

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
OFFICE OF POLICY AND MANAGEMENT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2018*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

## Table of Contents

---

EXECUTIVE SUMMARY .....	i
COMMENTS .....	2
FOREWORD .....	2
Criminal Justice Information System Governing Board .....	4
Transportation Policy Advisory Council.....	4
Finance Advisory Committee.....	4
RÉSUMÉ OF OPERATIONS.....	5
General Fund .....	5
Revenues .....	5
Expenditures .....	6
Special Revenue Funds.....	6
Revenues .....	6
Expenditures .....	7
Tobacco Settlement.....	7
Mashantucket Pequot and Mohegan Fund.....	7
Local Capital Improvement Program.....	8
Small Town Economic Assistance Program (STEAP).....	8
Federal and Other Restricted Accounts .....	8
Municipal Revenue Sharing Fund .....	8
Capital Projects Funds .....	8
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	10
Violation of Personal Service Agreement Procedures .....	10
Late Issuance of Purchase Orders.....	12
Property Control Deficiencies .....	13
CO-59 Reporting Error.....	15
Inadequate Documentation Supporting Medical Leave .....	17
Missing Supporting Documentation for Renters' Rebate Grants.....	18
Untimely Report Submission for Criminal Justice Grants .....	19
Statutory Reporting Requirements .....	20
RECOMMENDATIONS .....	21
ACKNOWLEDGMENT.....	24
CONCLUSION.....	25

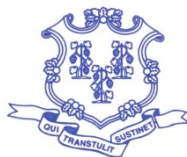
**EXECUTIVE SUMMARY**

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Office of Policy and Management (OPM). The objectives of this review were to evaluate the department’s internal controls, compliance with policies and procedures, as well as certain legal provisions, and management practices and operations for the fiscal years ended June 30, 2017 and 2018.

The key findings and recommendations are presented below:

<b>Page 10</b>	The Office of Policy and Management entered into personal service agreements, but did not comply with various statutory requirements, procurement standards, and internal policies. The Office of Policy and Management should strengthen its internal controls to ensure compliance with state personal service agreement laws, procedures and internal policies. (Recommendation 1.)
<b>Page 12</b>	OPM incurred expenditures that were not supported by valid purchase orders when the office incurred the expenditures. The Office of Policy and Management should strengthen internal controls to ensure that it issues purchase orders in accordance with Section 4-98 of the General Statutes. (Recommendation 2.)
<b>Page 13</b>	We found numerous issues with the inventory controls during our review of OPM and Rentschler Field assets. The Office of Policy and Management should improve internal controls over its assets in order to comply with the State Property Control Manual. (Recommendation 3.)
<b>Page 15</b>	We found that OPM overstated the annual CO-59 inventory report for Rentschler Field assets by \$1,887,371 for fiscal year 2014 through fiscal year 2017. We noted that OPM corrected this error in fiscal year 2018. The Office of Policy and Management should improve internal controls and communication with the Capital Region Development Authority outside management company staff to comply with inventory requirements in the State Property Control Manual. (Recommendation 4.)
<b>Page 17</b>	Our review identified one missing Medical Leave Employee Request form and two missing Intent to Return to Work forms to support two medical leaves. In addition, we did not find any documentation that justified the missing documents. The Office of Policy and Management should strengthen internal controls to ensure that it maintains medical leave forms or justifies r missing forms in accordance with the State of Connecticut Family and Medical Leave Entitlements Policy. (Recommendation 5.)

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

State Capitol  
210 Capitol Avenue  
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

October 20, 2020

### **AUDITORS' REPORT OFFICE OF POLICY AND MANAGEMENT FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2018**

We have audited certain operations of the Office of Policy and Management (OPM) 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 years ended June 30, 2017 and 2018. The objectives of our audit were to:

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

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. 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 our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in our audit of the office. For the areas audited, we identified

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. Improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Office of Policy and Management.

## **COMMENTS**

### **FOREWORD**

The Office of Policy and Management operates primarily, under Title 4, Chapter 50, and Title 16a, Chapters 295 through Chapters 298, of the General Statutes. The Governor appoints the secretary of the Office of Policy and Management who serves as the department head. OPM has broad statutory authority and serves as a centralized management and planning agency for the state. Section 4-65a of the General Statutes states OPM is responsible "for all aspects of state staff planning and analysis in the areas of budgeting, management, planning, energy policy determination and evaluation, intergovernmental policy, criminal and juvenile justice planning, and program evaluation."

Pursuant to Section 4-66 of the General Statutes, the OPM fiscal and program responsibilities include:

- Keeping information on file concerning the state's general accounts.
- Assisting agencies in the creation of state capital (physical plant and equipment) plans.
- Prescribing state agency reporting requirements, and analyzing, and acting on agency reports.
- Conveying financial information to the General Assembly and the State Comptroller.
- Reviewing and assisting in the improvement of state agency operations.

Pursuant to Sections 12-1c and 12-1d of the General Statutes, OPM is also responsible for issues related to municipal finance and local taxes. These tasks include processing tax-related grants to towns, including reimbursing towns for various tax relief programs (elderly homeowners, veterans, and the totally disabled). Section 12-170h of the General Statutes provides OPM with the power to "enforce the provisions and make all necessary regulations for carrying out, enforcing, and preventing violations of all or any of the provisions regarding property tax relief for elderly homeowners, renters and persons with permanent total disability."

