable records should be accurate, complete, and maintained to indicate the duration of outstanding debt.

The Office of the State Comptroller's generally accepted accounting principles (GAAP) closing package and reporting instructions require all state agencies to report complete and accurate accounts receivable balances and estimated uncollectible receivables at the end of each fiscal year on the GAAP Reporting Form – Receivables.

Condition

Our review of GAAP Reporting Form – Receivables for fiscal years 2019, 2020, and 2021 disclosed the following:

- DSS did not verify the accuracy and completeness of boarding home receivables. DSS reported the same amount of $9,302,146 for each of the three fiscal years.

- DSS did not verify the accuracy and completeness of receivables or collections held at DAS. DSS reported receivables of $37,215,050, $37,115,867, and $38,702,429 for fiscal years 2019, 2020, and 2021, respectively. DSS reported the same amount of $10,011,524 for collections for each of the three fiscal years.

- DSS did not report client overpayment receivables for fiscal year 2021.

Context

DSS reported an average of $1 billion in receivables, $573 million in estimated uncollectible receivables, and $128 million in receivables collected through August 31st in fiscal years 2019, 2020, and 2021. These reported amounts included the unsupported amounts identified in the condition. The reported amounts also included the department's client overpayment receivables of $948,788 and $964,151 for fiscal years 2019 and 2020, respectively.

Effect

These conditions caused the State Comptroller to report inaccurate and incomplete information on the state's Annual Comprehensive Annual Financial Report. The annual report contains the state's financial statements, which are an integral part of bond offering statements and the statewide single audit report.

Cause

The department's eligibility management system (ImpaCT) cannot generate reports for boarding home receivables.

DSS did not effectively collaborate with DAS to retrieve collections data from the Diamond system.

DSS was unable to verify client overpayment receivables because of a 2021 Diamond system failure that resulted in data loss.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Social Services should collaborate with the Department of Administrative Services to obtain Diamond system collections data. The Department of Social Services should strengthen internal controls to ensure that all reported accounts receivables are complete and accurate in accordance with the requirements of the State Accounting Manual and the Office of the State Comptroller's instructions.

Agency Response

"The Department agrees with this finding. Boarding Home reporting will be reviewed for accuracy. A comprehensive review of receivable accounts held at DAS is being performed to establish a method of confirming the accuracy of Diamond reporting. DSS will look to create a viable ImpaCT report for Client Overpayment information, considering the previous eligibility management system is obsolete."

Finding 13

Deficient Monitoring of Cash Advances to Contractors

Background

DSS contracts with access agencies to provide care management services to assess, coordinate, and monitor home and community-based long-term care services for Medicaid waiver recipients. At the inception of a contract with access agencies, DSS provides operating advances to ensure prompt delivery of services. DSS separately contracts with a fiscal intermediary to serve DSS and certain Medicaid waiver recipients. At the inception of a contract with the fiscal intermediary, DSS provides processing advances for cash flow, and may advance additional funds as required. Access agencies and the fiscal intermediary record the advances as a liability to DSS, and DSS records the advances as a receivable.

Criteria

The State Accounting Manual provides that accounts receivable records should be accurate, complete, and maintained to indicate the duration of outstanding debt.

The contract between DSS and an access agency requires the access agency to maintain the operating advances in a separate general ledger liability account. DSS and the access agency must annually reconcile the operating advances. The access agency must return the operating advances to DSS at the end of the contract.

The contract between DSS and the fiscal intermediary requires the fiscal intermediary to maintain processing advances in a separate account. The fiscal intermediary performs a monthly reconciliation process. If the fiscal intermediary requests additional advance funds, the fiscal intermediary must provide adequate justification, including a reconciliation of accounts. The fiscal intermediary must return the processing advances to DSS at the end of the contract. The contract provides that claims rejected due to client Medicaid ineligibility, reported to DSS for resolution, and not resolved within three months, shall be deemed uncollectible and deducted from the processing advance liability amount due DSS.

DSS entered a new contract with the fiscal intermediary, effective February 1, 2018, through June 30, 2022, which requires the contractor to provide all historical outstanding receivable data to DSS for quarters prior to the one ended December 31, 2018.

Condition

DSS did not ensure that it and its contractors performed reconciliations of operating and processing advances and uncollectible rejected claims. Furthermore, DSS did not resolve the prior audit finding to collect processing advances for the contract term that ended January 31, 2018.

Context

DSS provided $13,331,123 in cash advances to the fiscal intermediary and $1,251,915 to access agencies during fiscal year 2021.

Effect

DSS lacks assurance that it accurately reported receivables due on the state's annual financial reports. Deficient monitoring of cash advances may hinder the department from fully collecting receivables due the state.

Cause

DSS did not ensure that all parties followed the contractual terms and conditions. DSS informed us that it is working with the fiscal intermediary to reconcile accounts receivable balances prior to collecting previous advances and issuing new advances. DSS hired a contractor to assist with this reconciliation process.

Prior Audit Finding

This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2014 through 2018.

Recommendation

The Department of Social Services should strengthen internal controls over cash advances to contractors and the corresponding accounts receivables to ensure compliance with the State Accounting Manual and contractual terms and conditions.

Agency Response

"The Department agrees with this finding. The Department has made efforts to improve this process. As noted in the audit finding, the agency engaged with a contractor to provide additional assurance that the accounts receivable amounts in question have been reconciled. Any associated financial reporting is currently accurate and up to date. The Department will be implementing new business processes to strengthen the internal controls related to the reconciliation."

Finding 14

Untimely Cashbook Reconciliations

Background

DSS maintains a benefit assistance checking account commonly known as the cashbook. DSS uses the cashbook to process most federal and state program payments to clients and providers. The cashbook exhibits the cash balance available for each appropriation and the corresponding program expenditures. DSS accounts for electronic benefit transfer (EBT) issuances in the cashbook.

DSS contracted with a service organization to process EBT cards for several federal and state programs. The service organization provides EBT reports that record EBT activity.

Criteria

Proper internal controls over financial records include performing monthly reconciliations to promptly identify and resolve any variances.

Condition

DSS did not reconcile EBT issuances in the cashbook to bank statements or EBT reports for fiscal year 2021.

Context

DSS disbursed $68,491,541 in EBT issuances during fiscal year 2021 through the cashbook.

Effect

Untimely reconciliations increase the likelihood that the department will not detect cashbook errors and irregularities.

Cause

DSS experienced insufficient staffing levels due to employee retirements, transfers, and turnover.

Prior Audit Finding

This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2014 through 2018.

Recommendation

The Department of Social Services should strengthen internal controls over the cashbook reconciliation process to ensure financial records are accurate, complete, and current.

Agency Response

"The Department agrees with this finding and has made efforts to strengthen the internal control structure of the cashbook reconciliation process. A process was identified in 2019 to conduct this type of reconciliation and the balance was reconciled through

February 2020. The Department will continue the reconciliation from that point with a goal of bringing it current by June 2023."

Finding 15

Untimely Deposit of Receipts

Criteria

Section 4-32 of the General Statutes requires a state agency receiving money or revenue for the state amounting to more than $500 to deposit such receipts in depositories designated by the State Treasurer within 24 hours of receipt. A state agency may hold total daily receipts of less than $500 until the total receipts amount to $500, but not for a period of more than seven calendar days. The State Treasurer can make exceptions upon written application from a state agency stating that compliance would be impracticable and providing the associated reasons.

The State Treasurer granted DSS a two business-day waiver for checks totaling $1,000 or more and a four business-day waiver for checks received at the DSS field offices totaling less than $1,000.

The State Accounting Manual provides procedures that state agencies should follow for processing receipts. Per the manual, agencies collecting receipts must maintain a receipts log. The log must include columns for the entry of information such as the dates of receipt and deposit.

Condition

We judgmentally selected 20 non-child support receipts for review and identified that DSS field offices did not record the receipt date for four receipts totaling $31,534. We judgmentally selected 20 child support receipts for review and identified that DSS field offices did not record the deposit date for five receipts totaling $1,185. We were unable to determine whether the department promptly deposited these receipts.

Context

Each of the 12 DSS field offices and the central office prepare a log for child support receipts and a separate log for all other receipts.

DSS child support receipts totaled $8,650,186, $8,465,052, and $5,772,240 for fiscal years 2019, 2020, and 2021, respectively.

DSS non-child support receipts totaled $38,678,549, $23,955,665, and $31,683,913 for fiscal years 2019, 2020, and 2021, respectively.

Effect

Insufficient information recorded on receipt logs increases the likelihood that the department will not detect late deposits.

Cause

DSS does not have a standardized receipts log for its field offices.

