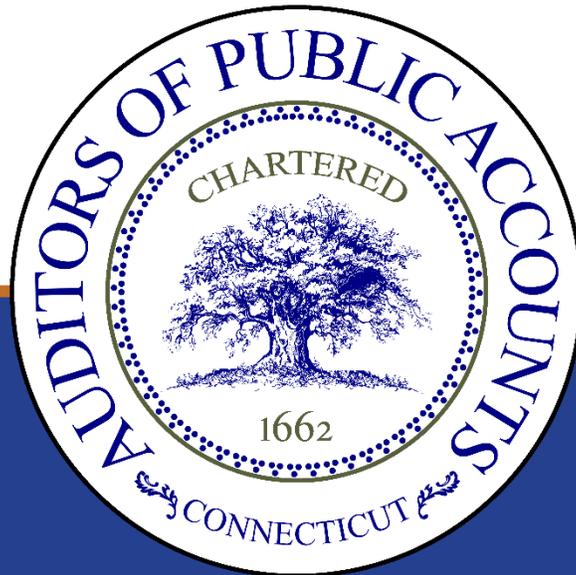


# AUDITORS' REPORT

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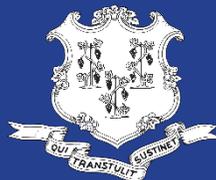
## Department of Social Services

FISCAL YEARS ENDED JUNE 30, 2022 AND 2023



**STATE OF CONNECTICUT**  
Auditors of Public Accounts

**JOHN C. GERAGOSIAN**  
State Auditor



**CRAIG A. MINER**  
State Auditor

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL  
210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

April 30, 2025

INTRODUCTION

We are pleased to submit this audit of the Department of Social Services (DSS) for the fiscal years ended June 30, 2022 and 2023 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of 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:

Patrick Dunn  
Martha Escudero  
Hygens Joka  
William Jordan  
Lee LeFrancois  
Victoria Losh

Carol McDermott  
Joseph Onion  
Norberto Ramirez  
Kadie Suleski  
Jamie Swope  
Laura Zhao

Lee LeFrancois  
Principal Auditor

Laura Zhao  
Principal Auditor

Approved:

John C. Geragosian  
State Auditor

Craig A. Miner  
State Auditor

# STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Social Services disclosed the following 25 recommendations, of which 19 were repeated from the previous audit.

## **Finding 1**

### **Lack of Oversight over Internal Controls and Administrative Functions**

#### **Criteria**

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.

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.

#### **Condition**

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.

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. As of April 18, 2024, DSS had not resolved these deficiencies.

#### **Context**

DSS administrative functions directly related to approximately \$10.4 billion in annual expenditures in fiscal years 2022 and 2023.

#### **Effect**

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.

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.

**Cause**

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. Staff turnover and competing priorities delayed the process. DSS informed the Auditors of Public Accounts that it plans to complete the program integrity manual by December 31, 2024.

**Prior Audit Finding**

This finding has been previously reported in the last seven audit reports covering the fiscal years 2006 through 2021.

**Recommendation**

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

**Agency Response**

"The Department agrees with the finding regarding the lack of internal audits being performed on the Department's administrative functions.

The audit division within the Office of Quality Assurance (OQA) currently allocates its resources for reviews related to providers enrolled in the Connecticut Medical Assistance Program. These types of reviews attempt to limit fraud, waste, and abuse and to preserve program integrity.

The OQA has initiated a proposal to hire auditors to specifically conduct internal audits.

The OQA has drafted written policies and procedures that will be finalized by December 31, 2024."

## Finding 2

# 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.

Title 45 U.S. Code of Federal Regulations (CFR) Part 95.7 requires each state to file Medicaid claims for federal reimbursement within two years after the calendar quarter in which the state made the expenditure.

Title 45 CFR Part 164 requires covered entities to ensure the confidentiality, integrity, and security of electronic protected health information (PHI). The covered entity must protect PHI against use or disclosure that the Health Insurance Portability and Accountability Act (HIPAA) Security Rule does not permit or require. Furthermore, the covered entity must ensure its workforce and business associates comply with the HIPAA Security Rule. DSS is a covered entity, per the State HIPAA Security Policy.

Section 17b-90 of the General Statutes limits the sharing of personal identifiable information to the administration of DSS programs.

### Condition

DSS did not report \$9,623,410 in Medicaid revenue losses for noncompliance with Medicaid timely filing requirements to the Auditors of Public Accounts and the State Comptroller. A Centers for Medicare and Medicaid Services review disallowed \$9,080,577 in federal reimbursements for the quarter ended September 30, 2021, and \$542,833 for the quarter ended December 31, 2021.

DSS did not report 72 breaches of client PHI and personal identifiable information to the Auditors of Public Accounts and the State Comptroller.

DSS did not promptly submit four loss reports, totaling \$2,760, to the Auditors of Public Accounts and the State Comptroller. The department reported the losses between nine and 34 months after it discovered them. Furthermore, DSS did not include the date of discovery for three loss reports totaling \$10,075. We could not determine the timeliness of these loss reports.

**Context**

DSS claimed \$6,497,322,746 and \$6,877,663,814 in federal reimbursement under Medicaid in fiscal years 2022 and 2023, respectively.

DSS maintained a data breach log of incidents reported by its employees and contractors in fiscal years 2022 and 2023. DSS was responsible for 35 breaches. Three of the department's contractors were responsible for the remaining 37 breaches.

DSS submitted 12 loss reports, totaling \$12,911, in fiscal years 2022 and 2023.

**Effect**

DSS experienced revenue losses that it cannot recover.

Breaches of data increase a client's risk of identity theft, medical insurance abuse, and financial fraud.

Untimely reporting delays investigations and corrective action to prevent future losses and breaches.

**Cause**

DSS did not have a process for its divisions to report and management to review relevant matters for consideration for statutory loss reporting.

**Prior Audit Finding**

This finding has been previously reported in the last audit report covering the fiscal years 2019 through 2021.

**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 or resources, in accordance with Section 4-33a of the General Statutes.

**Agency Response**

"The Department agrees in part regarding the data breach disclosure. The Department maintains a breach tracking log and has determined that not every instance of an improper disclosure of client information listed on the log was considered a "breach" of data. In many instances, a determination was made that, while information was disclosed, there was no risk that the information would be viewed, distributed, or accessed by another individual. In instances of limited, or no risk to the consumer, DSS does not identify such as a "breach." The Department recognizes that the determination results have not been documented in the tracking document. This will be added to our process moving forward.

The Department recognizes the issues identified regarding the noncompliance with Medicaid timely filing requirements for the periods in question. The Department has taken significant steps to address and improve our internal processes. We have enhanced our

internal system to ensure better monitoring and adherence to Medicaid filing deadlines. This includes implementing stricter compliance checks, improving staff training, developing a more robust filing schedule, and working closely with the Centers for Medicare and Medicaid Services (CMS) to address any issues that may impact timely filing. As a result of these improvements the Department is now filing Medicaid reports in a timely and accurate manner, which should prevent future occurrences of noncompliance. We are confident that these improvements will significantly reduce the risk of disallowed reimbursements and revenue losses going forward.

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

### **Finding 3**

## **Lack of Controls over Delinquent Receivables and Write-offs**

#### **Criteria**

The State Accounting Manual requires each state agency to collect amounts owed to the state and subject all accounts more than 30 days past due to collection procedures. The agency must keep a record of each action taken to collect an account and perform at least three documented efforts on delinquent accounts over \$25, and one documented attempt for accounts \$25 or less.

Section 3-7 of the General Statutes provides that the head of the state agency may authorize the cancellation of any uncollectible claim of \$5,000 or less. An agency may request approval from the Office of Policy and Management to write off a receivable greater than \$5,000. The State Accounting Manual provides guidance on write-off request procedures.

#### **Condition**

DSS did not perform collection procedures on delinquent accounts and did not write off uncollectible accounts during fiscal years 2022 and 2023.

#### **Context**

DSS reported receivables of \$998,455,728 and \$988,693,566 on its GAAP reports for fiscal years 2022 and 2023, respectively.

<b>Effect</b>	The department's lack of employees to manage receivables and write-offs since their retirement in 2021 may have hindered it from fully collecting receivables due the state. The failure to write off uncollectable accounts could misrepresent receivables reported on the state's Annual Comprehensive Financial Reports.
<b>Cause</b>	The employee responsible for managing receivables and write-offs retired on July 1, 2021, and DSS did not reassign their duties.
<b>Prior Audit Finding</b>	This finding has not been previously reported.
<b>Recommendation</b>	The Department of Social Services should strengthen internal controls over the collection and write off of receivables to ensure compliance with the State Accounting Manual.
<b>Agency Response</b>	"The Department agrees with this finding. The Department is addressing the lack of staff in this area. Internal controls will be reviewed to ensure efficient and effective monitoring going forward."