OPM is also responsible for various oversight and control functions, including:

- Preparation and implementation of the state budget – Sections 4-69 through 4-107a of the General Statutes.
- Establishment of agency financial policies; the review and approval of budgets for financial systems and acting to remedy deficiencies in such systems; advising agencies of financial staff needs; recommendations of career development programs for managers; and the coordination of transfers of financial managers are responsibilities assigned to the OPM Office of Finance under Section 4-70e of the General Statutes.
- Oversight and coordination of state agency contracting for outside personal service contractors. Personal service contractors provide consulting or other services to state agencies – Sections 4-205 through 4-219 of the General Statutes.
- Administration of the Capital Equipment Purchase Fund used to purchase capital equipment for state agencies – Section 4a-9 of the General Statutes.
- Administration of the state single audit program – Sections 4-230 to 4-236 of the General Statutes. This program is responsible for ensuring adequate audit coverage of state grants to certain recipients.
- Office of Labor Relations (OLR) within OPM, which acts on behalf of the state in collective bargaining and other roles requiring employer representation. Under the provisions of Sections 5-270 through 5-280 of the General Statutes, the Governor designated OLR to act as the representative of the state.
- Provisions of Section 32-655 through 32-669 of the General Statutes, pertaining to the construction and administration of Adriatic's Landing and Rentschler Stadium.

In addition, OPM is responsible for coordinating the activities of certain advisory bodies and other programs pursuant to various statutes including:

- Municipal Finance Advisory Commission (Section 7-394b of the General Statutes)
- Connecticut Advisory Commission on Intergovernmental Relations (Section 2-79a of the General Statutes)
- Juvenile Justice Advisory Committee (Established under the federal Juvenile Justice and Delinquency Prevention Act)
- Criminal Justice Policy Advisory Commission (Sections 18-87j and 18-87k of the General Statutes)
- Connecticut Partnership for Long Term Care (Section 17b-252 of the General Statutes)
- Tobacco and Health Trust Fund Board of Trustees (Section 4-28f of the General Statutes)
- Connecticut Sentencing Commission (Section 54-300 of the General Statutes)
- Municipal Accountability Review Board (Section 7-576d of the General Statutes)
- Transportation Policy Advisory Council (Section 13b-13b of the General Statutes)

Benjamin Barnes was appointed secretary of the Office of Policy and Management on January 5, 2011 and served in that position through the audited period. Melissa McCaw was appointed secretary of the Office of Policy and Management on January 9, 2019 and continues to serve in that capacity.

### **Criminal Justice Information System Governing Board**

The Criminal Justice Information System (CJIS) Governing Board operates under Section 54-142q of the General Statutes and was under OPM for administrative purposes only. Public Act 17-2 of the June Special Session of the General Assembly, transferred the Criminal Justice Information System Governing Board to the Department of Emergency Services and Public Protection effective October 31, 2017.

### **Transportation Policy Advisory Council**

The Transportation Policy Advisory Council operates under Section 13b-13b of the General Statutes and is under OPM for administrative purposes only. Public Act 17-192 created the council and charged it with developing and recommending policies for improving transportation planning and selecting transportation projects; advising the Department of Transportation Commissioner (DOT); reviewing assessments of transportation project and reviewing the five-year transportation capital plan DOT develops each year.

### **Finance Advisory Committee**

The Finance Advisory Committee (FAC) is authorized under Section 4-93 of the General Statutes and consists of the Governor, Lieutenant Governor, State Treasurer, State Comptroller, two Senate members, and three House members of the Appropriations Committee. The senators are appointed by the president pro tempore of the Senate and must be of different political parties. The speaker of the House appoints the representatives and no more than two of the three representatives can be of the same party. Those legislative leaders also appoint alternate members to serve in the appointees' absence. The legislative members are appointed upon the convening of the General Assembly in each odd-numbered year and serve until the next regular legislative session convenes in an odd-numbered year. FAC meets on the first Thursday of each month and at such other times as the Governor designates.

Committee members as of June 30, 2018 were:

#### Ex-Officio Members

Governor Dannel P. Malloy  
Lieutenant Governor Nancy S. Wyman  
State Comptroller Kevin Lembo  
State Treasurer Denise L. Nappier

<u>Appointed Legislative Member</u>	<u>Alternate</u>
Senator Cathy Osten	Senator Joan Hartley
Senator Paul Formica	Senator Craig Miner
Representative Ezequiel Santiago	Representative Catherine Abercrombie
Representative Toni Walker	Representative Henry Genga
Representative Melissa Ziobron	Representative Tami Zawistowski

The deputy secretary of the Office of Policy and Management serves as clerk and the executive budget officer of the Budget and Financial Management Division serves as assistant clerk.

Various statutes authorize the FAC to approve appropriation transfers and other budgetary changes. A majority of the items approved by the FAC are in accordance with the provisions of Section 4-87 of the General Statutes. The section requires committee approval for all appropriation transfers between accounts of the same agency when those transfers exceed \$50,000, or ten percent of the specific appropriation, whichever is less.

### **Significant Legislation**

Noteworthy legislation that took effect during the period under review and thereafter is presented below:

- **Public Act 17-2** of the June Special Session of the General Assembly, transferred the Criminal Justice Information System Governing Board to the Department of Emergency Services and Public Protection effective October 31, 2017.
- **Public Act 17-192** created a Transportation Policy Advisory Council within OPM for administrative purposes. The secretary of OPM, or a designee, serves as the chairperson of the council.