Prior Audit Finding

This finding has been previously reported in the last 12 audit reports covering the fiscal years ended June 30, 1994 through 2018.

Recommendation

The Department of Social Services should establish a standard receipts log to strengthen internal controls and ensure compliance with the General Statutes, State Accounting Manual, and State Treasurer's waiver.

Agency Response

"The Department agrees with this finding. A check log has been established in the Regional Offices. The check log is maintained by supervisors, and has elements identifying the office, the assigned supervisor, totals, and the ability to add scanned copies (for checks/transmittals). Training on this process has been provided to all Regional Office Supervisors."

Finding 16

Inadequate Controls over Accounts Receivable of NEMT Sanctions

Background

DSS contracted with a non-emergency medical transportation (NEMT) broker to provide services to Medicaid clients.

Criteria

Section XIV of the NEMT contract grants DSS the right to impose monetary sanctions against the NEMT broker for conduct that constitutes noncompliance with the contract or state or federal regulatory requirements. The broker should submit payment to DSS for each sanction within 30 business days of the written DSS sanction notification.

The State Accounting Manual provides that accounts receivable records should be accurate, complete, and maintained to indicate the time span of outstanding debt. State agencies may classify receivables arising from penalties assessed against an individual or corporation under the general category of other receivables.

Condition

DSS did not record an accounts receivable upon issuance of sanctions to its NEMT broker and failed to monitor the collection of NEMT sanction payments to ensure completeness and timely receipt.

Context

DSS received $12,000 for sanctions imposed on the NEMT broker during fiscal years 2020 and 2021.

Effect

DSS has reduced assurance that it received all funds for imposed sanctions.

Cause

DSS lacks internal controls for recording and monitoring NEMT sanctions.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2016 through 2018.

Recommendation

The Department of Social Services should strengthen internal controls over accounts receivable of non-emergency medical transportation (NEMT) sanctions to ensure compliance with the State Accounting Manual and the terms and conditions of the contract with the NEMT broker.

Agency Response

"The Department agrees with this finding. The Financial Services division has updated its accounts receivable database with all NEMT sanction data since January 2018 and posted all payments received against the appropriate sanctions. A process has been created to record an NEMT Administrative Service Organization sanction in the Account Receivable system, which will track and monitor each sanction until closure."

Finding 17

Unauthorized Overtime, Compensatory Time, and Extended Sick Leave

Criteria

1. Overtime - Section 5-245 of the General Statutes provides that any state employee who performs work authorized by the appointing authority for a period in addition to the hours of the employee's regular, established work week shall receive overtime pay.

2. Compensatory Time - The Department of Administrative Services Management Personnel Policy No. 17-01 establishes criteria for granting compensatory time to DSS and other executive branch managerial employees. The policy states that managers must receive advance written authorization from an agency head or a designee to work extra time to record the extra hours as compensatory time. The authorization must include the employee's name, period during which the extra hours will be

worked, and reason(s) for compensatory time. The agency must retain proof of advance authorization in the employee's personnel file for audit purposes.

3. Medical Certificates - Section 5-247-11 of the State Regulations provides that a state agency must require an acceptable medical certificate on the form prescribed by the commissioner of the Department of Administrative Services and signed by a licensed physician or other practitioner. The purpose of the medical certificate is to substantiate a request for any sick leave absence of more than five consecutive working days.

Condition

1. Overtime – We judgmentally selected 15 employees who received 470 hours of overtime payments for review and noted that DSS did not have pre-approvals or sign-in logs on file for all 15 employees.

2. Compensatory Time - We judgmentally selected 15 managerial level employees who received 224 hours of compensatory time for review and noted that DSS did not have preauthorization on file for all 15 employees' compensatory time.

3. Medical Certificates - We randomly selected 20 employees who charged sick leave of more than five consecutive workdays for review and noted that DSS did not have the required medical certificate on file for eight employees.

Context

1. Overtime – DSS paid $11,252,346 for 233,733 hours of overtime to 873, 924, and 940 employees in fiscal years 2019, 2020, and 2021, respectively.

2. Compensatory Time – DSS granted 6,166 hours of compensatory time to 54, 85, and 47 managerial employees in fiscal years 2019, 2020, and 2021, respectively.

3. Medical Certificates – DSS had 292 different employees use consecutive sick days that required a medical certificate during the audited period.

Effect

DSS issued $28,180 in unauthorized overtime payments and $9,952 in unauthorized compensatory time. DSS may not detect employee abuse of overtime, compensatory time, or extended sick leave without obtaining the proper authorization or medical certificate.

Cause

DSS did not have effective internal controls to enforce applicable requirements to prevent these conditions.

DSS did not have effective internal processes to retain documentation to verify transactions.

Prior Audit Finding

This finding has been previously reported in the last seven audit reports covering the fiscal years ended June 30, 2004 through 2018.

Recommendation

The Department of Social Services should strengthen internal controls to ensure that it processes payroll and personnel information in accordance with state laws, regulations, bargaining unit contracts, and state personnel policies.

Agency Response

"The Department agrees with this finding. The Human Resources Business Partner (HRBP) Team assigned to the Department of Social Services will work with DSS Payroll to strengthen payroll and personnel information processing in accordance with state laws and regulations. The HRBP Team will work with DSS Payroll to strengthen internal controls to ensure compliance with bargaining unit contracts and state personnel policies."

Finding 18

Improper Use of Time Reporting Codes

Criteria

Core-CT allows for use of holiday time reporting codes. Core-CT Job Aids provide holiday processing instructions and detailed explanations of when to use each holiday and holiday compensatory time reporting code. State agencies should only use the holiday time reporting code (HOL) on a designated state holiday.

Core-CT allows for use of the leave in lieu of accrual (LILA) time reporting code for the period between the first of the month, when employees earn accruals, and when the state posts employee accruals to employee leave balances. A Core-CT Job Aid states that LILA coding is temporary and that agencies should promptly adjust leave balances when accruals become available. The Core-CT Job Aid provides override reason code instructions and monthly monitoring procedures.

Condition

Our analysis of the HOL time reporting code revealed that 46 employees charged 530 holiday hours on non-holidays. Four employees each charged more than 50 holiday hours within a pay period. These four employees accounted for 227 of the 530 improper holiday hours. Forty-two employees charged the remaining 303 hours in increments of eight hours or less.

Our review of 112 LILA hours revealed that the department did not adjust employee leave balances to reflect their actual leave time used. The department also did not record an override reason code for 24 of these LILA hours and recorded the incorrect time reporting code for 16 LILA hours.

Context

We queried Core-CT to obtain HOL hours charged on non-holiday dates during the audited period.

We queried Core-CT to review all unadjusted LILA hours.

Effect

Employees could use more holiday and leave time than they earned.

Cause

Management accountability over HOL and LILA time reporting codes was inadequate.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Social Services should ensure that it properly uses, monitors, and adjusts holiday and leave in lieu of accrual time reporting codes in accordance with established Core-CT Job Aids.

Agency Response

"The Department agrees with this finding. The Human Resources Business Partner (HRBP) Team assigned to the Department of Social Services will work with DSS Payroll to ensure that it properly uses, monitors, and adjusts the Leave in Lieu of Accrual and Holiday time reporting codes in accordance with established CORE-CT Job Aids."

Finding 19

Paid Administrative Leave in Excess of Time Limits

Criteria

Section 5-240-5a (f) of the State Regulations states that an appointing authority may place an employee on a leave of absence with pay for up to 15 days to permit investigation of alleged serious misconduct, which could constitute just cause for dismissal under Section 5-240-1a (c) of the State Regulations. Subsection (c) provides the definition for just cause and lists examples of conduct for suspending, demoting, or dismissing an employee. State agencies should only use this paid leave if the employee's presence at work could be harmful to the public; the welfare, health, or safety of patients, inmates, or state employees; or state property. Following a decision to place the employee on paid leave, the agency shall provide written notice to the employee stating the reasons for the leave, the effective date, and the duration.

The Social and Human Services (P-2) bargaining unit contract extended the allowed administrative leave with pay to a maximum of 60 days.

Condition

Our review of six employees disclosed that two employees remained on leave for 19 days each, exceeding the days allowed by state regulations and their bargaining unit contract. DSS did not have supporting documentation to justify the extra paid leave.

Context

DSS paid 2,259 hours of administrative leave to six employees during the audited period.

Effect

DSS incurred $19,288 in salary and fringe benefit costs for two employees on paid administrative leave in excess of the days allowed under state regulations and bargaining unit contracts.

Cause

DSS did not properly monitor or adequately document these cases.

Prior Audit Finding

This finding has been previously reported in the last six audit reports covering the fiscal years ended June 30, 2006 through 2018.