## Finding 4

# Inadequate Controls over Sole Source Contracts

<b>Criteria</b>	<p>Section 4-217 of the General Statutes requires the Office of Policy and Management (OPM) to establish procurement standards for state agencies entering personal service agreements.</p> <p>Section II.B.1. of the OPM Procurement Standards defines a sole source procurement to be a method when an agency solicits and negotiates with only one potential contractor. Sole source procurement is discouraged in favor of competitive procurement. An agency must request a waiver from competitive solicitation and obtain approval from OPM when it wishes to make a sole source procurement. Sole source procurements that may qualify for a waiver include:</p> <ul style="list-style-type: none"> <li>• Services for which the cost of a competitive procurement process outweighs the benefits. If the contract exceeds \$100,000, the agency must document detailed justification.</li> <li>• Services provided by a contractor having special capability or unique experience. Use of this category requires the agency to certify that competitive procurement would likely result in fewer than three qualified proposals.</li> </ul>
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- Services provided by a contractor having proprietary services or patent rights.

Section V.A.2. of the OPM Procurement Standards limits multi-year contracts to eight years, including options to renew.

**Condition**

Our review of 15 sole source contracts, totaling \$99,727,831, identified that DSS extended five sole source contracts beyond the eight-year limit, ranging from 11 to 16 years. Additionally, DSS could not provide support that it documented detailed justification that the cost of competitive procurement outweighed the benefits, or that it researched and documented that competitive procurement would likely result in fewer than three qualified proposals.

**Context**

DSS paid \$716,735,010 for 157 sole source contracts during fiscal years 2022 and 2023. We judgmentally selected 15 sole source contracts for review. We noted exceptions for five sole source contracts totaling \$17,722,659.

**Effect**

DSS has reduced assurance that it engages the most responsible contractor with the best value the market can offer.

**Cause**

DSS did not have adequate internal controls over sole source contracts. The department did not follow all state procurement requirements of the state's procurement process.

**Prior Audit Finding**

This finding has not been previously reported.

**Recommendation**

The Department of Social Services should strengthen internal controls over sole source procurement to ensure compliance with the Office of Policy and Management procurement standards.

**Agency Response**

"The Department does not agree with this finding. Part of the Department's mission is to provide programs and services to enhance the well-being of individuals, families, and communities. The Department serves over one million residents on an annual basis. Many of the Department's contracts ensure that continuous, uninterrupted services are received by the individuals we serve. Disruption in benefits could be detrimental to the well-being of the residents we serve. Each contract that the Department administers is reviewed at a programmatic level before expiration to determine the Department's needs and the best course of solicitation with our clients' well-being in mind.

There are exceptions to the competitive solicitation process including when the cost outweighs the benefits, contractors with unique experience, or when the services provided by contractors are proprietary in nature. In these situations, the contracting agency

must receive a waiver from competitive solicitation and obtain approval from the Office of Policy Management (OPM) when it wishes to make a sole source procurement.

The Department believes that each of the five cited contracts met the criteria for a waiver from competitive solicitation. The Department sought and obtained OPM's approval on each of these contract extensions. Additionally, two of the five cited exceptions received approval from the Auditors of Public Accounts due to them being audit related.

The Department disagrees with the finding but would like to comment on certain aspects of the finding individually.

The Department has concerns related to the cause section of the finding. The cause is noted as inadequate internal controls. The Department disagrees. The Department was aware of the need to extend the cited sole source contracts and sought and received OPM's approval for the extensions. Controls related to DSS operated effectively.

The Department also has concerns on the language that was contained in the effect section of the finding. The auditors state that insufficient documentation to support a non-competitive procurement process could give the appearance of impropriety and favoritism. The Department documented its rationale for the sole source contract extensions, presented the information to OPM and received approval to execute the extensions. It is unfair to make comments around possible impropriety and favoritism when the Department received approval from OPM, the state agency responsible for establishing contracting policies and procedures for the state of Connecticut."

### **Auditors' Concluding Comments**

Receiving an OPM waiver from competitive solicitation does not excuse DSS from all state procurement requirements and standards. DSS should document specific justifications and certifications prior to requesting a waiver from competitive solicitation. DSS could not provide such documentation. Additionally, the state's procurement standards do not provide for waivers or extensions beyond the eight-year limit for sole source contracts.

## **Finding 5**

# **Inadequate Controls over Financial Reporting**

### **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).

The Department of Administrative Services (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**

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.

Report	Fiscal Year	Number of Inaccuracies	Amount (\$)
SEFA	2022	1 Overstatement	3.6 million
SEFA	2022	2 Understatements	2.7 million
SEFA	2023	2 Understatements	22.8 million
GAAP	2022	1 Overstatement	62.0 million
GAAP	2022	1 Understatement	1.0 million
GAAP	2023	1 Overstatement	2.6 million
GAAP	2023	9 Understatements	18.1 million

Additionally, our review of GAAP reports for receivables for fiscal years 2022 and 2023 disclosed the following:

- DSS did not verify the accuracy and completeness of boarding home receivables. DSS reported \$9,302,146 in both fiscal years.
- DSS did not verify the accuracy and completeness of receivables or collections held at DAS. DSS reported receivables of \$38,582,689 and \$38,180,064 for fiscal years 2022 and 2023, respectively. DSS reported collections of \$5,649,674 and \$8,023,568 for fiscal years 2022 and 2023, respectively.
- DSS did not report client overpayment receivables for fiscal years 2022 and 2023.

**Context**

DSS reported SEFA amounts of \$8.7 billion and \$8.9 billion for fiscal years 2022 and 2023, respectively. DSS SEFA errors were 231% and less than 1% from what should have been reported for fiscal years 2022 and 2023, respectively. SEFA errors decreased from three to two during the audited period.

DSS completed nine GAAP forms and we judgmentally reviewed six forms for each fiscal year. DSS GAAP errors were 138% and 8% from

what should have been reported for fiscal years 2022 and 2023, respectively. GAAP errors increased from two to ten during the audited period.

DSS reported an average of \$994 million in receivables, \$530 million in estimated uncollectible receivables, and \$129 million in receivables collected through August 31st in fiscal years 2022 and 2023. These reported amounts included the unsupported amounts identified in the condition.

**Effect**

These conditions, if not corrected, could cause the State Comptroller to report inaccurate or incomplete information in the state's Annual Comprehensive Financial Report (ACFR) and Schedule of Expenditures of Federal Awards. The ACFR contains the state's financial statements, which are an integral part of bond offering statements and the statewide single audit report.

**Cause**

DSS internal controls over financial reporting were inadequate. DSS did not follow the State Comptroller's instructions. Management reviews did not identify clerical errors.

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

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

DSS cannot determine which portion of the total client overpayment receivables are held at DSS versus DAS.

**Prior Audit Finding**

This finding has been previously reported in the last nine audit reports covering the fiscal years 2002 through 2021.

**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.

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 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. The Department has corrected the GAAP forms that contained the errors cited by the auditors. The Department will review the GAAP forms in greater detail, going forward to ensure future GAAP submissions are accurate. The Department has reviewed the SEFA inaccuracies related to the finding and has implemented processes to avoid inaccuracies in future SEFA submissions.

Client Overpayments will be reviewed by the Department's Quality Assurance division to resolve the related reporting problems."

## Finding 6

# 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. DSS hired a third-party contractor to assist with the reconciliation process of cash advances to the fiscal intermediary and access agencies.

### 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.

**Condition**

DSS did not ensure that it and its contractors performed regular reconciliations of operating and processing advances and uncollectible rejected claims during the audited period.

**Context**

DSS provided \$10,831,123 in cash advances to the fiscal intermediary and \$1,234,365 to access agencies for fiscal year 2023. The fiscal intermediary repaid \$2,500,000 of its cash advances for its 2012 contract, and the access agencies repaid \$1,234,563 in cash advances for their closed contracts from 2012 to 2020.

**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 owed to the state.

**Cause**

DSS did not ensure that all parties followed the contractual terms and conditions. In March 2024, DSS informed us that the department, fiscal intermediary, and third-party contractor were reconciling accounts receivables for fiscal year 2022. The reconciliations for 2023 cannot begin until all parties complete the 2022 reconciliations.