## **RÉSUMÉ OF OPERATIONS**

### **General Fund**

A comparison of the OPM General Fund revenues and expenditures for the fiscal years under review and the preceding year follows:

#### **Revenues**

	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Casino Gaming Receipts:			
Mashantucket Gaming	\$119,717,767	\$118,300,332	\$121,203,829
Mohegan Gaming	147,692,773	149,684,445	151,627,943
Total Casino Gaming Receipts	267,410,540	267,984,777	272,831,772
Refunds of Grants & Other Expenditures	178,313	213,202	100,609
All Other Receipts	4,641	15,613	440



<b>Total Revenues</b>	<b><u>\$267,593,494</u></b>	<b><u>\$268,213,592</u></b>	<b><u>\$272,932,821</u></b>
<b>Expenditures</b>			
	<b><u>2015-2016</u></b>	<b><u>2016-2017</u></b>	<b><u>2017-2018</u></b>
Personal Services	\$11,244,909	\$10,349,080	\$9,930,032
Other Expenses	1,482,071	1,076,636	1,073,506
Special Program or Project	4,529,987	2,920,432	1,529,127
Aid to Other than Local Government	26,287,142	25,021,326	25,890,505
Aid to Local Government	223,722,886	208,958,868	298,502,180
<b>Total Expenditures</b>	<b><u>\$267,266,995</u></b>	<b><u>\$248,326,342</u></b>	<b><u>\$336,925,350</u></b>

The majority of OPM revenues are from casino gaming, and although these receipts are credited to OPM, they are processed by the Department of Consumer Protection. A substantial portion of these funds were transferred into the Mashantucket Pequot and Mohegan Fund and used for grants to towns.

General Fund expenditures increased from the 2016-2017 fiscal year to the 2017-2018 fiscal year due to the passage of Public Act 17-4 of the June Special Session, which provided \$35,221,814 for the Municipal Supplemental PILOT grants and \$36,000,000 for the Municipal Auto Tax Grants. In addition, special programs and project expenditures decreased during the same period, because of the final implementation of the Criminal Justice Information System.

### **Special Revenue Funds**

Special revenue funds are used to finance a particular activity in accordance with specific state laws or regulations, and are financed through bond sale proceeds or specific state revenue. A summary of special revenue fund revenues and expenditures for the fiscal years under review and the preceding year follows:

<b>Revenues</b>	<b><u>2015-2016</u></b>	<b><u>2016-2017</u></b>	<b><u>2017-2018</u></b>
Tobacco Settlement (12037)	\$120,448,145	\$123,360,385	\$116,850,108
Federal & Other Restricted (12060):			
Sales & Use Taxes:			
General Sales & Use Tax	34,227,201	788	-
Room Occupancy & Sales Tax	9,457,555	393	-
Other Use Taxes	491,018	1,065	-
Total Sales & Use Taxes	<u>44,175,774</u>	<u>2,246</u>	<u>-</u>
Federal Restricted Contributions	5,910,556	6,970,270	3,590,537
Interest Income	15,699	30,443	59,163
Non-Federal Restricted Contributions and Grant Transfers	<u>4,414,668</u>	<u>5,709,578</u>	<u>5,152,664</u>

Total Federal & Other Restricted Stadium Facility Fund (21019)	54,516,697	12,712,537	8,802,364
	119,008	128,066	123,393
<b>Total Revenues</b>	<b>\$175,083,850</b>	<b>\$136,200,988</b>	<b>\$125,775,865</b>

**Expenditures**

	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Municipal Revenue Sharing Fund (12002)	\$ -	\$184,202,889	\$ -
Insurance Fund (12004)	478,802	485,163	486,607
Mashantucket & Mohegan (12009)	61,687,907	58,076,610	57,649,850
Local Capital Improvements (12050)	42,864,909	26,495,451	28,006,751
Capital Equipment Purchase Fund (12051)	15,809	76,459	-
Small Town Economic Assistance Program (STEAP) – Grants (12052)	82,212,850	83,942,953	81,154,395
Htfd Downtown Redevelopment (12059)	26,175	14,785	76,363
Federal & Other Restricted (12060):			
Federal Restricted Contributions	6,472,563	7,083,147	6,704,081
Non-Federal Restricted Contributions	21,783,849	10,102,676	8,403,202
<b>Total Federal &amp; Other Restricted</b>	<b>28,256,412</b>	<b>17,185,823</b>	<b>15,107,283</b>
Community Conservation & Dev (13019)	4,990,000	1,406,052	4,478,322
Capital Improvements & Other Purposes (17000's)	4,562,491	4,746,213	1,150,279
Stadium Facility Fund (21019)	16,872	108,429	74,979
<b>Total Expenditures</b>	<b>\$225,112,227</b>	<b>\$376,740,827</b>	<b>\$188,184,829</b>

**Tobacco Settlement**

The Tobacco Settlement Fund was established under Sections 4-28e through 4-28f of the General Statutes to account for funds received by the state in conjunction with the Tobacco Litigation Master Settlement Agreement executed on November 23, 1998. The receipts are a product of the sales of the major tobacco companies and are calculated in advance by a court-assigned certified public accounting firm. The proceeds are offset by transfers to the Department of Public Health, which administers the disbursement of the funds. These transfers totaled \$123,298,984 and \$109,700,000, for the 2016-2017 and 2017-2018 fiscal years, respectively.