Recommendation

The Department of Social Services should comply with requirements concerning employees placed on paid leave as provided for under Section 5-240-5a (f) of the State Regulations and bargaining unit contracts.

Agency Response

"The Department agrees with this finding. The Human Resources Business Partner (HRBP) Team and Agency Labor Team assigned to the Department of Social Services will establish protocols to monitor Paid Leaves of Absences in accordance with the requirements concerning employees placed on paid leave as provided for under Section 5-240-5a (f) of the State Regulations and bargaining unit contracts."

Finding 20

Core-CT Access Not Deactivated Promptly for Separated Employees

Criteria

The Core-CT Security Liaison Guide requires each agency to assign a Core-CT Security Liaison as the primary contact for the Statewide Core-CT Applications Security Administrator. The agency liaison is responsible for requesting the immediate deletion of an employee's Core-CT access upon notice of separation. A functional user in Core-CT is one that has access to Human Resource Management System (HRMS), Financials, and/or Enterprise Performance Management (EPM).

Condition

We judgmentally selected ten functional user accounts of employees who left state service during the audited period for review and noted that DSS did not promptly deactivate eight of these accounts. As of June 30, 2021, seven accounts remained active. These employees separated five to 24 months prior to June 30, 2021. Two employees accessed their user account one to three months after leaving state service.

Context

There were 74 functional user accounts of employees who left state service during fiscal years 2019, 2020, and 2021.

Effect

There is increased risk of unauthorized access to the Core-CT system and possible manipulation of data.

Cause

Weak internal controls and poor management oversight contributed to these conditions.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2016 through 2018.

Recommendation

The Department of Social Services should implement controls to ensure that it deactivates access to the Core-CT system immediately upon the employee's separation.

Agency Response

"The Department agrees with this finding. The Human Resources Business Partner (HRBP) Team at the Department of Social Services will implement controls to ensure that it deactivates access to the CORE-CT system immediately upon separation of a functional user."

Finding 21

Lack of Monitoring Controls over Stipulated Agreements

Criteria

Section 5-240-1a(c) of the State Regulations defines just cause as any conduct for which an employee may be suspended, demoted, or dismissed. Such conduct includes offensive or abusive conduct towards the public or co-workers; deliberate violation of any law, state regulation or agency rule; neglect of duty or other employment related misconduct; and engaging in any activity which is detrimental to the best interests of the agency or the state.

An agreement among DSS, an employee, and their bargaining unit stipulated a reduced suspension for the employee. In lieu of a five-day unpaid suspension, the employee took responsibility for misconduct, accepted a three-day unpaid suspension, and agreed to provide periodic documentation to substantiate continued treatment. The employee's medical provider would recommend the duration of such treatment, which could not exceed six months. The agreement stated that the department would file the periodic documentation in the employee's medical file. If the employee did not comply with the requirements, the agreement would become void, and the employee must serve the balance of the five-day unpaid suspension.

Condition

DSS had no documentation on file to substantiate that an employee complied with the terms of a stipulated agreement for numerous violations of Section 5-240-1a(c) of the State Regulations.

Context

DSS entered two, 12, and 16 stipulated agreements with employees and their bargaining unit during fiscal years 2019, 2020, and 2021, respectively. We judgmentally selected one agreement for review.

Effect

The employee did not serve the full suspension according to the terms of the agreement.

Cause

DSS lacks monitoring controls to ensure compliance with stipulated agreements.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Social Services should require employees who do not comply with stipulated agreements to serve their full suspension. The department should strengthen monitoring controls to ensure compliance with stipulated agreement terms.

Agency Response

"The Department agrees with this finding. The Labor Relations Team will ensure that future stipulated agreements requiring documentation from an employee will contain specific language to address timeframes and responsible contacts for that documentation."

Finding 22

Deficiencies in Asset Management Controls and Reporting of Software Inventory

Criteria

Section 4-36 of the General Statutes requires each state agency to establish and maintain inventory records in the form prescribed by the State Comptroller. In addition, the State Property Control

Manual establishes standards for maintaining an inventory system and specifies reporting requirements. These requirements include providing a complete physical inventory of all property by the end of each fiscal year to ensure that property control records accurately reflect the inventory on hand and maintaining a software inventory report with 12 data elements.

Condition

We judgmentally selected 40 assets listed in the Core-CT asset management module for review and identified that DSS could not locate 12 assets at the time of inspection. These assets had a value of $16,955. Ten of these assets were computers, valued at $13,688, which DSS disposed without maintaining supporting documentation.

We judgmentally selected 15 disposed assets for review and identified that DSS disposed of one asset, valued at $2,063, without maintaining supporting documentation.

We randomly selected 30 assets at the department's central and regional offices for review and disclosed that the locations of four assets did not correspond to those identified in Core-CT.

DSS did not maintain a software inventory report with the required 12 data elements in the State Property Control Manual.

Context

DSS property control records included 377 assets with a total cost of $51,714,570 as of April 5, 2022. DSS disposed of 849 assets with a total cost of $5,783,538 during fiscal years 2019, 2020, and 2021. DSS reported licensed software on its CO-59 annual property report totaling $2,085,096, $2,121,870, and $2,121,870 for fiscal years 2019, 2020, and 2021, respectively.

Effect

Deficiencies in the control over equipment inventory decreases the department's ability to properly safeguard state assets and accurately report inventory. DSS did not comply with the requirements of the State Property Control Manual.

Cause

DSS internal controls over assets were inadequate. The DSS software inventory listing did not include information required by the State Property Control Manual.

Prior Audit Finding

This finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2012 through 2018.

Recommendation

The Department of Social Services should improve internal controls over asset accountability and its reporting of software inventory to ensure compliance with the requirements of the State Property Control Manual.

Agency Response

"The Department agrees with this finding. The Department's inventory system sends out reports to our Operations Team that maintains assets in Core-CT. The Operations Team is now alerted about those changes and can keep Core-CT up to date and accurate when changes occur. The Software Inventory Report will be updated to include the missing data elements."

Finding 23

Inadequate Controls over Cellular Devices

Criteria

The statewide telecommunication equipment policy requires each agency to ensure that each employee authorized to use telecommunications equipment signs a statement that they understand the acceptable use policy and acknowledge receipt of their equipment

Condition

We randomly selected 25 cellular device records for review and identified that DSS did not have a signed statement from 11 employees acknowledging that they understood the acceptable use policy. Additionally, the department did not have a signed statement from nine of these employees acknowledging receipt of equipment. Upon further inquiry, the department noted that it did not require employees to sign these statements for flip phones issued during the Coronavirus pandemic.

Context

In May 2021, DSS employees used 2,399 cellular devices, which included 884 flip phones purchased during the pandemic for employees to transition to telework.

Effect

DSS is at risk for unacceptable employee use and improper security of state equipment. Insufficient knowledge of policy and procedures increases the likelihood that the department will not detect lost, stolen, misused, or unused devices.

Cause

DSS did not follow statewide policy and procedures during the pandemic. The department did not subsequently request that employees sign acknowledgement statements to achieve compliance.

The department used two versions of acknowledgement forms during the audited period. One did not include an acknowledgement that the employee read and understood the state's telecommunication equipment policy.

Prior Audit Finding

This finding has been previously reported in the last five audit reports covering the fiscal years ended June 30, 2008 through 2018.

Recommendation

The Department of Social Services should ensure all cellular device users sign an acknowledgement that they understand the acceptable use policy and received telecommunication equipment. The department should develop and implement a standard acknowledgement form that includes information required by the statewide telecommunication equipment policy.

Agency Response

"The Department agrees with this finding. Our IT staff are using an updated form that requires an employee's signature each time a cellular device is distributed. A procedure has been implemented that requires the signed form to be received prior to physically issuing the cellular device."

Finding 24

Lack of Monitoring of Grants-in-Aid Contract Requirements

Background

Grants-in-aid contracts under various legislative bond acts were primarily for the renovation and expansion of neighborhood senior centers, day care facilities, or emergency shelters.

Criteria

Grants-in-aid contracts for the capital development of neighborhood facilities require the contractor to provide DSS with annual reports that confirm they continue to use the property as intended and approved by the State Bond Commission on or before July 1st of each calendar year for ten years following the project completion. The reports must describe the programs and number of persons served in the facility during each 12-month period of the ten-year assurance period.

Condition

DSS did not enforce the annual reporting requirement for grantees of closed projects to confirm their continued use of the property for its intended purpose. DSS has not monitored grantees of closed projects since July 2019.

Context

DSS was responsible for ten-year monitoring of 30 closed projects during the audited period.

Effect

DSS is not aware of the status of various grant-funded projects.

Cause

DSS did not have adequate procedures to ensure grantees filed required reports.