**Prior Audit Finding**

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

**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 reconciliations were outstanding during the audit review period. The Department, its fiscal intermediary, and third-party contractor have completed several reconciliations since the initial reporting of this finding. Internal processes have been implemented to ensure that the reconciliations are brought current and will be performed in a timely manner going forward.”

## Finding 7

# 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 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 electronic benefit transfer reports for fiscal years 2022 and 2023.

### Context

DSS disbursed \$142,546,638 in EBT issuances during fiscal years 2022 and 2023 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 three audit reports covering the fiscal years 2014 through 2021.

### 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. The Department will implement controls to ensure reconciliations are performed in a timely manner. The Department will implement a reconciliation schedule by June 30, 2025."

## Finding 8

# Lack of Compliance with Cash Receipt Requirements

### 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 of \$1,000 or more and a four business-day waiver for checks received at the DSS field offices of 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. State agencies must log mailed cash payments upon receipt.

### Condition

Our review of 20 child support receipts disclosed that DSS field offices did not record the receipt date for two receipts totaling \$1,150. We were unable to determine whether the department promptly deposited these receipts.

Our review of receipt logs at five DSS field offices disclosed that one field office did not adopt the child support standardized receipt log that the central office established in October 2022.

Our review of DSS central office procedures for logging non-child support receipts disclosed that DSS delayed logging receipts until after deposit. Additionally, DSS did not log receipts that lacked the associated receivable information and returned such checks to the payor without maintaining any record of the receipt or return.

### 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. We judgmentally selected seven offices to review child support receipts and four offices to review all other receipts.

DSS central office child support receipts totaled \$7,363,734 and \$8,554,540 for fiscal years 2022 and 2023, respectively. Six field offices' child support receipts totaled \$22,259 for fiscal years 2022 and 2023. We randomly selected 20 receipts to review.

DSS central office non-child support receipts totaled \$12,508,137 and \$12,027,593 for fiscal years 2022 and 2023, respectively. Three field offices' non-child support receipts totaled \$2,010,175. We randomly selected 20 receipts to review.

**Effect**

An unlogged or late recorded receipt increases the likelihood that the department will misplace or lose checks. Insufficient information recorded on receipt logs increases the likelihood that the department will not detect late deposits.

**Cause**

The DSS central office maintains its receipt log in Microsoft Access. The system requires the department to enter the deposit data with the receipt date; otherwise, the system will not accept the receipt entry.

DSS did not require field offices to implement the standardized receipts log.

**Prior Audit Finding**

This finding has been previously reported in the last 13 audit reports covering the fiscal years 1994 through 2021.

**Recommendation**

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

**Agency Response**

"The Department agrees with this finding. The Office of Child Support Services has addressed this finding by strengthening internal controls. The department created a standardized check log in 2022 which is being utilized by child support staff in all the resource centers. All staff were trained on the use of the check log in 2022, and a refresher training was held in April 2024 to ensure that staff are familiar with the process. The checks noted in the finding were received prior to the implementation of the standardized check log. It should be noted that the checks identified as being in error were researched and found to be posted timely and accurately recorded on the child support system.

The Department's Fiscal Division will continue to improve the cash receipt function in the field offices and central office."

## Finding 9

# Double Reported SNAP Issuances

<b>Background</b>	DSS entered into an agreement with a contractor to process Supplemental Nutrition Assistance Program (SNAP) electronic benefit transfer (EBT) card transactions. DSS relies upon the EBT contractor's Electronic Payment Processing Information Control system reports to complete monthly Food and Nutrition Service Issuance Reconciliation Reports (FNS-46).
<b>Criteria</b>	Title 2 U.S. Code of Federal Regulations Part 200.403 provides that to be allowable under federal awards, costs should be adequately documented.
<b>Condition</b>	Our review of four months of the EBT contractor's data and the department's FNS-46 reports disclosed that DSS double reported investigator SNAP issuances in February, March, and September 2023, totaling \$5,400. DSS improperly reported these issuances on Line 6a as Total Regular Ongoing Issuances and Line 6e as Total Issuances to State/Federal Investigators.
<b>Context</b>	DSS issued \$20,375 in SNAP EBT to investigators during calendar year 2023. We reviewed data and reports for January, February, March, and September 2023. There were no SNAP EBT issuances to investigators in January 2023.
<b>Effect</b>	The U.S. Department of Agriculture Food and Nutrition Service relied upon inaccurate issuance amounts to reconcile and analyze SNAP data. DSS has reduced assurance that fiscal internal controls are adequate to support accurate financial reporting.
<b>Cause</b>	DSS staff erroneously input amounts on FNS-46 reports and supervisory reviews did not detect the errors.
<b>Prior Audit Finding</b>	This finding has been previously reported in the last three audit reports covering the fiscal years 2014 through 2021.
<b>Recommendation</b>	The Department of Social Services should strengthen internal controls to ensure that it can support electronic benefit transfer payments reported for the Supplemental Nutrition Assistance Program.
<b>Agency Response</b>	"The Department agrees with this finding. The Department acknowledges that the amount reported in total on lines 6a, 6c, and

6e were incorrect by an amount equivalent to payments issued to Federal Investigators. Corrections to FNS-46 for the months cited will be made in a future FNS-46 report. Additionally, the Department will review the remaining months in 2023 and will make any necessary revisions to future FNS-46 submissions. Beginning with the next FNS-46 report, the report will undergo an additional review before submission.”

## **Finding 10**

# **Inadequate Controls over State Supplement Disbursements**

### **Background**

The State Supplement program provides cash assistance to the aged, blind, or disabled to supplement their income and maintain them at a standard of living established by the General Assembly. The state-funded program operates under state and federal laws and regulations.

### **Criteria**

DSS Uniform Policy Manual (UPM) 3030.05 establishes that an individual who is eligible for State Supplement must actively receive supplemental security income (SSI) or some other source of countable income above the SSI amount for which the individual would qualify.

DSS UPM P-5030.15 explains circumstances that require subtraction of disregarded amounts from an individual’s gross unearned income to determine eligibility benefits. An individual’s living arrangement is the primary factor in determining a disregarded amount.

### **Condition**

Our review of 25 State Supplement payments, totaling \$10,616, disclosed the following exceptions:

- DSS inappropriately granted three clients State Supplement benefits that did not meet program’s income requirements. The department overpaid these clients \$4,940.
- DSS incorrectly coded one client’s living arrangement. The department overpaid the client \$660.
- DSS inaccurately recorded one client’s unearned income. The department overpaid the client \$846.

### **Context**

DSS issued \$187,419,019 in State Supplement benefits to 14,867 clients during fiscal years 2022 and 2023. We randomly selected 25

payments to determine whether recipients met program eligibility requirements and received the proper benefit amount. When we identified an exception, we included all overpayments during the audited period.

**Effect** DSS has less assurance that its internal controls will prevent improper benefits. The state will expend additional time and resources attempting to recover improper payments.

**Cause** DSS lacks adequate internal controls for ensuring caseworkers obtain, review, and document all information necessary to verify client eligibility and calculate accurate benefits.

**Prior Audit Finding** This finding has not been previously reported.

**Recommendation** The Department of Social Services should strengthen internal controls to ensure State Supplement recipients meet the program's requirements. The department should recoup overpayments in accordance with state regulations.

**Agency Response** "The Department agrees with this finding. The noted errors were staff processing errors. An email communication was sent to DSS staff on September 11, 2024, that provided guidance and training to staff on the sufficient income to supplement requirement; the relationship between living arrangement, how it is coded, and its role in calculating the correct benefit amount; and the process by which living arrangement information should be attained if not provided by the client on the application, renewal, or other submitted documents.

On Wednesday, September 25, 2024, DSS Economic Security held a 'town hall' meeting with Eligibility Operations managers and supervisors to review the guidance and respond to any questions. The guidance provided is expected to fully address the training issues that led to these errors."

## Finding 11

# 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 disability or impairment determinations that DSS expects will last a period of six months or longer, DSS bases such determinations on 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.

Section 17b-198-6(d) of the State Regulations provides that SAGA cash assistance applicants and recipients must apply for, or cooperate in applying for, potential benefits from any source, including Social Security Insurance and other DSS-administered cash programs.

Section 17b-198-7(c)(7) of the State Regulations provides that a person shall be considered unemployable due to considerations apart from medical impairment when such person is unmarried, between the ages of 18 and 21, living with an active Temporary Family Assistance (TFA) unit, and no longer a member of such TFA assistance unit due to attaining the age of 18.