**Mashantucket Pequot and Mohegan Fund**

The Mashantucket Pequot and Mohegan Fund distributes formula-based grants to towns operating under Sections 3-55i through 3-55k of the General Statutes. The formula is based on a number of factors, including the value of the payment in lieu of taxes, grant payments to towns, town population, equalized net grand property list, and per capita income.

The fund expenditures totaled \$58,076,610 and \$57,649,850 for the 2016-2017 and 2017-2018 fiscal years, respectively.

### **Local Capital Improvement Program**

The Local Capital Improvement Program (LoCIP) Fund operates under Sections 7-535 through 7-538 of the General Statutes and is financed through state bond proceeds. OPM reimburses towns for up to 100 percent of the cost of eligible capital improvement projects. Eligible projects generally consist of the construction, renovation, repair, and resurfacing of roads; sidewalk and pavement improvements; and public buildings and public housing renovations and improvements.

The annual LoCIP expenditure totals fluctuate from year to year, since OPM-authorized projects must wait until the State Bond Commission places them on its agenda and votes to approve them.

### **Small Town Economic Assistance Program (STEAP)**

The Small Town Economic Assistance Program (STEAP) was established under Section 4-66g of the General Statutes to provide grants-in-aid to any municipality or group of municipalities. The statutes provide guidelines on each municipality's eligibility.

### **Federal and Other Restricted Accounts**

The decrease in other restricted fund revenues for the 2016-2017 fiscal year was mainly attributed to legislative changes impacting the revenue designated for the municipal revenue sharing account. Public Act 16-2 of the May Special Session of the General Assembly, Section 40(1)(K) eliminated the requirement to deposit general sales and use tax, business use tax and sales/use tax-room occupancy in the restricted Municipal Revenue Sharing Account.

The decrease in fund revenues for the 2017-2018 fiscal year was mainly attributed to the receipt of less federal funding from the Justice Assistance Formula Grant.

### **Municipal Revenue Sharing Fund**

The expenditure increase during the 2016-2017 fiscal year was due to the establishment of the Municipal Revenue Sharing Fund (MRSF) in Public Act 16-2 of the May Special Session (Sections 8 and 41). The expenditure decrease during the 2017-2018 fiscal year was due to the suspension of funding for the MRSF by Public Act 17-2 of the June Special Session (Section 637). During the time the MRSF fund was suspended, MRSA grants were partially funded by General Fund appropriations.

### **Capital Projects Funds**

Capital projects funds account for bond sale proceeds used to acquire capital facilities financed from state bond sale proceeds. The legislature authorizes funds through bond legislation. Subsequent State Bond Commission approval is generally required to make the funds available. Total capital projects fund expenditures were \$4,746,213 and \$1,150,279 for the 2016-2017 and

2017-2018 fiscal years, respectively. Expenditures during fiscal year 2016-2017 were primarily for the Core-CT web-based business intelligence project and the municipal benchmarking system. Expenditures during fiscal year 2017-2018 were primarily for transit-oriented development projects.

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the records of the Office of Policy and Management disclosed certain matters of concern requiring agency attention.

### **Violation of Personal Service Agreement Procedures**

*Background:* Section 4-217 (a) of the General Statutes requires the Office of Policy and Management to establish standards for state agencies to follow when entering into personal service agreements. The OPM Office of Finance oversees the state's personal service agreements (PSA) and publishes procurement standards, as required by state statute. When OPM enters into a personal service agreement, it must adhere to the same state procurement standards as any other state agency.

*Criteria:*

- Sections 4-212 through 4-219 of the General Statutes establish standards for executive branch agencies to follow when entering into personal service agreements.
- Section 1-79(6) of the General Statutes, requires individuals who are members of the request for proposal (RFP) team to complete and sign an Ethics and Confidentiality Agreement form.
- Section 4e-13(a) of the General Statutes, requires the Department of Administrative Services, in consultation with the State Contracting Standards Board, to establish and maintain a single Internet portal to post all executive branch agency contacting opportunities. Subsection (c) of 4e-13 states that all executive branch agencies, constituent units of the state system of higher education and quasi-public agencies shall post all bids, requests for proposals and resulting contracts and agreements on the state contracting portal.
- OPM should retain its Personal Service Agreement Procedures, amendments to contracts, and all other supporting documentation on file.
- State personal service agreement procurement standards require that state agencies must complete a contractor evaluation form not later than 60 days after a contractor has completed its work.
- Section 4-98 of the General Statutes requires that, except for emergency purchases, no state agency shall incur any obligation except by the

issuance of a purchase order or any other documentation approved by the State Comptroller.