Prior Audit Finding

This finding has been previously reported in the last five audit reports covering the fiscal years ended June 30, 2008 through 2018.

Recommendation

The Department of Social Services should develop and implement procedures to ensure that it receives annual reports from grantees as required by grants-in-aid contracts.

Agency Response

"The Department agrees with this finding, and has created an annual review process along with a tracking worksheet to monitor closed projects for compliance."

Finding 25

Lack of Compliance with Mandatory Reporting Requirements

Criteria

Titles 17a and 17b of the General Statutes contain many subsections mandating that DSS submit reports to the executive and legislative branches of government.

- Section 17a-215e of the General Statutes requires DSS to report, by February 1st each year, the number and ages of persons with autism spectrum disorder that the department served and the number and ages of persons on a waitlist for Medicaid waiver services. DSS must also report the types of waiver services it currently provides, a description of unmet needs, the projected five-year costs to the state of such unmet needs, measurable outcome data, and a description of new and proposed initiatives for persons with autism spectrum disorder. DSS must report this information to the joint standing committee of the General Assembly having cognizance of matters relating to human services concerning the activities of the department's Division of Autism Spectrum Disorder Services.

- Section 17b-27a of the General Statutes requires DSS to report, by October 1st each year, the effectiveness in achieving the following objectives: (1) promote public education concerning the financial and emotional responsibilities of fatherhood; (2) assist men in preparation for the legal, financial and emotional responsibilities of fatherhood; (3) promote the establishment of paternity at childbirth; (4) encourage fathers, regardless of marital status, to foster their emotional connection to and financial support of their children; (5) establish support mechanisms for fathers in their relationship with their children, regardless of their marital and financial status; and (6) integrate state and local services available for families. DSS must report this information to the joint standing committee of the General Assembly having cognizance of matters relating to human services and the select committee of the General Assembly having cognizance of matters relating to children on the Fatherhood Initiative grant program.

Condition

We judgmentally selected ten mandated reports for review and noted that DSS did not prepare two reports.

Context

We identified 38 mandatory reporting requirements in the General Statutes that were applicable to the department during fiscal years 2019, 2020, and 2021.

Effect

Executive and legislative oversight of DSS may have been diminished.

Cause

DSS lacks an effective department-wide method for tracking and monitoring the submission of mandated reports.

Prior Audit Finding

This finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2012 through 2018.

Recommendation

The Department of Social Services should develop and implement a process to ensure it submits all statutorily mandated reports and should pursue the repeal of reporting requirements that are no longer practical or relevant.

Agency Response

"The Department agrees with this finding. The Department is in the process of finalizing the Autism Spectrum Disorder Waiver report and will be submitting it to the appropriate legislative committees as soon as it has been completed. Regarding the requirements under the Fatherhood initiative, updated legislation was recently passed during the 2022 session (Public Act 22-138) to revise the statutory requirement and put in place a more appropriate and applicable reporting requirement."

Finding 26

Lack of Adopted Regulations

Criteria

Section 4-168 of the General Statutes provides that, if a public act requires an agency to adopt regulations, the agency, not later than five months after the act's effective date, shall post notice of its intent to adopt regulations on the eRegulations System. If the agency fails to post the notice within such five-month period, the agency shall submit an electronic statement of its reasons for failure to do so to the Governor, the joint standing committee having cognizance of the subject matter of the regulations, and the standing legislative regulation review committee; and, on and after the certification date, post such statement on the eRegulations System. Section 4-168 states that no regulation may be adopted, amended, or repealed by any agency until approved by the Attorney General and standing legislative regulation review committee, and posted online by the Office of the Secretary of the State.

Section 17b-277c of the General Statutes, effective July 1, 2019, requires the commissioner to adopt regulations to establish criteria to make the provision of pasteurized donor breast milk medically necessary and related Medicaid coverage time limits.

Section 17b-282f of the General Statutes, effective July 8, 2019, requires the commissioner to adopt regulations to establish mobile dental clinics that provide preventative or restorative dental services from a van or through use of portable equipment at various locations.

Condition

DSS has not issued a notice of intent to adopt regulations for the establishment of criteria for pasteurized donor breast milk or mobile dental clinics. The department also has not submitted or posted an electronic statement of its reasons for failure to issue a notice of intent to the required parties on the eRegulations System.

Context

We reviewed the department's compliance with two new sections of the General Statutes that require it to adopt regulations.

Effect

Without formal regulations in place, there could be inconsistency in the implementation, quality, oversight, and effectiveness of social services programs.

Cause

DSS informed us that there was no activity on the adoption of regulations for pasteurized donor breast milk. The department plans to incorporate the mobile dental clinic regulations into its dental regulations.

Prior Audit Finding

This finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2012 through 2018.

Recommendation

The Department of Social Services should implement regulations in accordance with Section 4-168 of the General Statutes or propose the amendment or repeal of the related statute.

Agency Response

The Department agrees with this finding and has taken the following actions:

CGS section 17b-277c (concerning the donor breast milk program) – A notice of intent to adopt the regulations required by this statute was published on the eRegulations System on October 27, 2022. See https://eregulations.ct.gov/eRegsPortal/Search/RMRView/PR2022-011. A public comment period is currently open. The Department has noticed the regulation as an operational policy, and will begin operating under this policy on April 1, 2023, while in the process of promulgating the final regulation.

CGS section 17b-282f (concerning mobile dental clinics) - With respect to mobile dental clinics, dental regulations, which include sections concerning the mobile dental clinics, drafting of regulations is currently in progress."

Finding 27

Lack of Compliance with the Freedom of Information Act and Statutorily Required Committee, Council, and Board Meetings

Criteria

Section 1-225 of the General Statutes is part of the Freedom of Information Act that requires public agencies to: (a) post meeting minutes to the public agency's website not later than seven days after such meeting; (b) file not later than January 31st of each year with the Secretary of the State a schedule of regular meetings for the ensuing year and to post such schedule on the public agency's website; (c) file not less than 24 hours before a meeting the agenda of such meeting with the Secretary of the State and to post such agenda on the public agency's website; and (d) file not less than 24 hours before a special meeting a notice of such special meeting with the Secretary of the State and to post the special meeting notice on the agency's website.

Section 17b-606 designates DSS as the lead agency for services to persons with physical or mental disabilities and to coordinate the delivery of such services by all state agencies servicing persons with disabilities. The Commissioner of DSS shall appoint a Connecticut Council for Persons with Disabilities to advise DSS in carrying out its duties. The council shall be composed of 17 members, a majority of whom shall be persons with disabilities. The council shall establish its own rules and shall meet at least quarterly.

Section 17b-606 established an interagency management committee for services to persons with disabilities. The committee shall be composed of the commissioners of each state agency that provides services to persons with disabilities. The committee should meet monthly to review and evaluate services to persons with disabilities and develop a policy under which state agencies may enter contracts with other state agencies for the delivery of services to persons with disabilities.

Condition

Our review of three committees, three councils, and one board disclosed the following deficiencies:

- DSS did not post meeting agendas and the annual schedule of meetings on the Secretary of the State's website for the Autism Spectrum Disorder Advisory Council, Pharmaceutical and Therapeutics Committee, Advisory Committee on Continuing Care, and Advisory Board for Transparency on Medicaid Cost and Quality.

- DSS did not post meeting agendas on its website for the Advisory Committee on Continuing Care.

- DSS did not post meeting minutes on its website for the Advisory Board for Transparency on Medicaid Cost and Quality.

- The Connecticut Council for Persons with Disabilities and the interagency management committee were never established and did not meet, as required by Section 17b-606 of the General Statutes.

Context

DSS is the lead agency for three committees, three councils, one board, and one commission. The Commission for Child Support Guidelines meets every four years and had no activity during the audited period.

Effect

Interested parties are unable to remain informed or voice concerns, opinions, and suggestions.

The quality of services to persons with physical or mental disabilities and the coordination of delivery of such services by all state agencies may not be functioning at optimum levels.

Cause

Committees lack proper oversight of Freedom of Information requirements.

Prior Audit Finding

This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2014 through 2018.

Recommendation

The Department of Social Services should work with its committees, councils, commission, and boards to ensure compliance with Section 1-225 of the General Statutes.

The Department of Social Services should comply with Section 17b-606. If the department feels that the Connecticut Council for Persons with Disabilities and the interagency management committee are no longer necessary, it should seek the repeal of the related statutes.