The department uses Form W-1348, Verification We Need, to obtain proof of certain information.

## **Condition**

Our review of 25 SAGA payments totaling \$5,799 disclosed the following exceptions:

- DSS did not issue Form W-1348 to an applicant to obtain information necessary to determine SAGA eligibility. The department's vendor was unable to determine if the applicant was medically unemployable for SAGA benefits. DSS improperly issued the applicant \$2,197 in SAGA benefits from July 2022 through July 2023.
- DSS did not end SAGA benefits when a 62-year-old client failed to promptly apply for Social Security early retirement. DSS improperly issued \$666 in SAGA benefits for May, June, and July 2022.
- DSS did not end SAGA benefits for a client when the department closed a head of household's TFA benefits. DSS improperly issued the client \$615 in SAGA benefits from October 2021 through March 2022.

## **Context**

DSS issued \$29,030,775 in SAGA benefits to 12,447 clients during fiscal years 2022 and 2023. We randomly selected 25 payments to review.

<b>Effect</b>	DSS has reduced assurance that its internal controls will prevent improper benefits. The state will have to expend additional time and resources to attempt to recover improper payments.
<b>Cause</b>	Existing controls are inadequate for ensuring caseworkers obtain and review all information necessary to verify client eligibility.
<b>Prior Audit Finding</b>	This finding has been previously reported in the last three audit reports covering the fiscal years 2014 through 2021.
<b>Recommendation</b>	The Department of Social Services should verify and document that applicants met the requirements of the State-Administered General Assistance program. The department should recover overpayments in accordance with state regulations.
<b>Agency Response</b>	<p>“The Department agrees with this finding. The failure to notify the applicant via issuance of Form W-1348 of the need for additional medical information required to make an unemployability determination is a DSS staff training issue. On September 13, 2024, a communication was sent to DSS staff providing an overview of the correct steps to take when a medical determination is returned from the contractor with an ‘undetermined’ status. This communication should be sufficient to fully correct the issue. The continued issuance of SAGA benefits that resulted in overpayments when a SAGA case was not closed upon the expiration of the W-1348 due date, and when the accompanying TFA case that allowed for the SAGA benefit to be issued was not closed, were both the result of system errors.</p> <p>Tickets were created and submitted to the DSS Business Systems Division and are currently pending resolution. Workarounds have been identified for staff to follow until the fixes are complete.”</p>

## Finding 12

# Benefits Issued to Deceased Clients and Lack of Recoupment

<b>Background</b>	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.
<b>Criteria</b>	DSS Uniform Policy Manual 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**

Our review of ten death alerts of State Supplement clients disclosed that DSS issued \$51,780 in benefits to five residential care facilities on behalf of five deceased clients, and \$3,556 in State Supplement and \$2,249 in SNAP benefits to one deceased client. DSS did not recoup these benefits. We noted one client was from a single-person household and an unauthorized individual withdrew \$3,304 in State Supplement cash benefits and used \$2,249 in SNAP benefits from the deceased client's accounts. In addition, DSS improperly paid \$26,370 to a residential care facility for seven months while one client was living in a nursing home.

Our review of ten death alerts of SAGA clients disclosed that DSS issued \$3,539 in SNAP and \$621 in SAGA benefits to two deceased clients. DSS did not recoup these benefits. We noted one client was from a single-person household and an unauthorized individual withdrew \$466 in SAGA cash benefits from the deceased client's account. In addition, DSS did not record the date of death of three clients in ImpaCT.

**Context**

Client and payment data for the audited period indicated that DSS paid \$102,677 on behalf of 167 deceased State Supplement clients and \$23,460 to 37 deceased SAGA clients. We judgmentally selected ten payments from each program.

**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 two audit reports covering the fiscal years 2016 through 2021.

**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. The cases outlined in the context section of this finding will be reviewed, and if necessary, will be corrected, and any overpayments will be recouped. The Division of Program Oversight and Grant Administration will work with Eligibility Operations to ensure that system generated death alerts are worked on within 10 days of the alert being generated. A communication will be issued to Long Term Services and Supports staff to provide a reminder/training on Vendor Overpayments and Supplements."

**Finding 13****Lack of Recoupment of Medicare Insurance Premiums****Background**

Section 1843 of the Social Security Act established the Buy-In program which allows states to enroll certain eligible beneficiaries under Medicare Part B and pay their insurance premiums. The Centers for Medicare and Medicaid Services (CMS) issues a monthly data file of names of individuals it believes are eligible for the Buy-In program with corresponding premium amounts due. DSS must pay the premiums for these individuals.

**Criteria**

DSS internal control procedures include crossmatching the CMS monthly data file with the department's Medicaid Management Information System to identify potential mismatched data or ineligible individuals. If the department verifies that an individual is not eligible for the Buy-In program, it may request a refund of paid premiums. Title 42 U.S. Code of Federal Regulations Part 407.48 limits refunds of Medicare Part B premiums to two months.

**Condition**

Our review of 22 Medicare insurance premium refunds, totaling \$5,885, disclosed that DSS did not request a full refund of premiums paid for four ineligible individuals. DSS should have requested an additional \$615 in refunds.

**Context**

DSS received \$178,510 in Medicare insurance premium refunds for individuals it determined ineligible for the Buy-In program during

fiscal years 2022 and 2023. We randomly selected 11 refunds from each fiscal year for review.

<b>Effect</b>	Forgoing full recoupment of premiums for ineligible individuals wastes state funds.
<b>Cause</b>	DSS lacks adequate internal controls and management accountability over Medicare insurance premium refunds.
<b>Prior Audit Finding</b>	This finding has not been previously reported.
<b>Recommendation</b>	The Department of Social Services should strengthen internal controls to ensure that it requests full refunds for Medicare insurance premiums it paid for ineligible individuals for the Buy-In program.
<b>Agency Response</b>	"The Department agrees with this finding. The Department is reviewing the business process related to Medicare Insurance Premiums and will update our internal controls where needed."

## **Finding 14**

# Deficiencies in Asset Management Controls and Reporting of Software Inventory

<b>Criteria</b>	<p>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. 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. In addition, the State Property Control Manual requires each agency to maintain controllable items on its perpetual inventory.</p> <p>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.</p>
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## Condition

Our review of 30 assets listed in the Core-CT asset management module for the central office and three regional offices disclosed that DSS could not locate three assets at two regional offices during our inspection. These assets had a value of \$7,995.

Our review of 30 assets at the central office and three regional offices disclosed that the location of one \$849 asset at a regional office did not correspond to the location identified in Core-CT.

Our review of 25 disposed assets disclosed that DSS disposed of 15 assets with a value of \$152,120 without maintaining supporting documentation.

Our review of loss reports for fiscal years 2022 and 2023 disclosed that DSS did not record three deletions of capital equipment with a value of \$6,420 on its CO-59 report for fiscal year 2022.

Our review of five purchases for seven assets disclosed that DSS recorded three assets as capital equipment rather than controllable property. Additionally, DSS did not include one capital asset with a value of \$5,284 on its CO-59 report for fiscal year 2022.

Our review of five asset additions to the Core-CT asset management module disclosed that DSS recorded one asset to the incorrect fund, account, and budget year, and improperly recorded the asset as controllable property rather than capital equipment. Furthermore, DSS did not record the asset with a value of \$15,571 on its CO-59 report for fiscal year 2022.

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

DSS did not conduct a physical inventory of its software for fiscal years 2022 and 2023.

Our review of cellular device inventory records disclosed that DSS did not record the addition of 21 cellular devices and the cancellation of 32 cellular devices.

Our review of 25 cellular device records disclosed that DSS did not have a signed statement from five employees acknowledging that they understood the acceptable use policy and received their equipment. In four of these instances, someone other than the employee assigned the cellular device signed the statement.

## Context

DSS property control records included 4,162 assets with a value of \$54,477,497 as of July 17, 2023. We judgmentally selected the central office and three regional offices for a review of assets. We judgmentally selected 30 assets, totaling \$226,337, from the Core-CT asset management module and randomly selected 30 assets, totaling \$168,615, from premises observations.

DSS disposed of 184 assets with a value of \$3,156,095 during fiscal years 2022 and 2023. We judgmentally selected 25 retired assets totaling \$1,168,138 from the Core-CT asset management module.

DSS reported losses of 116 assets totaling \$129,919 during fiscal years 2022 and 2023. We reviewed all 36 capital equipment losses totaling \$62,406.

DSS purchased 345 assets totaling \$1,165,226 during fiscal years 2022 and 2023. We judgmentally selected five purchases totaling \$149,706 from the Core-CT asset management module.

