



AUDIT SUMMARY

Department of Insurance and
Office of the Healthcare Advocate

www.ctauditors.gov

Fiscal Years Ended June 30, 2022 and 2023

ABOUT THE AGENCIES



The responsibilities of the Department of Insurance (DOI) include the licensing and oversight of insurance business within the state and the collection of certain taxes and fees arising from such activities.

The Office of the Healthcare Advocate (OHA) is within the DOI for administrative purposes only. OHA assists consumers with healthcare issues through the establishment of outreach programs related to consumer rights and responsibilities as members of managed care plans.

ABOUT THE AUDIT

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

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.

[Link to full report](#)

6 Findings

5 Repeat Findings

Our audit identified internal control deficiencies and instances of noncompliance with laws, regulations, or policies.

NOTEWORTHY FINDINGS



Findings



Recommendations

1

Our review of the Department of Insurance's (DOI) GAAP reporting forms disclosed that: (1) DOI submitted its GAAP reporting packages seven and 44 days late for the fiscal years 2022 and 2023, respectively; (2) DOI overstated its receivable balance and receivables collected through August 31, 2022 by \$12,558,594 as of June 30, 2022; and (3) DOI understated the deferred revenue balances by \$5,622,800 and \$5,245,902 as of June 30, 2022 and 2023, respectively.

DOI should strengthen internal controls to ensure that it promptly and accurately prepares its GAAP reporting packages in accordance with the State Comptroller's instructions.

2

Our review of 20 non-payroll expenditure transactions disclosed the following: (1) For three transactions totaling \$44,643, DOI issued purchase orders between one and 48 days after it incurred obligations; (2) DOI did not provide documentation to fully or partially support prices paid for three transactions. DOI could not support \$9,388 of the \$19,798 it paid for those transactions; (3) For two transactions totaling \$21,210, DOI did not supply approved qualified provider lists to support its purchasing authority; and (4) DOI paid \$12,875 to a vendor prior to documenting that it received the services.

DOI should strengthen internal controls over its purchasing procedures to ensure that funds are committed prior to purchasing goods and services, expenditures are adequately supported, and services are received prior to payment.

3

Our review of the asset management system disclosed that: (1) DOI did not perform a physical inventory in the fiscal years 2022 and 2023; (2) DOI incorrectly included \$35,635 in controllable assets in equipment additions and therefore overstated its equipment ending balance on the fiscal year 2023 CO-59 report; and (3) the DOI software inventory listing did not contain the required fields identified in the State Property Control Manual.

DOI should ensure compliance with asset management requirements in Section 4-36 of the General Statutes and the State Property Control Manual.

4

Our review of 10 reports required to be filed during the fiscal years 2022 and 2023 disclosed that DOI did not provide evidence that it promptly submitted the Regulation of Managed Care Report, required by Section 38a-478a of the General Statutes, for fiscal year 2022. DOI submitted the 2023 report 37 days late. Also, DOI did not complete the Annual Internal Control Questionnaire for fiscal years 2022 and 2023.

DOI should promptly submit all reports required by the General Statutes and the Office of the State Comptroller. The department should maintain a record of its submitted reports.