Agency Response

"The Department agrees with this finding and will review our business processes to ensure that information for statutory committees, councils, and boards is posted appropriately. The Pharmaceutical and Therapeutics Committee meeting minutes and Continuing Care Advisory Committee agendas have been uploaded to the Secretary of State's website and a process has been created to ensure they are uploaded going forward."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the Department of Social Services contained 34 recommendations. Fifteen have been implemented or otherwise resolved and 19 have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
The Department of Social Services should ensure compliance with contract terms by requiring contractors to promptly submit requested data. The Department of Social Services should add appropriate language in future contracts to ensure the state is able to access its data in a usable format without additional charges.	**REPEATED** **Modified Form** Recommendation 5
The Department of Social Services should maintain documentation to support reductions in calculated overpayments to medical providers resulting from audits. This recommendation has been resolved for the purpose of this audit report to limit duplicate recommendations. This recommendation continues to be repeated in Statewide Single Audit reports.	**RESOLVED**
The Department of Social Services should establish and implement internal controls to track and monitor AHCT system overrides and ensure that DSS and Access Health CT document justification for all ImpaCT and AHCT system overrides. The Department of Social Services should continue to address ImpaCT and AHCT system deficiencies to prevent eligibility overrides.	**RESOLVED**
The Department of Social Services should strengthen controls to safeguard confidential client data and maintain compliance with the HIPAA Security Rule by ensuring all system users complete the DSS Client Data Disclosures and Protections training.	**RESOLVED**
The Department of Social Services should strengthen internal controls to ensure it issues benefits in the correct amount on behalf of eligible clients. The department should record deceased clients' date of death in ImpaCT and close the case file promptly upon verification that the client died. The department should recoup benefits issued to deceased clients and the residential care facility.	**REPEATED** Recommendation 9

Prior Recommendation	Current Status
The Department of Social Services should strengthen internal controls to ensure it issues State-Administered General Assistance benefit payments in the correct amount on behalf of eligible clients. The department should recoup overpayments according to state regulations.	**REPEATED** **Modified Form** Recommendation 10
The Department of Social Services should verify and document that applicants have met the requirements of the State-Administered General Assistance program.	**REPEATED** **Modified Form** Recommendation 10
The Department of Social Services should periodically perform audits of its administrative functions and strengthen internal controls over Medicaid program integrity, risk assessments, and audit protocols.	**REPEATED** **Modified Form** Recommendation 3
The Department of Social Services should ensure that service organizations responsible for maintaining significant financial applications and processes annually obtain an appropriate Service Organizations Controls Report (SOC 1 report). Management should review the opinion of the service auditor to determine the effectiveness of the service organization's controls and whether complementary user control considerations exist and are operating effectively. This recommendation has been resolved for the purpose of this audit report to limit duplicate recommendations. This recommendation continues to be repeated in Statewide Single Audit reports.	**RESOLVED**
The Department of Social Services should strengthen internal controls over cash advances to contractors and the corresponding accounts receivables to ensure compliance with the State Accounting Manual and the terms and conditions of contracts.	**REPEATED** Recommendation 13
The Department of Social Services should strengthen internal controls to ensure that it deposits receipts in accordance with the General Statutes, State Accounting Manual, and State Treasurer's waiver.	**REPEATED** **Modified Form** Recommendation 15
The Department of Social Services should prepare the Generally Accepted Accounting Principles Reporting Package and the Schedule of Expenditures of Federal Awards in accordance with the State Comptroller's requirements, and perform sufficient reviews to ensure that reports are accurate and complete.	**REPEATED** Recommendation 11

Prior Recommendation	Current Status
The Department of Social Services should strengthen procedures to ensure that financial records are reconciled in a timely manner. The department should promptly resolve and adequately support any variances discovered through the reconciliation process.	REPEATED Modified Form Recommendation 14
The Department of Social Services should comply with contracting requirements established in the General Statutes. The department should strengthen internal controls to ensure that funds are committed prior to purchasing goods and services.	RESOLVED
The Department of Social Services should improve internal controls over asset accountability and its reporting of property and software inventory to ensure compliance with the requirements of the State Property Control Manual.	REPEATED Recommendation 22
The Department of Social Services should establish and implement controls to verify the accuracy of cellular charges, confirm the appropriateness of usage, and monitor the location of cellular devices. The Department of Social Services should ensure all cellular device users sign an acknowledgement that they understand the acceptable use policy.	REPEATED Modified Form Recommendation 23
The Department of Social Services should ensure that grantees use state funds in accordance with contracts and recoup improperly used funds. The Department of Social Services should develop and implement procedures to ensure that it receives annual reports from grantees as required by grants-in-aid contracts.	REPEATED Modified Form Recommendation 24
The Department of Social Services should establish and disseminate formal, written utilization review procedures, including determination timeframes, adverse determination notifications, adverse determination appeals, and expedited appeals for denials in which there is an imminent or serious threat to the health of the client.	RESOLVED
The Department of Social Services should strengthen internal controls over accounts receivable of non-emergency medical transportation (NEMT) sanctions to ensure compliance with the State Accounting Manual and the terms and conditions of the contract with the NEMT broker.	REPEATED Recommendation 16
The Department of Social Services should obtain official written documentation from the Social Security Administration on the rejection of Supplemental Security Income funds. The Department of Social Services should determine the proper disposition of Supplemental Security Income it received for providing interim assistance to recipients. The department should disperse these funds or seek reimbursement as appropriate.	RESOLVED

Prior Recommendation	Current Status
The Department of Social Services should strengthen internal control procedures to ensure it has active Probate Court certificates on file for conservator accounts. The department should properly approve all disbursements over $1,000.	RESOLVED
The Department of Social Services should establish and implement internal controls to review inquiries in the Client Information Tracking System to ensure client information is correct and clients receive proper benefits.	RESOLVED
The Department of Social Services should only hire and promote candidates who meet job description requirements. The department should formalize written hiring and promotion policies and procedures to verify a candidate's work experience and professional credentials.	RESOLVED
The Department of Social Services should practice due diligence in assigning job duties in accordance with the job position and should prepare required annual evaluations. The Department of Social Services should improve oversight of its personnel procedures in accordance with Section 5-227a of the General Statutes and Section 5-237-1 of the State Regulations.	RESOLVED
The Department of Social Services should complete annual performance evaluations on all of its employees.	RESOLVED
The Department of Social Services should implement controls to ensure it deactivates access to the Core-CT system immediately upon separation of a functional user.	REPEATED Recommendation 20
The Department of Social Services should process payroll and personnel information in accordance with state laws and regulations. The department should strengthen internal controls to ensure compliance with bargaining unit contracts and state personnel policies.	REPEATED Recommendation 17
The Department of Social Services should comply with requirements concerning employees placed on paid leave as provided for under Section 5-240-5a (f) of the State Regulations and bargaining unit contracts.	REPEATED Recommendation 19
The Department of Social Services should strengthen internal controls to ensure it properly processes temporary service in higher class records and employee accruals do not exceed authorized limits.	RESOLVED

Prior Recommendation	Current Status
The Department of Social Services should develop and implement a process to ensure it submits all statutorily mandated reports. The Department of Social Services should pursue the repeal of reporting requirements that are no longer practical or relevant.	REPEATED Recommendation 25
The Department of Social Services should implement regulations in accordance with Section 4-168 of the General Statutes, or propose the amendment or repeal of a statute when the department did not implement a program, or it is no longer in effect.	REPEATED Recommendation 26
The Department of Social Services Office of Child Support Services should publish the list of child support obligors to its website, as required by Section 17b-179 (l) of the General Statutes. The department should consult with the Office of the Attorney General if it is concerned about the legality of publicly disclosing delinquent obligor information. If the department is unable to fulfill the statutory requirement, it should seek modification or repeal of the statute.	RESOLVED
The Department of Social Services should submit complete waiver applications to the federal Centers for Medicare and Medicaid Services in accordance with Section 17b-8(d) of the General Statutes. The Department of Social Services should pursue the repeal of any statutory requirement that is no longer practical or relevant.	RESOLVED
The Department of Social Services should ensure that the Advisory Committee on Continuing Care complies with Section 1-225 of the General Statutes. The Department of Social Services should notify the Pharmaceutical and Therapeutics Committee and Autism Spectrum Disorder Advisory Council of their responsibility to comply with Section 1-225 of the General Statutes. The Department of Social Services should comply with Sections 17b-184 and 17b-606. If the department feels that the Client Advisory Board, Connecticut Council for Persons with Disabilities, and the interagency management committee are no longer necessary, then the department should seek the repeal of those statutes.	REPEATED Modified Form Recommendation 27

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Department of Social Services 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, 2019, 2020, and 2021. 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.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. Our 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 section is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;

2. Apparent non-compliance with laws, regulations, contracts and grant agreements, policies, and 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 Social Services.