- Condition:* We reviewed 10 personal service agreements, totaling \$718,283, which disclosed various violations of statutory requirements, procurement standards, and internal policies.
- In 3 instances, personal service contracts did not have a required Ethics and Confidentiality Agreement on file.
  - All 10 contracts tested did not comply with the state contracting portal requirements. Eight contracts were not published, and two contracts were only partially published on the state contracting portal.
  - In one instance, a personal service agreement was missing an amendment contract form (Form 802-A).
  - In 3 instances, personal service agreement contractor evaluation forms were submitted 82, 121, and 235 days after the completion of the contract.
  - In one instance, supporting documentation was missing for a \$7,735 personal service agreement.
  - In one instance, a purchase order was created 42 days after the obligation was incurred for a \$505,082 personal service agreement.
- Context:* OPM had 11 active personal service agreements during the audit period.
- Effect:* Internal controls over personal services expenditures were weakened, which increased the risk that fair contracting procedures were not followed.
- Cause:* Internal control procedures over personal service agreements were not being followed.
- Prior Audit Finding:* This finding has been previously reported in the last 3 audit reports covering the 2010-2011 to 2015-2016 fiscal years.
- Recommendation:* The Office of Policy and Management should strengthen its internal controls to ensure compliance with state personal service agreement laws, procedures, and internal policies. (See Recommendation 1.)
- Agency Response:* “The agency generally agrees with this finding with the following exceptions:

- OPM's records reflect that legal notices were published for the four contracts in question;
- OPM's records reflect that all resulting contracts from bids have been posted on the State Contracting Portal. OPM has not posted all amendments to such contracts and will do so going forward. OPM is unaware of the requirement and if there is a procedure to post contracts on the State Contracting Portal that were not bid.
- OPM does not complete an evaluation of a contract until the final invoice from the contractor has been received and the contract is closed. This may result in the completion of evaluations beyond sixty days from the contract end date.

Untimely approvals noted in this finding should not be an issue subsequent to December 2019 when the agency implemented a procedure, in response to a previous audit finding, that all approvals required in accordance with Chapter 55a of the Connecticut General Statutes be in place before the agency commences the execution of contracts with vendors.

Effective January 1, 2020, the Business Office was assigned the responsibility to ensure all staff who administer an RFP or a contract comply with state personal service agreement laws, procedures and internal policies, and that the Business Office maintain the project file for all contracts.”

*Auditors' Concluding  
Comment:*

We requested documentation to verify that OPM published legal notices for the four contracts, but it was never supplied.

Agencies are required to post all contracts on the state contracting portal, regardless of the contracting method. The posting requirement and procedure for posting sole source contracts is the same process as for competitively bid contracts. Section 4e-13 of the General Statutes requires the posting of all bids, requests for proposals, and resulting contracts and agreements on the state contracting portal.

Regarding the evaluation of contractors, final billing should be received within a reasonable number of days. Delays of 82, 121, and 235 days do not appear reasonable. Therefore, the evaluations should not have been delayed for such an extended period.

**Late Issuance of Purchase Orders**

*Criteria:* In accordance with Section 4-98 of the General Statutes, except for emergency purchases, no state agency shall incur any obligation except by

the issuance of a purchase order or any other documentation approved by the State Comptroller.

*Condition:* Our review of 30 expenditure transactions, totaling \$295,491, identified 2 transactions, totaling \$34,600, that were not supported by valid purchase orders when OPM incurred the expenditures. The purchase orders were issued 45 and 65 days after the office incurred the obligations.

*Context:* OPM had 232 open purchase orders during the audit period.

*Effect:* Assurance that funds will be available for payment is reduced when an agency does not properly issue purchase orders.

*Cause:* The lack of timely purchase orders appears to be the result of management oversight.

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

*Recommendation:* The Office of Policy and Management should strengthen internal controls to ensure that it issues purchase orders in accordance with Section 4-98 of the General Statutes. (See Recommendation 2.)

*Agency Response:* “The agency agrees that there was a delay in processing some purchase orders, however, this was not the result of management oversight but due to the General Assembly adjourning the 2017 regular legislative session without passing a budget for the fiscal year 2018 and fiscal year 2019 biennium. In accordance with Governor Malloy’s Executive Order No. 58, OPM determined that certain functions had to continue without an approved appropriation. Purchase orders were subsequently issued upon the implementation of a Resource Allocation Plan in August 2017, which Plan included funding for the essential and statutorily required operations of state government. OPM included a comment in the purchase orders explaining the delay in issuing such purchase orders.”

*Auditors’ Concluding Comment:*

Governor Malloy’s Executive Order No. 58 does not preclude an agency from following state purchasing laws, regulations, and policies. The two expenditures transactions incurred prior to the creation of purchase orders were not for emergency purchases. One was a reimbursement to the State Comptroller and the other was for computer services.

**Property Control Deficiencies**

*Background:* The Pratt and Whitney Stadium at Rentschler Field is owned by the Office of Policy and Management, which reports directly to the Governor,



providing information and analysis required to formulate public policy. The Capital Region Development Authority (CRDA) oversees the day to day stadium operations in accordance with an agreement with OPM. CRDA is a quasi-state agency that works with the City of Hartford and the Capital Region on economic development initiatives. The stadium is currently managed by an outside management company.

*Criteria:* Section 4-36 of the General Statutes requires each state agency to establish and maintain inventory records as prescribed by the State Comptroller. The State Property Control Manual establishes the standards, which include the tagging of property and recording of inventory in Core-CT.

*Condition:* During our physical inspection of 50 assets, 25 managed by OPM and 25 managed by Rentschler Field staff, we noted the following:

- Two assets at Rentschler Field could not be located.
- Five items were not physically tagged. Two of these items were also not included in the inventory records.
- Two items were physically tagged, but were not listed in the inventory records.
- Four assets were located in a different location than entered in the inventory records
- Various asset details in Core-CT were either not recorded or recorded incorrectly. They included information such as serial and model numbers, manufacturer, and location.