DSS reported equipment additions of \$864,014 and \$0, equipment deletions of \$1,651,282 and \$207,539, equipment balances of \$22,782,081 and \$22,574,542, and software balances of \$2,124,370 and \$3,202,083 on its CO-59 annual property report for fiscal years 2022 and 2023, respectively.

DSS employees used 628 cellular devices in February 2024. We judgmentally selected 25 cellular devices for review.

**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.

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

**Cause**

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

DSS did not follow statewide policies and procedures when deploying cellular devices. The department did not reconcile its internal cellular device inventory records with the statewide wireless expense management software.

**Prior Audit Finding**

This finding has been previously reported in the last six audit reports covering the fiscal years 2008 through 2021.

**Recommendation**

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

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.

### **Agency Response**

"The Department agrees with this finding.

The Department will continue to review and improve controls related to asset management and physical inventory.

The Department will continue to review internal processes to ensure cellular inventory is accurate and complete.

The Department agrees that certain cellular device forms were not signed by staff. However, we've obtained the employee's manager / supervisor signature on their behalf. In addition, the State of CT Acceptable Use Policy is included as part of the New Employee Orientation onboarding process."

## **Finding 15**

# 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 DSS 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.

**Context**

The ImpaCT system interfaces with DOL, DMV, and federal databases. DSS launched the ImpaCT system on October 11, 2017. DSS records showed that 1,775 employees had access to the ImpaCT system as of June 2, 2023.

**Effect**

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

**Cause**

ImpaCT lacks the capability to produce audit history reports.

**Prior Audit Finding**

This finding has been previously reported in the last audit report covering the fiscal years 2019 through 2021.

**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 Department has not performed a review of access as it relates to the Department's ImpaCT eligibility system. Although a review has not been performed, all DSS employees take mandatory training related to safeguarding confidential client information. Additionally, the Office of Quality Assurance (OQA) investigates any reports of employees possibly misusing client information. The Department has proper processes in place to safeguard confidential client information.

The OQA has been in contact with the Department's vendor and had multiple meetings during the first half of 2024 to discuss possible reporting functions within the ImpaCT system for future reviews when the internal audit function is expanded."

## Finding 16

# System Access Not Deactivated Promptly for Separated Employees

### Background

DSS uses several systems to administer state and federal programs. Core-CT is the state's human resources, payroll, and financials system. Integrated Management of Public Assistance for Connecticut (ImpaCT) is the department's eligibility management system. Social Work Services is the department's case management system for clients in statutorily mandated programs.

### 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 who has access to the Human Resource Management System, Financials, and/or Enterprise Performance Management.

The DSS Access Control Policy requires users of DSS systems to notify account managers and the DSS Information Technology Help Desk within 24 hours when they no longer need an account, upon their termination or transfer, or when their system usage changes. The policy further requires DSS to disable privileged accounts when they are inactive for 60 days.

### Condition

Our review of 13 Core-CT functional user accounts of employees who left state service during the audited period disclosed that, as of June 30, 2023, DSS had not deactivated ten accounts. These employees had been separated from seven to 23 months.

Our review of eight Social Work Services user accounts of employees with an inactive employment status in Core-CT disclosed that DSS had not deactivated accounts as of June 8, 2023. Six of these employees had been separated from one to eight years. We could not locate employment records in Core-CT for two employees.

Our review of 17 ImpaCT user accounts of employees who left state service during the audited period disclosed that as of March 21, 2024, DSS had not deactivated three accounts. These employees separated from state service in the quarter ended June 30, 2023.

Our review of ImpaCT access data disclosed that as of March 21, 2024, DSS did not disable 98 user accounts of employees and

external partners who did not access the system for one to seven years.

**Context**

Core-CT data showed 1,791 DSS employees had a functional user role as of March 21, 2024. We reviewed all functional users who left state service during fiscal years 2022 and 2023.

Social Work Services data showed 104 employees had access to the system as of June 8, 2023. We reviewed all users with an inactive employment status in Core-CT.

ImpaCT data showed 1,775 employees and 1,008 external partners had access to the system as of June 2, 2023. We reviewed all user accounts of employees who separated from DSS during fiscal years 2022 and 2023. We also analyzed all user accounts of employees and external partners who did not access the system for more than one year.

**Effect**

There is increased risk of unauthorized access and data tampering to the Core-CT, Social Work Services, and ImpaCT systems.

**Cause**

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

**Prior Audit Finding**

This finding has been previously reported in the last two audit reports covering the fiscal years 2016 through 2021.

**Recommendation**

The Department of Social Services should strengthen internal controls to ensure that it only maintains access to the Core-CT, Social Work Services, and ImpaCT systems for users who need it to perform their job duties. The department should deactivate system access immediately upon a user's separation.

**Agency Response**

"The Department agrees with this finding. A clean-up script to deactivate users that have not accessed ImpaCT in over 90 days runs periodically. The 98 users noted were childcare users that were not included in the original script. The script has been updated to capture these users going forward.

The Social work unit has transitioned to a new system and access cannot be granted to the new system if a user's logon access is terminated. In addition to this control, Social Work Staff will coordinate with the Fiscal Division to implement an annual review of terminated employees to ensure system records are complete.

The Fiscal division will implement a process to run monthly CORE reports to identify separated employees and deactivate accounts when necessary."

## **Finding 17**

# Unauthorized Overtime, Compensatory Time, and Extended Sick Leave

### **Criteria**

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.

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.

Core-CT maintains compensatory time plans to determine compensatory time expiration. Core-CT Job Aids provide guidance for state agencies to input compensatory plans. Enrollment is only necessary if the employee is eligible to earn compensatory time per the corresponding bargaining unit contract.

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**

Our review of 20 employees who received 686 hours of overtime payments disclosed that DSS did not have pre-approvals on file for five employees for 94 hours of overtime.

Our review of ten managerial employees who received 78 hours of compensatory time disclosed that DSS did not have preauthorization on file for six employees for 43 hours of compensatory time.

We queried all compensatory time plans in Core-CT and identified that DSS incorrectly enrolled 245 employees in non-expiring compensatory time plans.

Our review of 15 employees who charged sick leave of more than five consecutive workdays disclosed that DSS did not have the required medical certificate on file for six employees.

**Context**

DSS paid \$20,406,883 for 388,171 hours of overtime to 899 and 970 employees in fiscal years 2022 and 2023, respectively. We judgmentally selected 20 employees to review.

DSS granted 2,072 hours of compensatory time to 24 and 23 managerial employees in fiscal years 2022 and 2023, respectively. We judgmentally selected ten managers to review.

DSS enrolled 764 employees in 23 different compensatory time plans during the audited period.

DSS had 67 different employees use consecutive sick days that required a medical certificate during the audited period. We judgmentally selected 15 employees to review.

**Effect**

DSS issued \$7,151 in unauthorized overtime payments and \$2,091 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, or ensuring it enrolls employees into the correct compensatory time plan.

**Cause**

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

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

**Prior Audit Finding**

This finding has been previously reported in the last eight audit reports covering the fiscal years 2004 through 2021.

**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.

Compensatory Time: A reminder will be sent to management regarding the required compensatory time form and procedures.

Medical Certificates: This requirement will be included in the next update of the DSS Dependability Policy, and we will continue to make our best efforts to ensure our documentation is complete.

Unauthorized Over Time: Overtime requests are now made in advance and approved by both the Human Resources and Fiscal divisions.”

## **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 26 employees charged 265 holiday hours on non-holidays. One employee charged 62 holiday hours within a pay period. Twenty-five employees charged the remaining 203 hours in increments of eight hours or less.

Our review of LILA hours revealed that the department did not adjust 18 employees’ leave balances containing 468 LILA hours to reflect their actual leave time used.

### **Context**

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

We queried Core-CT to review LILA hours. Core-CT data included 31 employees who charged 850 LILA hours during the audited period.

### **Effect**

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

<b>Cause</b>	Management did not maintain sufficient accountability over HOL and LILA time reporting codes.
<b>Prior Audit Finding</b>	This finding has been previously reported in the last audit report covering the fiscal years 2019 through 2021.
<b>Recommendation</b>	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.
<b>Agency Response</b>	"The Department agrees with this finding and has implemented a corrective action plan. Reports are run to review these codes for accuracy. Changes to reported time are made if necessary."