ABOUT THE AGENCY

Overview

The Department of Social Services operates under the provisions of Title 17b of the General Statutes. The department plans, develops, administers, operates, evaluates, and provides funding for services for individuals and families who need personal or economic development. In cooperation with other social service agencies and organizations, including community-based agencies, the department works to develop and fund prevention, intervention, and treatment services for individuals and families.

Roderick L. Bremby served as the commissioner of the Department of Social Services during the audited period through June 20, 2019. Dr. Deidre S. Gifford served as the commissioner from June 27, 2019 through December 30, 2022. Governor Ned Lamont appointed Andrea Barton Reeves as the commissioner, effective December 30, 2022. She continues to serve in that capacity.

The mission of the Department of Social Services is to make a positive impact on the health and well-being of individuals, families, and communities. In fulfilling this mission, the department is the designated state agency for the administration of the following programs:

- **Medicaid** – pursuant to Title XIX of the Social Security Act, provides medical assistance payments to low-income persons who are age 65 or over, blind, disabled, members of families with dependent children, or qualified pregnant women or children.

- **Medicare Savings Program** – pursuant to Title XIX of the Social Security Act, assists eligible residents with paying the out-of-pocket costs of participating in Medicare, such as Medicare Part B premiums, deductibles and coinsurance, as well as determines federal low-income subsidy prescription drug benefit eligibility.

- **Children's Health Insurance Program** – pursuant to Title XXI of the Social Security Act, provides health insurance for children who are not eligible for Medicaid. This program funds a portion of the state's HUSKY Plan – Part B program established under Section 17b-292 of the General Statutes.

- **Temporary Assistance for Needy Families (TANF)** – pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, provides time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; ends dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevents and reduces out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourages the formation and maintenance of two-parent families.

- **Temporary Family Assistance (TFA)** – pursuant to Section 17b-112 of the General Statutes, DSS administers a TFA program to provide cash assistance to eligible families in accordance with the TANF program. As provided under Section 17b-112, the commissioner of the Department of Social Services operates portions of the state's TFA program as a solely state-funded program, separate from the federal TANF, if the commissioner determines that doing so will enable the state to avoid fiscal penalties under the TANF program.

- **Supplemental Nutrition Assistance Program (SNAP)** – pursuant to the Food and Nutrition Act of 2008, helps low-income households buy the food they need for good health.

- **Money Follows the Person (MFP) Rebalancing Demonstration** – pursuant to section 6071 of the Deficit Reduction Act of 2005 (Public Law 109-171), assists states in balancing their long-term care systems and helps Medicaid enrollees transition from institutions to the community during a 12-month demonstration period. Section 204 of the Consolidated Appropriations Act of 2021 (Public Law 116-260) extended the program through September 30, 2023.

- **Social Services Block Grant** – pursuant to Title XX of the Social Security Act, provides prevention, intervention, and treatment services to individuals and families.

- **Connecticut Energy Assistance Program** – pursuant to the Low Income Home Energy Assistance Act of 1981, provides supplemental assistance to needy persons consisting of payments for fuel and utility bills.

- **Child Support Enforcement** – pursuant to Title IV-D of the Social Security Act, enforces support obligations owed by non-custodial parents, locates absent parents, establishes paternity, and obtains child and spousal support. Child support services are available to all children deprived of parental support regardless of income.

- **Community Services Block Grant** – pursuant to the Community Services Block Grant Act, provides assistance to the state's Community Action Agencies and the Connecticut Association for Community Action for the reduction of poverty, revitalization of low-income communities, and empowerment of low-income families and individuals to become fully self-sufficient.

- **Refugee Assistance Program** – pursuant to the Refugee Act of 1980, provides cash, nutritional, and medical assistance for refugees who settle in Connecticut.

- **State Supplement** – pursuant to Section 17b-600 of the General Statutes, provides supplemental cash assistance to elderly, blind, or disabled individuals. This program also provides additional cash assistance to clients of the Supplemental Security Income program pursuant to Title XVI of the Social Security Act.

- **Connecticut Homecare Program for Elders** – pursuant to Section 17b-342 of the General Statutes and Title XIX of the Social Security Act, provides an array of home care services and helps eligible Connecticut residents to continue living at home instead of a nursing facility.

- **State-Administered General Assistance (SAGA)** – pursuant to Sections 17b-190 through 17b-219 of the General Statutes, provides cash assistance to eligible individuals who are unable to work for medical or other specified reasons, and to families that are not eligible for other DSS programs.

- **Connecticut Medicare Assignment Program (ConnMAP)** – pursuant to Sections 17b-550 through 17b-554 of the General Statutes, ensures that ConnMAP beneficiaries who receive Medicare-covered services will be charged no more than the rate determined to be reasonable and necessary by Medicare.

Significant Legislation

Notable legislative changes that took effect during the audited period included:

- Public Act 18-168 (Section 72), effective July 1, 2018, transferred administration of the Connecticut AIDS Drug Assistance Program (CADAP) and Connecticut Insurance Premium Assistance Program (CIPA) from the Department of Social Services to the Department of Public Health.

- Public Act 19-48, effective July 1, 2019, required the Commissioner of the Department of Social Services to provide Medicaid coverage for medically necessary pasteurized donor breast milk as permissible under federal law.

- Public Act 19-149, effective July 8, 2019, authorized the Department of Social Services to reimburse mobile dental clinics for services to Medicaid beneficiaries within 30 miles of their permanent office. The act also extended the service area to a 50-mile radius for mobile dental clinics in New London, Litchfield, and Windham counties.

Councils, Committees, Commission, and Boards

Autism Spectrum Disorder Advisory Council

The Autism Spectrum Disorder Advisory Council, established in accordance with Section 17a-215d of the General Statutes, advises the Commissioner of Social Services concerning policies and programs for persons with autism spectrum disorder, services provided by the DSS Division of Autism Spectrum Disorder Services, and implementation of the recommendations resulting from an autism feasibility study.

Council on Medical Assistance Program Oversight

The Council on Medical Assistance Program Oversight, established in accordance with Section 17b-28 of the General Statutes, advises the Commissioner of Social Services on the planning and implementation of the health care delivery system for the HUSKY Health Program. The council also monitors the planning and implementation of matters related to Medicaid care management initiatives, including but not limited to, eligibility standards, benefits, access, quality assurance, outcome measures, and the issuance of any request for proposal by DSS for utilization of an administrative services organization in connection with such initiatives.

Council to Monitor Implementation of Temporary Family Assistance Program and the Employment Services Program

The council, established in accordance with Section 17b-29 of the General Statutes, monitors the implementation of the Temporary Family Assistance and Employment Services programs.

State Health Information Technology Advisory Council

The State Health Information Technology Advisory Council, established in accordance with Section 17b-59f of the General Statutes, advises the executive director of the Office of Health Strategy and the health information technology officer in developing priorities and policy recommendations for advancing the state's health information technology and health information exchange efforts and goals. The advisory council also advises the executive director and officer in the development and implementation of the statewide health information technology plan and standards and the Statewide Health Information Exchange. Furthermore, the advisory council advises the executive director and officer regarding the development of appropriate governance, oversight, and accountability measures to ensure success in achieving the state's health information technology and exchange goals.

Client Advisory Board

The Client Advisory Board, established in accordance with Section 17b-184 of the General Statutes, worked to further the ability of recipients of Temporary Family Assistance to become self-sufficient and report its findings and recommendations to the commissioner. Effective July 1, 2021, the General Assembly eliminated the board with the passage of Public Act 21-148 (Section 12), which repealed Section 17b-184 of the General Statutes.

Medicaid-Financed Home and Community-Based Programs for Individuals with Acquired Brain Injury (ABI) Advisory Committee

The advisory committee for the ABI Waiver Program, established in accordance with Section 17b-260a of the General Statutes, submits reports to the joint standing committees of the General Assembly having cognizance of matters relating to human services, public health and appropriations, and the budgets of state agencies on the impact of the individual cost cap for the waiver program and any other matters the advisory committee deems appropriate.

Pharmaceutical and Therapeutics Committee

The Pharmaceutical and Therapeutics Committee, established in accordance with Section 17b-274d of the General Statutes and pursuant to Title 42 of the United States Code Part 1396r-8, works to maintain a preferred drug list for use in the Medicaid program. When developing the preferred drug list, DSS and the committee consider a drug's clinical efficacy, safety, and cost effectiveness. The committee also makes recommendations to DSS regarding the prior authorization of any prescribed drug.

Long-Term Care Planning Committee

The Long-Term Care Planning Committee, established in accordance with Section 17b-337 of the General Statutes, works to exchange information on long-term care issues, coordinating policy development, and establishing a long-term care plan for all persons in need of such care. The committee studies long-term care issues, including but not limited to, the case-mix system of Medicaid reimbursement, community-based service options, access to long-term care, and geriatric psychiatric services.