*Context:* OPM maintained 1,191 assets at the time of our audit testing.

*Effect:* The lack of complete and accurate property records increases the risk of undetected loss or theft.

*Cause:* There appears to be a lack of enforcement of policies and procedures to ensure that OPM promptly and accurately records all property in its property control records.

*Prior Audit Finding:* This finding has been previously reported in the last 4 audit reports covering the 2008-2009 to 2015-2016 fiscal years.

*Recommendation:* The Office of Policy and Management should improve internal controls over its assets in order to comply with the State Property Control Manual. (See Recommendation 3.)

*Agency Response:* “The agency agrees with this finding and implemented the following various steps subsequent to the fiscal year 2018 inventory to address previous recommendation:

- Commenced a semi-annual inventory in fiscal year 2020 at OPM to ensure assets are located, properly tagged, and recorded in the Core-CT financial system;
- Educated staff at Rentschler Field in December 2018 on their responsibilities to report on assets changes;
- Assigned the responsibilities of reporting and tracking property at Rentschler Field to a member of the concession staff in December 2018; and
- Commenced a semi-annual inventory in fiscal year 2020 at Rentschler Field to ensure assets are located, properly tagged, and recorded in the Core-CT financial system.

In recognition that equipment in athletic facilities is constantly moving to different locations and that OPM does not have a presence at Rentschler Field, OPM will be implementing the following additional steps with the fiscal year 2020 inventory:

- Location codes will be modified; and
- A representative of the Capitol Region Development Authority (CRDA) will review and certify the inventory to determine if it accurately reflects the assets at Rentschler Field.”

### **CO-59 Reporting Error**

*Criteria:* Section 4-36 of the General Statutes requires that each state agency establish and maintain inventory records in the form prescribed by the State Comptroller, and shall annually, on or before October 1st, transmit a detailed inventory of all real property and personal property having a value of \$1,000 or more to the Comptroller as of June 30th. For audit purposes, each state agency shall establish and maintain a list of personal property having a value of less than \$1,000 and defined as controllable property in the property control manual published by the Comptroller.

*Condition:* We reviewed 15 asset additions and deletions from OPM’s CO-59 annual inventory reports for assets managed by Rentschler Field staff (Capital Region Development Authority outside management) and OPM. We found that OPM overstated its annual CO-59 inventory report by \$1,887,371 for fiscal years 2013-2014 through 2016-2017. We noted that OPM corrected this error in fiscal year 2017-2018.

*Context:* Rentschler Field maintained 575 assets with a value of \$4,057,520 at the time of our review.

*Effect:* Property Control weaknesses increase the risk that assets are not being properly recorded and safeguarded.

*Cause:* Rentschler Field staff are not adequately reporting Rentschler Field assets to OPM. This is due to lack of information, documentation, and communication between Capital Region Development Authority (CRDA) and OPM.

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

*Recommendation:* The Office of Policy and Management should improve internal controls and communication with the Capital Region Development Authority outside management company staff to comply with the inventory requirements in the State Property Control Manual. (See Recommendation 4.)

*Agency Response:* “The agency agrees with this finding. OPM was unaware until fiscal year 2018 that in fiscal year 2014 the Rentschler Field scoreboard was traded-in to purchase a new scoreboard as there were expenditures in fiscal year 2014 that OPM thought were scoreboard enhancements. OPM processed the required adjustment in fiscal year 2018, which was reflected on the CO-59 report.

As noted in the previous agency’s response regarding Property Control Deficiencies, OPM implemented the following various steps that were not in place when this overstatement occurred between fiscal years 2014 and 2017:

- In December 2018 educated staff at Rentschler Field on their responsibilities to report on assets changes;
- In December 2018 a member of the concession staff was assigned the responsibilities of reporting and tracking property at Rentschler Field; and
- In fiscal year 2020 we will commence a semi-annual inventory at Rentschler Field to ensure assets are located, properly tagged, and recorded in the Core-CT financial system.

OPM is committed to continuously working with the Capitol Region Development Authority to improve the maintenance of an accurate inventory of the assets at Rentschler Field. In recognition that equipment in athletic facilities is constantly moving to different locations and that OPM does not have a presence at the facility, OPM will be implementing the following additional steps with the fiscal year 2020 inventory:

- Location codes will be modified; and
- A representative of the CRDA will review and certify the inventory to determine if it accurately reflects the assets at Rentschler Field.”

### **Inadequate Documentation Supporting Medical Leave**

*Criteria:* According to Section 5-247-11 of the state personnel regulations and most collective bargaining agreements, employees must submit a medical certificate to substantiate a period of sick leave of more than 5 consecutive working days. The statewide Family and Medical Leave Policy sets forth procedures for requesting a leave under the Family and Medical Leave Act (FMLA). The policy outlines the required forms and submission deadlines.

*Condition:* During our review of 10 medical leaves of absence, we identified one missing Medical Leave Employee Request form and two missing Intent to Return to Work forms to support two medical leaves. In addition, we did not find any documentation that justified the missing documents.

*Context:* OPM had 12 employees out on Family and Medical leave during the audit period.

*Effect:* Inadequate documentation increases the risk for unauthorized leave, which may result in unnecessary costs to the state.

*Cause:* The lack of specific FMLA documentation to support medical leaves of absence appears to be caused by a difference in the interpretation of state policies.