## Finding 19

### Paid Administrative Leave in Excess of Time Limits

<b>Criteria</b>	Section 5-240-5a (f) of the State Regulations states that an appointing authority may place an employee on leave of absence with pay for up to 15 days to permit investigation of alleged serious misconduct. Subsection (h) of the state regulation allows the appointing authority to place an employee on paid leave of absence for up to 30 days pending disposition of criminal charges. The appointing authority may request an extension of the leave of absence for an additional 30 days if approved by the commissioner of the Department of Administrative Services.
<b>Condition</b>	Our review of two employees on paid administrative leave disclosed that one employee remained on leave for 188 days more than allowed by state regulations. DSS placed the employee on administrative leave for approximately ten months through December 31, 2023. DSS did not have supporting documentation to justify the extra paid leave.
<b>Context</b>	DSS paid 656 hours of administrative leave to two employees during fiscal years 2022 and 2023. DSS paid an additional 1,040 hours of administrative leave to one of those employees from July 1, 2023, through December 31, 2023.
<b>Effect</b>	DSS incurred \$185,850 in salary and fringe benefit costs for the employee on paid administrative leave in excess of the days allowed under state regulations.

<b>Cause</b>	DSS did not properly monitor or document this case.
<b>Prior Audit Finding</b>	This finding has been previously reported in the last seven audit reports covering the fiscal years 2006 through 2021.
<b>Recommendation</b>	The Department of Social Services should comply with requirements concerning employees placed on paid leave as provided for under Section 5-240-5a of the State Regulations.
<b>Agency Response</b>	"The Department agrees with this finding. Employees have been placed on paid administrative leave pending the outcome of a formal fact-finding investigation in excess of contractual or statutory guidelines due to circumstances outside the Department's control. The Department will, to the extent possible, ensure that investigations involving employees are completed within the allotted time limits."

## Finding 20

# Lack of Performance Evaluation of Manager

<b>Criteria</b>	The Performance Assessment and Recognition System (PARS) is a program developed by the Department of Administrative Services (DAS) to support additional incentive compensation for managerial and confidential employees who work in agencies that use a prescribed plan. Basic features of the program include developing results-oriented, measurable performance objectives and goals for each manager and confidential employee. In addition, the program promotes regular communication between these employees and their supervisors on meeting goals and performance assessments. It also provides a basis for differentiating among performance levels to serve as a basis for annual salary increases.
<b>Condition</b>	Our review of ten managerial level employee records disclosed that DSS did not conduct a performance evaluation for one manager for the period ended June 30, 2022.
<b>Context</b>	DSS had 69 managerial level employees during fiscal year 2022. We randomly selected ten managers to review.
<b>Effect</b>	The absence of written performance evaluations significantly diminishes management's ability to develop employee performance plans, track career development, and form a basis for personnel decisions.

<b>Cause</b>	DSS did not have adequate administrative controls to ensure the completion of performance evaluations.
<b>Prior Audit Finding</b>	This finding has not been previously reported.
<b>Recommendation</b>	The Department of Social Services should complete annual performance evaluations on all its employees.
<b>Agency Response</b>	“The Department agrees with this finding. Department leadership understands the importance of evaluating employee performance on an annual basis and is committed to achieving a Performance Appraisal issuance goal of 100% for current and future service rating periods. Administrative controls have been put in place by Agency Leadership and Human Resources to ensure completion of annual performance appraisals.”

## Finding 21

# Lack of Monitoring of Grants-in-Aid Contract Requirements

<b>Background</b>	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.
<b>Criteria</b>	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 each July 1st for ten years following the project’s 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.
<b>Condition</b>	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.
<b>Context</b>	DSS was responsible for ten-year monitoring of 30 closed projects during the audited period.

<b>Effect</b>	DSS is not aware of the status of various grant-funded projects.
<b>Cause</b>	DSS did not have adequate procedures to ensure grantees filed required reports.
<b>Prior Audit Finding</b>	This finding has been previously reported in the last six audit reports covering the fiscal years 2008 through 2021.
<b>Recommendation</b>	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.
<b>Agency Response</b>	“The Department agrees with this finding. The Department has added staff to assist with the tracking functionality associated with the monitoring of Grant in Aid Contract Requirements. During state fiscal year 2024, the Department utilized a tracking tool and communication templates to improve compliance efforts.”

## Finding 22

# Lack of Compliance with Mandatory Reporting Requirements

<b>Criteria</b>	<p>Titles 17a and 17b of the General Statutes and certain public acts contain subsections mandating that DSS submit reports to the executive and legislative branches of government.</p> <ul style="list-style-type: none"> <li>• Section 17a-215c(j) of the General Statutes requires DSS to report, by January 1st each year, on the status of any amendment to the state Medicaid plan or waiver of a home and community-based program for adults diagnosed with autism spectrum disorder. DSS must also report on the establishment and implementation of the autism spectrum disorder waiver program.</li> <li>• Section 17b-342(g) of the General Statutes requires DSS to report, by June 1st each year, the number of persons diverted from placement in a long-term care facility due to the Connecticut home-care program for the elderly. DSS must also report the number of persons screened, the average cost per person in the program, the administration costs, the estimated savings, and a comparison between costs under the different contracts.</li> </ul>
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- Section 17b-27c of the General Statutes requires DSS to report, by December 1st each year, the effectiveness in achieving the Connecticut Fatherhood Initiative objectives.
- Public Act 21-148 requires DSS to report, by November 1, 2021, the results of a rate study on payment parity for human services providers and any resulting recommendations for rate adjustments.

**Condition**

Our review of ten mandated reports disclosed that DSS did not prepare four reports.

**Context**

We identified 48 mandatory reporting requirements in the General Statutes that were applicable to the department during fiscal years 2022 and 2023. We judgmentally selected ten reports to review.

**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 four audit reports covering the fiscal years 2012 through 2021.

**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 the finding and would like to provide the following updates for each report noted:

- Sec. 17a-215c: The Department submitted the report in 2024 and amended the statute during the 2024 session to more closely align with available data.
- Section 17b-342(g): The Department is currently in the process of completing the report for 2023.
- Public Act 22-138: The 2023 report was submitted.
- Public Act 21-148: This was not completed in 2021, the report this year will cover prior years that were missed.

Department staff is following up directly with each division and staff person responsible for each report in advance to obtain a status update and to see if there will be any delays.”

## **Finding 23**

# 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. 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-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**

Our review of two sections of the General Statutes disclosed that DSS did not adopt regulations for the establishment of mobile dental clinics.

### **Context**

There were no statutory changes that required DSS to adopt regulations during fiscal years 2022 and 2023. We reviewed whether the department adopted the regulations noted in the prior audit.

### **Effect**

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

### **Cause**

DSS plans to incorporate the mobile dental clinic regulations into its dental regulations. The department withdrew proposed regulations for revisions on February 27, 2024.

### **Prior Audit Finding**

This finding has been previously reported in the last four audit reports covering the fiscal years 2012 through 2021.

### **Recommendation**

The Department of Social Services should implement regulations to establish mobile dental clinics in accordance with Section 4-168 of

the General Statutes or propose an amendment or repeal of the related statute.

**Agency Response**

“The Department agrees with this finding. Regulations for mobile dental clinics have been approved by the legislative committee and have been sent to the Secretary of State for publishing.”

**Finding 24**

**Inadequate Controls over Freedom of Information Act Requests**

**Criteria**

Section 1-212 of the General Statutes requires public agencies to promptly provide a plain, facsimile, electronic, or certified copy of any public record to any person submitting a written Freedom of Information Act (FOI) request.

**Condition**

DSS provided public records in response to a freedom of information (FOI) request 702 calendar days after receiving the request. The requester inquired about the status four times over 611 days. They filed a formal complaint with the Freedom of Information Commission after 632 days. DSS fulfilled the request on July 20, 2022.

Our review of FOI requests for fiscal years 2022 and 2023 disclosed that DSS had no log to track these requests until June 2023. Additionally, DSS had no written procedures for processing FOI requests.

**Context**

DSS recorded 12 FOI requests in June 2023, and 228 FOI requests in fiscal year 2024.

**Effect**

Interested parties could not receive requested documentation to remain informed on public policy.

**Cause**

The department lacked adequate internal controls over FOI requests.

**Prior Audit Finding**

This finding has not been previously reported.

**Recommendation**

The Department of Social Services should strengthen internal controls to ensure compliance with the Freedom of Information Act.

## Agency Response

"The Department agrees with this finding. Since July 2022, the Department has been working to implement a formal process for tracking all incoming requests, hired a full-time staff person to monitor the FOI email inbox, and is now adopting the GovQA platform to better organize each request. The Department is in the process of creating new procedures for distributing requests within divisions to ensure timely and efficient responses to each request."