Long-Term Care Advisory Council

The Long-Term Care Advisory Council, established in accordance with Section 17b-338 of the General Statutes, advises and makes recommendations to the Long-Term Care Planning Committee. The council seeks recommendations from persons with disabilities or persons receiving long-term care services who reflect the socioeconomic diversity of the state.

Nursing Home Financial Advisory Committee

The Nursing Home Financial Advisory Committee, established in accordance with Section 17b-339 of the General Statutes, examines the financial solvency of nursing homes on an ongoing basis and supports DSS and the Department of Public Health in their mission to provide oversight to the nursing home industry including the quality of nursing home care.

Advisory Committee on Continuing Care

The Advisory Committee on Continuing Care, established in accordance with Section 17b-535 of the General Statutes, assists the continuing-care staff in the review and registration of functions, reports to the commissioner on developments in the field, any problems associated with continuing care, concerns of providers and residents, and, when appropriate, recommends changes to relevant statutes and regulations.

Connecticut Council for Persons with Disabilities

The Connecticut Council for Persons with Disabilities, established in accordance with Section 17b-606 of the General Statutes, advises DSS in carrying out its duties to coordinate the delivery of services to persons with physical or mental disabilities by all state agencies serving persons with disabilities.

Interagency Management Committee

The Interagency Management Committee, established in accordance with Section 17b-606 of the General Statutes, reviews and evaluates services to persons with disabilities. The committee also develops policy for state agencies to enter contracts with each other for services to persons with disabilities.

Personal Care Attendant Workforce Council

The Personal Care Attendant Workforce Council, established in accordance with Section 17b-706a of the General Statutes, works to ensure the quality of long-term personal home care. The council studies issues relating to the recruitment, retention, and adequacy of personal care attendants. It also develops plans to improve the quality, stability, and availability of personal care attendants, and maintains a registry of the names and addresses of all personal care attendants paid through state-funded programs within the previous six calendar months.

Commission for Child Support Guidelines

The Commission for Child Support Guidelines, established in accordance with Section 46b-215a of the General Statutes, issues child support and arrearage guidelines to ensure the appropriateness of criteria for the establishment of child support awards and to review and issue updated guidelines every four years. The Commissioner of Social Services provides staffing for the administrative and regulatory responsibilities of the commission and funding for economic studies.

Advisory Board for Transparency on Medicaid Cost and Quality

The Advisory Board for Transparency on Medicaid Cost and Quality, established in accordance with Governor Ned Lamont's Executive Order No. 6, monitors transparency for Medicaid cost and quality reporting, provides input on the content, metrics, and goals for such reporting, and recommends related legislative changes.

Financial Information

Introduction

The Department of Social Services accounted for its operations for the fiscal years ended June 30, 2019, 2020, and 2021, in the General Fund, Special Revenue Funds, Capital Projects Funds, and Fiduciary Funds.

General Fund – Receipts

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

General Fund Receipts	Fiscal Year Ended June 30th 2018	2019	2020	2021
Federal Contributions:				
Medical Assistance (Note 1)	$ 397,865,651	$ 1,290,905,859	$ 1,035,131,656	$ 833,204,153
Dependent Children (Note 2)	239,425,857	239,228,895	239,228,896	239,228,896
Federal Administration (Note 3)	175,106,609	180,226,050	206,062,456	207,705,358
Child Support Enforcement	35,478,622	41,095,361	45,914,493	31,172,491
Children's Health Insurance Program	48,011,821	61,695,564	47,085,467	12,793,261
Total Federal Contributions	895,888,560	1,813,151,729	1,573,422,968	1,324,104,159
State Receipts:				
Recoveries	26,393,791	25,744,117	50,845,212	31,050,381
Miscellaneous Receipts	2,292,179	2,551,224	4,600,463	2,519,013
Total State Receipts	28,685,970	28,295,341	55,445,675	33,569,394
Total General Fund Receipts	**$ 924,574,530**	**$ 1,841,447,070**	**$ 1,628,868,643**	**$ 1,357,673,553**

Notes to above schedule:

Note 1 - Receipts represent reimbursement of Medicaid costs other than administration costs (Note 3).

Note 2 - Receipts represent reimbursement of expenditures incurred on behalf of administering and providing benefits under the Temporary Assistance for Needy Families program.

Note 3 - Receipts represent reimbursement of administrative costs incurred on behalf of administering Medicaid, the Supplemental Nutrition Assistance Program, and the Children's Health Insurance Program.

Total receipts increased by $916,872,540 during fiscal year 2019 and decreased by $212,578,427 and $271,195,090 during fiscal years 2020 and 2021, respectively. The increase during fiscal year 2019 was due to two factors. The General Assembly gross-funded hospital supplemental payments, which changed the accounting of federal contributions for these payments from the Special Revenue Fund to state appropriations. The second factor was a timing difference.

The department received federal approval for two Medicaid state plan amendments during the last week of June 2018. The department processed the fiscal year 2018 revenues associated with these two amendments in fiscal year 2019. The timing of these amendments overlapped fiscal years, which lowered the revenue in fiscal year 2018 and increased the revenue in fiscal year 2019. The revenue decreases during fiscal years 2020 and 2021 were due to similar timing differences. We note that there is commonly a delay between when the department requests and receives federal approval for state plan amendments and when it spends funds and receives federal reimbursement.

General Fund – Expenditures

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

General Fund Expenditures	Fiscal Year Ended June 30th 2018	2019	2020	2021
Budgeted Accounts:				
State Grants	$ 3,973,699,906	$ 3,974,942,437	$ 4,015,175,977	$ 3,908,367,226
Personal Services	110,705,475	116,857,374	120,496,312	126,598,761
Contractual Services	188,663,686	192,142,259	196,064,435	198,401,523
Commodities	234,265	1,378,038	147,561	112,877
Capital Outlay - Equipment	0	15,571	54,734	1,710
Total General Fund Expenditures	**$ 4,273,303,332**	**$ 4,285,335,679**	**$ 4,331,939,019**	**$ 4,233,482,097**

Total expenditures increased by $12,032,347 and $46,603,340 during fiscal years 2019 and 2020, respectively, and decreased by $98,456,922 during fiscal year 2021. The increase during fiscal year 2019 was due to appropriated funds that the department transferred to the Department of Developmental Services for the management and administration of the Community Residential Services Program. The increase during fiscal year 2020 was due to additional appropriated hospital supplemental funds. The decrease during fiscal year 2021 was due to a lower state match rate for Medicaid expenditures during the Coronavirus pandemic. The Families First Coronavirus Response Act increased federal funding to states with an enhanced 6.2% Medicaid match rate.

Special Revenue Funds – Receipts

A summary of Special Revenue Fund receipts during the audited period, as well as the preceding fiscal year, follows:

Special Revenue Fund Receipts	Fiscal Year Ended June 30th 2018	2019	2020	2021
Federal Contributions:				
Federal Aid, Restricted	$ 4,084,036,429	$ 4,307,627,956	$ 4,498,248,128	$ 5,006,473,079
Transfers from Other State Agencies	2,539,645	1,546,937	93,808,765	174,030,347
HUSKY Program	0	0	0	3,002,000
Total Federal Contributions	4,086,576,074	4,309,174,893	4,592,056,893	5,183,505,426
State Receipts:				
Grant Transfers	113,157,074	110,293,582	59,305,942	40,212,575
Restricted Contributions	1,565,980	1,695,374	1,508,847	1,902,713
Investment Income	273	704	847	42
Total State Receipts	114,723,327	111,989,660	60,815,636	42,115,330
Total Special Revenue Fund Receipts	**$ 4,201,299,401**	**$ 4,421,164,553**	**$ 4,652,872,529**	**$ 5,225,620,756**

Total receipts increased by $219,865,152, $231,707,976, and $572,748,227 during fiscal years 2019, 2020, and 2021, respectively. Several factors caused these increases. The increase during fiscal year 2019 was due to the expansion of the Medicaid low-income adult population and clients eligible for Medicare Part B premiums, which increased federal contributions. The department annually implemented federally approved Medicaid state plan amendments to update medical health care cost rates, which increased federal contributions. The Families First Coronavirus Response Act increased federal funding to states with an enhanced 6.2% Medicaid match rate effective January 1, 2020. The department received new revenue funds from the Coronavirus Relief Fund and Epidemiology and Laboratory Capacity programs during fiscal year 2021. We noted a delay between when the department spent funds and received federal reimbursement.