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

*Recommendation:* The Office of Policy and Management should strengthen internal controls to ensure that it maintains medical leave forms or justifies missing forms in accordance with the State of Connecticut Family and Medical Leave Entitlements Policy. (See Recommendation 5.)

*Agency Response:* “The agency agrees that certain forms were not on file for two medical leaves of absence. It is the practice of the human resources office to use all FMLA forms when applicable. This is evidenced by eight of the ten records that were reviewed during the audit containing adequate documentation. For the two employees listed above adequate documentation was on file to authorize their FMLA leave as well as their eligibility for FMLA. This is evidenced by the forms P-33A (medical certificate), forms HR2a (notice of eligibility and rights responsibilities), form HR2b (agency designation notice) and form HR2c (Core-CT coding). While it is the preferred practice that an employee complete form HR-1 and HR-3, if these forms are not

submitted, it is the employer's right and obligation to designate leave as a family and medical leave entitlement. If an employee is eligible for one or more of the family medical leave entitlements and the law or policy covers the reason for leave, the employer must designate the leave accordingly. If the employer learns that the employee is absent due to a covered reason and the employee is eligible for one or more of the leave entitlements, the employer must designate the leave even if the employee does not make an explicit request. This is stated in DAS General Letter 39, State of Connecticut Family and Medical Leave Entitlements Policy. The FMLA manual, further states in Chapter 22 that "the employee's failure to complete the FMLA-HR-1 is not a reason to deny the leave" and in Chapter 25 that "Human Resources cannot deny a leave only because the employee failed to return the FMLA-HR-3 form."

*Auditors' Concluding*

*Comment:* Although other supporting documentation was on file, the Department of Administrative Services' policy states that if an employee does not complete the Medical Leave Employee Request form, the agency should place a note in their file.

**Missing Supporting Documentation for Renters' Rebate Grants**

*Criteria:* In accordance with Section 12-170f of the General Statutes, applicants for the Renters' Rebate Program are required to provide evidence to substantiate rebate claims. OPM requires municipalities to hold applications and all supporting documentation for three years after the application year.

*Condition:* Supporting documentation was missing for two renters' rebates. One application was not supported by adequate documentation and one could not be located.

*Effect:* Without adequate documentation on file, OPM cannot verify that municipalities are meeting the grant requirements.

*Cause:* It appears the condition was due to a lack of management oversight. Management did not detect that municipalities did not maintain renters' rebate applications in accordance with OPM instructions.

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

*Recommendation:* The Office of Policy and Management should improve oversight over Renters' Rebate Program grant processing and record retention requirements by municipalities. (See Recommendation 6.)

*Agency Response:* “The agency agrees in part with the finding. OPM reviewed the records of the two referenced rebates. In one case the municipality provided an application, which was signed and dated by the applicant but lacked the signature of the assessor and other supporting documentation. OPM agrees that in the second case, the municipality could not locate any documentation for this applicant. It should be noted that the municipal records retention schedule for the renters’ rebate program only requires municipalities to keep documents for two years from the date of application and that this state audit was performed in the third year after these applications were filed. The guidelines of the Renters’ program require municipalities, however, to maintain records for three years.

Subsequent to this finding and at the beginning of accepting new applications effective April 1, 2020, OPM sent a communication to assessors/municipal agents advising them of this audit finding and reminding them of the requirement to have documentation relating to all income and expenditures on applications and to maintain such documentation for three years.”

### **Untimely Report Submission for Criminal Justice Grants**

*Criteria:* Criminal Justice grantees must submit quarterly financial and progress reports within 15 days after the end of the quarter, and must sign the final reports. When the reports are not submitted electronically via the OPM GRANTIUM online program, it would be a sound business practice for OPM to date stamp the reports when they are received. Final reports are a necessary part of the grant closeout process, as they are needed to reconcile grantee payments.

*Condition:* Our review of manual quarterly financial and progress reports disclosed that 33 were not date stamped, 10 were stamped late, and 8 were missing.

*Context:* We reviewed all manual quarterly and progress reports related to 10 grant expenditures, totaling \$226,823. We noted exceptions related to \$147,156 of these grants.

*Effect:* When quarterly reports are not submitted or are submitted late, it can delay cash drawdowns and overstate grant balances. This could hinder the state’s ability to obtain federal grants.

*Cause:* It appears the condition is primarily due to management oversight and limited staff and resources.

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

*Recommendation:* The Office of Policy and Management should improve oversight of criminal justice grant reporting requirements. (See Recommendation 7.)

*Agency Response:* “The agency generally agrees with this finding. To improve its oversight of criminal justice grants, during fiscal year 2015, OPM implemented an on-line, life cycle grants management system (known as GRANTIUM), which was configured to address these fundamental submission requirements. The transition to this system was implemented over a period of years. Effective fiscal year 2015, new criminal justice grant awards were administered in GRANTIUM while existing grants were maintained manually. All of these findings relate to grant awards that were maintained manually. At this time all grant awards are administered in GRANTIUM, which automatically assigns the name of the registered sub-grantee user submitting the information and the date of submission, so we do not anticipate these issues to occur in the future.”

### **Statutory Reporting Requirements**

*Criteria:* The Office of Policy and Management must issue over 100 reports each year in accordance with various sections of the General Statutes.

*Condition:* OPM has not submitted the annual Innovations Review Panel employee rewards report since 2003. This report is required by Section 4-67f of the General Statutes.