## Finding 25

# Lack of Compliance with the Freedom of Information Act and Statutorily Required Council, Commission, and Committee 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.

### Condition

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

- DSS did not post the annual schedule of meetings on the Secretary of the State's website for the Pharmaceutical and Therapeutics Committee, Commission for Child Support Guidelines, and Connecticut Fatherhood Initiative Council.
- DSS did not post the annual schedule of meetings on its website for the Commission for Child Support Guidelines and Connecticut Fatherhood Initiative Council.
- DSS did not post meeting agendas on the Secretary of the State's website for the Pharmaceutical and Therapeutics Committee and Connecticut Fatherhood Initiative Council.
- DSS did not post meeting agendas on its website for the Connecticut Fatherhood Initiative Council.

- DSS did not post meeting minutes on its website for the Advisory Committee on Continuing Care and Connecticut Fatherhood Initiative Council.

**Context** DSS is the lead agency for four councils, three committees, one board, and one commission.

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

**Cause** Committees lack proper oversight of Freedom of Information requirements.

**Prior Audit Finding** This finding has been previously reported in the last three audit reports covering the fiscal years 2014 through 2021.

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

**Agency Response** "The Department agrees with this finding.

- Child Support Guidelines Commission: Initially the meetings were posted each month on the Secretary of the State's (SOTS) website, but the annual schedule was not posted. Since January 2024 the annual schedule of meetings has been posted on the SOTS website. The meeting schedule, minutes, and meeting recordings since the Commission began are all posted on the DSS Website.
- Pharmaceutical and Therapeutics (P&T) Committee: The Department has taken steps to ensure that going forward, P&T Committee meeting minutes will be posted on the Secretary of State's website, they are always posted at [www.ctdssmap.com](http://www.ctdssmap.com). The Department will review the Secretary of State's website and post any missing information.
- CT Fatherhood Initiative (CFI) Council: We have updated the CFI website to include meeting agendas, minutes and schedule as identified in the audit findings. In addition, we've implemented a process to post this information within one week after the meeting has taken place.
- Advisory Committee on Continuing Care: The two meeting agendas that were not on the agency's website at the time of the auditors' review was due to an information technology

issue. This issue has been resolved and these agendas have been uploaded to the website.”

# STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior [audit report](#) on the Department of Social Services contained 27 recommendations. Six have been implemented or otherwise resolved and 21 have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
<p>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.</p>	<p><b>REPEATED</b> Recommendation 2</p>
<p>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.</p>	<p><b>RESOLVED</b></p>
<p>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.</p> <p>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.</p>	<p><b>REPEATED</b> <b>Modified Form</b> Recommendation 1</p>
<p>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.</p>	<p><b>REPEATED</b> Recommendation 15</p>
<p>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.</p>	<p><b>REPEATED</b> <b>Modified Form</b> Recommendation 9</p>
<p>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.</p>	<p><b>RESOLVED</b></p>

<p style="text-align: center;"><b>Prior Recommendation</b></p>	<p style="text-align: center;"><b>Current Status</b></p>
<p>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.</p>	<p style="text-align: center;"><b>RESOLVED</b></p>
<p>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.</p> <p><b>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.</b></p>	<p style="text-align: center;"><b>RESOLVED</b></p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 12</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 11</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;"><b>Modified Form</b></p> <p style="text-align: center;">Recommendation 5</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;"><b>Modified Form</b></p> <p style="text-align: center;">Recommendation 5</p>

<p style="text-align: center;"><b>Prior Recommendation</b></p>	<p style="text-align: center;"><b>Current Status</b></p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 6</p>
<p>The Department of Social Services should strengthen internal controls over the cashbook reconciliation process to ensure financial records are accurate, complete, and current.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 7</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b> <b>Modified Form</b></p> <p style="text-align: center;">Recommendation 8</p>
<p>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.</p>	<p style="text-align: center;"><b>RESOLVED</b></p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 17</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 18</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b> <b>Modified Form</b></p> <p style="text-align: center;">Recommendation 19</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b> <b>Modified Form</b></p> <p style="text-align: center;">Recommendation 16</p>
<p>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.</p>	<p style="text-align: center;"><b>RESOLVED</b></p>

<p style="text-align: center;"><b>Prior Recommendation</b></p>	<p style="text-align: center;"><b>Current Status</b></p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b> <b>Modified Form</b></p> <p style="text-align: center;">Recommendation 14</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b> <b>Modified Form</b></p> <p style="text-align: center;">Recommendation 14</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 21</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 22</p>
<p>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.</p>	<p style="text-align: center;"><b>REPEATED</b></p> <p style="text-align: center;">Recommendation 23</p>
<p>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.</p> <p>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.</p>	<p style="text-align: center;"><b>REPEATED</b> <b>Modified Form</b></p> <p style="text-align: center;">Recommendation 25</p>

# 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, 2022 and 2023. The objectives of our audit were to evaluate the:

1. Department's internal controls over significant management and financial functions;
2. Department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

In planning and conducting our audit, we focused on areas of operations based on assessments of risk and significance. We considered the significant internal controls, compliance requirements, or management practices that in our professional judgment would be important to report users. The areas addressed by the audit included payroll and personnel, revenue and cash receipts, accounts receivable, purchasing and expenditures, asset management, reporting systems, information technology, special revenue and capital projects, state grants, the state supplement program, the state-administered general assistance program, internal audit, and adoption of agency regulations. We also determined the status of the findings and recommendations in our prior audit report.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the department. We also tested selected transactions. This testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. We obtained this information from various available sources including the department's management and state information systems. It was not subject to our audit procedures. For the areas audited, we identified

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

3. A need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Department of 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.

The mission of the Department of Social Services is to make a positive impact on the health and wellbeing 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 5114 of the Consolidated

Appropriations Act of 2023 (Public Law 117-328) extended the program through September 30, 2027.

- **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-200 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. Public Act 23-204 (Section 443) ended ConnMAP on June 12, 2023.
- **Legalization Impact Assistance Grant Program** – pursuant to the Immigration Reform Control Act (IRCA) of 1986, compensates states for the cost of providing services to immigrants gaining legal status under the IRCA amnesty provisions.

## Organizational Structure

The Department of Social Services experienced leadership changes in the commissioner’s office during the audited period. Deidre S. Gifford served as the commissioner of the Department of Social Services through December 30, 2022. Kathleen M. Brennan, deputy commissioner of programs and operations, and Michael Gilbert, deputy commissioner of finance and administration, served under the leadership of

Commissioner Gifford. Governor Ned Lamont appointed Andrea Barton Reeves as the commissioner of the department, effective December 30, 2022. Easha Canada, deputy commissioner of eligibility operations and chief strategy officer, Peter Hadler, deputy commissioner of policy and program supports, and Shantelle Varrs, deputy commissioner of finance and administration, continue to serve under the leadership of Commissioner Reeves.

The Department of Social Services employs approximately 1,800 individuals who provide client services through 12 resource centers, one central administration office, a call center, an interactive voice-response system, and online access at [www.connect.ct.gov](http://www.connect.ct.gov).

## Significant Legislative Changes

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

- **Public Act 21-3 (Sections 2, 3, and 4)**, effective July 1, 2021, prohibited the state from recovering cash and medical assistance from liens placed on real property, unless required by federal law. Additionally, the act requires the state to deem any certificate or lien previously filed on such properties released if federal law does not require recovering the assistance.
- **Public Act 22-58 (Sections 71 and 72)**, effective May 23, 2022, required the DSS commissioner to develop an educational training program to promote and encourage the accurate and prompt identification and reporting of abuse, neglect, exploitation, and abandonment of elderly persons. The training program must be available on the DSS website. Mandatory reporters were required to complete the training program by June 30, 2023, or within 90 days after becoming a mandatory reporter.
- **Public Act 22-145 (Section 5)**, effective May 31, 2022, allowed DSS to assess a civil penalty on a nursing home that receives a rate increase to enhance its employees' wages but fails to use it for that purpose. The civil penalty is in addition to any applicable recoupment or rate decrease the law otherwise allows.
- **Public Act 23-204 (Section 443)**, effective June 12, 2023, eliminated the Connecticut Medicare Assignment Program (ConnMAP). The program was obsolete since federal law requires Medicare-participating providers to accept the Medicare-determined reasonable charge as payment in full for services rendered to Medicare beneficiaries.