Special Revenue Fund – Expenditures

A summary of Special Revenue Fund expenditures during the audited period, as well as the preceding fiscal year, follows:

Special Revenue Fund Expenditures	Fiscal Year Ended June 30th 2018	2019	2020	2021
Expenditure Accounts:				
Federal Aid Grants	$ 3,974,390,370	$ 4,227,688,367	$ 4,409,931,260	$ 4,966,759,374
State Grants	111,885,495	104,950,876	58,490,858	38,497,679
Personal Services	5,553,295	5,421,902	5,557,129	6,722,833
Contractual Services	136,788,686	122,053,681	78,598,481	170,098,307
Commodities	93,055	123,405	1,669,707	1,863,983
Revenue Refunds	1,149,079	267,779	939,462	243,163
Equipment	493,476	1,385,811	2,240,969	778,637
Overhead	726,683	856,649	759,129	832,206
Total Special Revenue Fund Expenditures	**$ 4,231,080,139**	**$ 4,462,748,470**	**$ 4,558,186,995**	**$ 5,185,796,182**

Total expenditures increased by $231,668,331, $95,438,525, and $627,609,187 during fiscal years 2019, 2020, and 2021, respectively. Two factors caused these increases during each of the fiscal years. The department annually implemented federally approved Medicaid state plan amendments that increased medical health care cost rates. Medicare Part B expenditures increased due to the rise in the number of eligible clients, premium cost rates, and federal match percentages. The increase during fiscal year 2019 was partly due to a timing difference between fiscal years 2018 and 2019 for the accounting of the federal share of Medicaid hospital supplemental payments. The increases during fiscal years 2020 and 2021 were partly due to a 6.2% enhanced Medicaid match rate during the Coronavirus pandemic. The increase during fiscal year 2021 was partly due to new expenditures for the Coronavirus Relief Fund, Epidemiology and Laboratory Capacity, and Low Income Home Energy Assistance Programs.

Capital Projects Funds

Fund Type	Fiscal Year Ended June 30th 2018	2019	2020	2021
Capital Projects Funds				
Capital Improvements and Other Purposes Fund	$ 10,301,078	$ 8,792,594	$ 2,191,185	$ 2,471,143
Community Conservation and Development Fund	1,236,422	77,983	0	0
Total Capital Projects Fund Expenditures	**$ 11,537,500**	**$ 8,870,577**	**$ 2,191,185**	**$ 2,471,143**

Capital Improvement and Other Purposes Fund expenditures were primarily for the modernization, upgrade, and maintenance of the department's eligibility determination system (Integrated Management of Public Assistance for Connecticut – ImpaCT), modernization and upgrade of the state's Medicaid management information system (Connecticut Medicaid Enterprise Technology System – CT METS), and shared use of the state's health exchange system.

Community Conservation and Development Fund grants-in-aid expenditures were primarily for the renovation and expansion of neighborhood facilities used as senior centers, day care facilities, and emergency shelters. They were made under various bond acts passed by the General Assembly. The responsibility for processing new grants transitioned from DSS to the Department of Mental Health and Addiction Services, effective July 1, 2015. DSS maintains responsibility for processing payments for grants that began prior to July 1, 2015.

Fiduciary Funds

Fund Type	Fiscal Year Ended June 30th 2018	2019	2020	2021
Fiduciary Funds				
Social Services Support Fund				
Total Receipts	$ 44,711,910	$ 44,544,809	$ 120,799,464	$ 69,627,971
Total Disbursements	44,751,214	44,514,184	119,542,997	70,159,284
Funds Awaiting Distribution				
Total Receipts and Transfers	76,926,104	56,322,579	59,771,886	51,900,313
Total Refunds and Net Transfers	76,824,301	54,215,518	62,136,608	50,530,297
Fringe Benefit Recovery				
Total Receipts	357,539	47,706	33,602	14,410
Total Disbursements	409,199	47,706	33,602	14,410

Social Services Support Fund

DSS uses the Social Services Support Fund (an agency fund) as a clearing account for payments received from persons in other states obligated to support children who were beneficiaries of public assistance in Connecticut. In addition, the department deposits amounts recovered from the Internal Revenue Service's interception of tax refunds and withholding of state income tax refunds for delinquent support payments in this fund. DSS holds these receipts pending computation of amounts due to other states and amounts refunded to child support obligors after deducting the delinquent child support, which DSS then transfers to the General Fund. The disbursements primarily consisted of transfers to the General Fund for the recovery of public assistance.

According to State Comptroller records, the fund's resources as of June 30, 2019, 2020, and 2021 totaled $524,069, $1,780,536, and $1,121,534, respectively.

Funds Awaiting Distribution

DSS primarily used the Funds Awaiting Distribution Fund for the distribution of child support receipts as provided by the federal Child Support Enforcement Program (Title IV-D). The Federal Deficit Reduction Act of 1984 mandates that child support collected by the state for an active TANF case (up to a maximum of $50 per month) go to the TANF family. DSS makes deposits to the General Fund revenue account entitled Recovery of Public Assistance. DSS then makes monthly transfers from the General Fund to the Funds Awaiting Distribution Fund for anticipated funding requirements. DSS also used this fund to account for SNAP collections and DSS client overpayment collections recovered by the Department of Administrative Services Financial Services Center.

According to State Comptroller records, the fund's resources as of June 30, 2019, 2020, and 2021 totaled $3,541,383, $1,176,660, and $2,543,064, respectively.

Fringe Benefit Recovery

DSS uses the Fringe Benefit Recovery Fund for processing reimbursements to the Office of the State Comptroller (OSC) for General Fund fringe benefits that DSS billed to a non-state entity. DSS deposits amounts recovered from the Connecticut Health Insurance Exchange (Access Health CT) for administrative fringe benefit expenses for services provided by DSS employees during the duration of the project.

According to State Comptroller records, there were no fund resources as of June 30, 2019, 2020, and 2021.

Other Funds and Accounts

Burial Reserve Fund

Section 17-114 of the General Statutes provided for the assignment of up to $600 in personal property, including insurance policies, to the state's Burial Reserve Fund by individuals who thereby became eligible for public assistance. Public Act 86-290, effective July 1986, repealed Section 17-114 of the General Statutes, but did not address the disposition of existing burial reserve accounts. DSS requested a formal Attorney General opinion, which it received on November 25, 1996, relative to the appropriate disposition of existing burial reserve assets. In the opinion, the Attorney General stated that, in the case of a deceased individual who was assigned assets, DSS is required to release up to $600 of the assigned funds for the direct payment of any outstanding unpaid funeral or burial expenses. After making this payment, or if there are no outstanding unpaid funeral or burial expenses, DSS should retain the balance of the assigned assets and any earnings that may have accrued thereon as reimbursement for prior grants of public assistance to the deceased individual. DSS completed the disposition of cash assigned to the DSS commissioner in October 1997. However, as of June 30, 2021, DSS had 40 life insurance policies assigned to the commissioner on hand with a $45,415 total face value.

Initial Supplemental Security Income Benefits Account

Federal law provides that, upon an individual's authorization, the Social Security Administration may reimburse states that have furnished interim assistance to recipients between the month the recipient files a claim for Supplemental Security Income benefits and the month in which benefits are paid. This provision allows the individual to receive prompt general assistance. For this consideration, the individual authorizes the state to receive the initial and any retroactive Supplemental Security Income payments. From the Supplemental Security Income received, the state retains the amount of general assistance provided to the individual and remits the balance of the Supplemental Security Income to the individual.

The cash balances as of June 30, 2019, 2020, and 2021 were $72,947, $94,538, and $0, respectively. DSS returned the remaining funds to the Social Security Administration on June 29, 2021. The Initial Supplemental Security Income Benefits Account is no longer necessary at DSS since the Social Security Administration implemented procedures to directly administer these benefit funds.

Conservator Account

In accordance with Section 45a-651 of the General Statutes, a probate court may appoint the DSS commissioner as conservator of the estate of certain persons with limited resources. The commissioner may delegate any power, duty, or function arising from the appointment as either conservator of the estate or of the person, to a DSS employee.

DSS maintained one checking account for the conservator program with computerized subsidiary records for each client's funds. In addition to cash balances of $14,037, $15,299, and $9,895 as of June 30, 2019, 2020, and 2021, respectively, the Conservator Account had investments in the State of Connecticut's Short-Term Investment Fund of $46,405, $47,118, and $47,165 on those respective dates.

Other Audits

The Auditors of Public Accounts issue an annual Statewide Single Audit report detailing the results of compliance audits performed on various federal programs. The primary operations of DSS include the administration of some of the largest federal programs in the state. While there may be overlap between this report and the Statewide Single Audit due to the use of state and federal funding in some programs, the reader is encouraged to review Single Audit reports for more insight into the DSS administration of federal programs.