*Effect:* When reports are not prepared and submitted in accordance with Connecticut General Statutes, management and the General Assembly may not receive necessary information to make informed decisions.

*Cause:* OPM informed us that it has attempted to make legislative changes to eliminate certain reporting requirements. However, the legislation did not pass.

*Prior Audit Finding:* This finding has been previously reported in the last 3 audit reports covering the 2012-2013 to 2015-2016 fiscal years.

*Recommendation:* The Office of Policy and Management should file reports in accordance with the General Statutes or seek legislative changes to amend or eliminate certain reporting requirements. (See Recommendation 8.)

*Agency Response:* “Regarding the Innovations Review Panel, the agency agrees that the reports were not filed and will continue to submit a legislative proposal to abolish this statute.”

## RECOMMENDATIONS

Our prior report on the fiscal years ended June 30, 2015 and 2016 contained 5 recommendations. Of these recommendations, 3 have been modified and repeated for the current audit to reflect the issues noted. The report also includes 5 additional recommendation for the current audited period. The status of the recommendations contained in the prior report are presented below.

*Status of Prior Audit Recommendations:*

- The Office of Policy and Management should strengthen its internal controls to ensure that contractor evaluations and approvals are submitted and obtained in a timely manner, in accordance with state personal service agreement standards. **We noted similar conditions during our current audit. This recommendation will be modified and repeated. (See Recommendation 1.)**
- The Office of Policy and Management should improve its internal controls over asset accountability for Rentschler Field. **We noted similar conditions during our current audit. This recommendation will be modified and repeated. (See Recommendation 4.)**
- The Office of Policy and Management should file reports in accordance with the General Statutes and document the timeliness of all report submissions. **We noted similar conditions during our current audit. This recommendation will be modified and repeated. (See Recommendation 8.)**
- The Office of Policy and Management should update the statewide information technology policies to provide guidance for all executive branch agencies. **The agency took corrective action. This recommendation is not repeated.**
- The Office of Policy and Management should continue its efforts to codify the SEBAC agreements, consistent with the provisions of those agreements. **The agency signed an agreement with SEBAC that consolidated all pension agreements and eliminated the need to codify the agreements. This recommendation is not repeated.**



*Current Audit Recommendations:*

- 1. The Office of Policy and Management should strengthen its internal controls to ensure compliance with state personal service agreement laws, procedures and internal policies.**

Comment:

During our review of 10 personal service agreements, we noted several violations of state personal service agreement laws, procurement standards, and internal policies. In addition, we found 3 contractor evaluations that were submitted late.

- 2. The Office of Policy and Management should strengthen internal controls to ensure that it issues purchase orders in accordance with Section 4-98 of the General Statutes.**

Comment:

During our review of expenditures, we identified 2 transactions, totaling \$34,600, that were not supported by valid purchase orders when OPM incurred the expenditures. The purchase orders were issued 45 and 65 days after the office incurred the obligations.

- 3. The Office of Policy and Management should improve internal controls over its assets in order to comply with the State Property Control Manual.**

Comment:

Our review of 25 OPM inventory items and 25 Rentschler Field inventory items disclosed numerous issues. We found that 2 assets could not be located, assets were not tagged, and assets were not recorded in Core-CT or were not accurately recorded.

- 4. The Office of Policy and Management should improve internal controls and communication with the Capital Region Development Authority outside management company staff to comply with the inventory requirements in the State Property Control Manual.**

Comment:

We reviewed 15 asset additions and deletions from OPM's CO-59 annual inventory reports for assets managed by Rentschler Field staff (Capital Region Development Authority outside management) and OPM. We found that OPM overstated its annual CO-59 inventory report by \$1,887,371 for fiscal years 2013-2014 through 2016-2017. We noted that OPM corrected this error in fiscal year 2017-2018.

- 5. The Office of Policy and Management should strengthen internal controls to ensure that it maintains medical leave forms or justifies missing forms in accordance with the State of Connecticut Family and Medical Leave Entitlements Policy.**

Comment:

Our review identified one missing Medical Leave Employee Request form and two missing Intent to Return to Work forms to support two medical leaves. In addition, we did not find any documentation that justified the missing documents.

- 6. The Office of Policy and Management should improve oversight over Renters' Rebate Program grant processing and record retention requirements by municipalities.**

Comment:

Supporting documentation was missing for 2 renters' rebates. One application was not supported by adequate documentation and one could not be located.

- 7. The Office of Policy and Management should improve oversight of criminal justice grant reporting requirements.**

Comment:

For 9 of 10 criminal justice grants reviewed, financial reports were not submitted in a timely manner or the timeliness was not documented.

- 8. The Office of Policy and Management should file reports in accordance with the General Statutes or seek legislative changes to amend or eliminate certain reporting requirements.**

Comment:

During our review of statutorily required reports, we found that OPM has not submitted the annual Innovations Review Panel employee rewards report since 2003. This report is required by Section 4-67f since 2003.


**ACKNOWLEDGMENT**

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

Ramiz Mehmedovic  
Bruce C. Vaughan  
Benjamin Viccari

**CONCLUSION**

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Office of Policy and Management during the course of our examination.



Bruce C. Vaughan  
Principal Auditor

Approved:



John C. Geragosian  
State Auditor



Robert J. Kane  
State Auditor