## Councils, Committees, Commission, and Board

Name	General Statute Section	Statutory Responsibilities
<a href="#">Autism Spectrum Disorder Advisory Council</a>	§17a-215d	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 recommendations resulting from an autism feasibility study.
<a href="#">Connecticut Fatherhood Initiative Council</a>	§17b-27c	Approves the work of the Connecticut Fatherhood Initiative to foster collaboration between state agencies that provide services for fathers and families, coordinates comprehensive services to ensure continuity, heighten impact, and avoid duplication of services, and supports fathers of children

		eligible or formerly eligible for services under the Temporary Assistance for Needy Families block grant.
<a href="#">Council on Medical Assistance Program Oversight</a>	§17b-28	Advises the Commissioner of Social Services on the planning and implementation of the health care delivery system for the HUSKY Health Program. The council 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.
<a href="#">Pharmaceutical and Therapeutics Committee</a>	§17b-274d	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 drug and whether a prescribed drug should be eligible for automatic refill.
<a href="#">Nursing Home Financial Advisory Committee</a>	§17b-339	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.
<a href="#">Advisory Committee on Continuing Care</a>	§17b-535	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.
<a href="#">Personal Care Attendant Workforce Council</a>	§17b-706a	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.
<a href="#">Commission for Child Support Guidelines</a>	§46b-215a	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.
<a href="#">Advisory Board for Transparency on Medicaid Cost and Quality</a>	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 2022 and 2023 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 compared to the preceding fiscal year follows:

	<b>Fiscal Year Ended June 30,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Federal Contributions:</b>			
Medical Assistance (Note 1)	\$ 833,204,153	\$ 1,368,940,929	\$ 1,032,252,490
Dependent Children (Note 2)	239,228,896	239,228,896	239,228,896
Federal Administration (Note 3)	207,705,358	190,629,029	232,431,982
Child Support Enforcement	31,172,491	34,357,454	48,901,560
Children’s Health Insurance Program	12,793,261	8,161,303	40,899,662
Total Federal Contributions	1,324,104,159	1,841,317,611	1,593,714,590
<b>State Receipts:</b>			
Recoveries	31,050,381	31,058,093	29,858,921
Miscellaneous Receipts	2,519,013	3,086,377	2,269,722
Total State Receipts	33,569,394	34,144,470	32,128,643
<b>Total General Fund Receipts</b>	<b>\$ 1,357,673,553</b>	<b>\$ 1,875,462,081</b>	<b>\$ 1,625,843,233</b>

**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.

Medical assistance contributions increased in fiscal year 2022 and decreased in fiscal year 2023 due to receipt of a one-time award of the American Response Plan Act (ARPA) of 2021 (Public Law 117-2) for the Medicaid program. Additionally, there were delays up to 12 months with federal approval of quarterly medical assistance awards. These delays created timing differences which give the appearance of less revenue in fiscal years 2021 and 2023 and more revenue in fiscal year 2022.

## General Fund – Expenditures

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

	<b>Fiscal Year Ended June 30,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Budgeted Accounts:</b>			
State Grants	\$ 3,908,367,226	\$ 4,086,263,440	\$ 4,531,434,939
Contractual Services	198,401,523	196,891,431	255,633,524
Personal Services	126,598,761	128,867,826	149,950,336
Long-Term Leases	0	4,530,423	4,527,497
Commodities	112,877	222,210	189,026
Capital Outlay - Equipment	1,710	42,553	(38,998)
<b>Total General Fund Expenditures</b>	<b>\$ 4,233,482,097</b>	<b>\$ 4,416,817,883</b>	<b>\$ 4,941,696,324</b>

State grant expenditures increased during fiscal years 2022 and 2023 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. Additionally, state grant expenditures increased due to the expansion of medical assistance programs, updates in medical health care cost rates, and increases in Medicaid client enrollment.

## Special Revenue Fund – Receipts

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

	<b>Fiscal Year Ended June 30,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Federal Contributions:</b>			
Restricted Federal Grants	\$ 5,006,473,079	\$ 5,295,590,051	\$ 5,760,787,221
Restricted Federal Grant Transfers from Other State Agencies	174,030,347	155,807,019	200,692,471
Unrestricted Federal Grants	3,002,000	12,637	0
Total Federal Contributions	5,183,505,426	5,451,409,707	5,961,479,692
<b>State Receipts:</b>			
Grant Transfers	40,212,575	42,435,206	41,919,275
Restricted Contributions	1,902,713	1,388,507	2,539,388
Investment Income	42	75	663
Total State Receipts	42,115,330	43,823,788	44,459,326
<b>Total Special Revenue Fund Receipts</b>	<b>\$ 5,225,620,756</b>	<b>\$ 5,495,233,495</b>	<b>\$ 6,005,939,018</b>

Restricted federal grant contributions increased in fiscal year 2022 due to a 14.5% increase in Medicare Part B insurance premium rates and receipt of a one-time award of ARPA for the Low Income Home Energy Assistance Program (LIHEAP). Additionally, contributions increased during fiscal years 2022 and 2023 due to the expansion of medical assistance programs, updates in medical health care cost rates, and increases in Medicaid client enrollment. 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 compared to the preceding fiscal year follows:

	<b>Fiscal Year Ended June 30,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Expenditure Accounts:</b>			
Federal Aid Grants	\$ 4,966,759,374	\$ 5,386,147,365	\$ 5,779,995,426
State Grants	38,497,679	48,599,849	32,195,518
Local Grants	0	0	147,063
Contractual Services	170,098,307	95,091,499	127,433,428
Personal Services	6,722,833	11,627,052	7,644,199
Commodities	1,863,983	38,321	216,134
Overhead	832,206	902,818	1,230,171
Equipment	778,637	531,336	44,126
Revenue Refunds	243,163	955,496	103,282
<b>Total Special Revenue Fund Expenditures</b>	<b>\$ 5,185,796,182</b>	<b>\$ 5,543,893,736</b>	<b>\$ 5,949,009,347</b>

Federal aid grant expenditures increased in fiscal year 2022 due to the receipt of a one-time ARPA award for LIHEAP. Expenditures further increased in fiscal year 2023 due to appropriated funds that the department transferred to the Office of Early Childhood for the administration of the Care 4 Kids program. Additionally, expenditures increased during fiscal years 2022 and 2023 due to the expansion of medical assistance programs, updates in medical health care cost rates, and increases in Medicaid client enrollment.

## Capital Projects Funds

A summary of Capital Projects Funds expenditures during the audited period as compared to the preceding fiscal year follows:

	<b>Fiscal Year Ended June 30,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Capital Improvement and Other Purpose Funds</b>			
Consultant Services	\$ 2,448,494	\$ 4,177,343	\$ 4,739,983
Organizational Development	14,713	25,242	79,902
IT Software Licenses and Support	7,936	23,123	49,686
Out-of-State Travel	0	92	76
<b>Total Capital Projects Fund Expenditures</b>	<b>\$ 2,471,143</b>	<b>\$ 4,225,800</b>	<b>\$ 4,869,647</b>

Capital improvement and other purposes fund expenditures were primarily for the modernization of the Connecticut Child Support Enforcement System (CCSES), modernization and upgrade of the state's Medicaid management information system (Connecticut Medicaid Enterprise Technology System - CT METS), upgrade and maintenance of the department's eligibility determination system (Integrated Management of Public Assistance for Connecticut - ImpaCT), and shared use of the state's health exchange system.

## Fiduciary Funds

A summary of Fiduciary Funds activity during the audited period as compared to the preceding fiscal year follows:

	<b>Fiscal Year Ended June 30,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Social Services Support Fund</b>			
Total Receipts	\$ 69,627,971	\$ 63,413,529	\$ 41,951,436
Total Disbursements	70,159,284	64,065,872	41,956,857
<b>Funds Awaiting Distribution</b>			
Total Receipts and Transfers	51,900,313	57,579,335	79,237,377
Total Refunds and Net Transfers	50,530,297	57,062,086	77,688,933
<b>Fringe Benefit Recovery</b>			
Total Receipts	14,410	11,680	7,452
Total Disbursements	14,410	11,680	7,452

### *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, 2022 and 2023 totaled \$469,191 and \$463,769, 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, 2022 and 2023 totaled \$3,060,313 and \$4,608,758, 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, 2022 and 2023.

## **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, 2023, DSS had 31 life insurance policies assigned to the commissioner on hand with a \$36,883 total face value.

### *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 \$16,080 and \$31,711 as of June 30, 2022 and 2023, respectively, the Conservator Account had investments in the State of Connecticut's Short-Term Investment Fund of \$47,303 and \$49,162 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.