

STATE OF CONNECTICUT



*AUDITORS' REPORT
OFFICE OF POLICY AND MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2020*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

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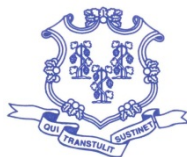
EXECUTIVE SUMMARY

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, 2019 and 2020.

The key findings and recommendations are presented below:

<p>Page 9</p>	<p>Our review of 25 OPM and 25 Rentschler Field inventory items disclosed numerous issues with the Rentschler Field inventory. We found that some assets were not tagged, and other assets were not included in the inventory. We also found sensitive and confidential information in an unlocked room at OPM. 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. In addition, the office should store all sensitive information in a secure location. (Recommendation 1.)</p>
<p>Page 11</p>	<p>We reviewed 16 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 did not include three assets, totaling \$66,851, in the additions and one asset, with a value of \$17,500, in the Rentschler Field deletions for the fiscal year 2015. 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 annual inventory reporting requirements of the State Comptroller. (Recommendation 2.)</p>
<p>Page 12</p>	<p>We found that OPM did not publish its personal service agreements on the Department of Administrative Services contracting portal. The Office of Policy and Management should post personal service agreements on the Department of Administrative Services' contracting portal as required by Section 4e-13(a) of the General Statutes. (Recommendation 3.)</p>

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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CLARK J. CHAPIN

April 21, 2022

AUDITORS' REPORT OFFICE OF POLICY AND MANAGEMENT FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2020

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 fiscal years ended June 30, 2019 and 2020. 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. Our testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted 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 laws, regulations, contracts and grant agreements, policies, and procedures; and
3. A need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations 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 municipal finance and local tax issues, including processing tax-related grants to towns and reimbursing towns for various tax relief programs (elderly homeowners, veterans, and the totally disabled). Section 12-170h of the General Statutes provides OPM the authority 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 staffing needs; recommendations of career development programs for managers; and the coordination of transfers of financial managers 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 acquire 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 state's representative.
- Provisions of Section 32-655 through 32-669 of the General Statutes, pertaining to the construction and administration of Adriaen'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-38l 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 January 8, 2019. Melissa McCaw was appointed secretary of the Office of Policy and Management on January 9, 2019 and served in that position through February 25, 2022. Jeffrey Beckham was appointed as interim secretary of the Office of Policy and Management on February 25, 2022.

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, 2020 were:

Ex-Officio Members

Governor Edward "Ned" Lamont
Lieutenant Governor Susan Bysiewicz
State Comptroller Kevin Lembo
State Treasurer Shawn T. Wooden

Appointed Legislative Member

Senator Cathy Osten
Senator Paul Formica
Representative Michael DiMassa
Representative Toni Walker
Representative Gail Lavielle

Alternate

Senator Joan Hartley
Senator Craig Miner
Representative Bobby Gibson
Representative Maria Horn
Representative Tami Zawistowski

The 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 19-10**, effective October 1, 2019, established a reward program for state employees who make a suggestion that (1) concerns an alleged gross waste of funds in their employing state agency, (2) is subsequently implemented by the agency, and (3) results in agency cost savings exceeding \$10,000. Under the program, each state agency must designate a suggestion coordinator. Suggestions involving certain matters are ineligible for an award.

- **Public Act 19-127**, effective July 1, 2019, required the secretary of the Office of Policy and Management to establish a pilot program to offer incentives to qualifying nonprofit human service providers that realize savings in the state-contracted services they deliver. Under the act, the pilot program must (1) allow participating providers to keep a portion of any savings they realize from the contracted service cost as long as they meet their contractual requirements and (2) prohibit future state contracts for the same type of service from being reduced solely on savings achieved under the pilot. Prior law authorized the OPM secretary to establish a program with similar features, but it was not implemented.

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

	2017-2018	2018-2019	2019-2020
Casino Gaming Receipts:			
Mashantucket Gaming	\$121,203,829	\$114,055,909	\$75,474,249
Mohegan Gaming	151,627,943	142,844,283	89,619,982
Total Casino Gaming Receipts	272,831,772	256,900,192	165,094,231
Refunds of Grants & Other Expenditures	100,609	50,271	130,337
All Other Receipts	440	1,870	332
Total Revenues	\$272,932,821	\$256,952,333	\$165,224,900

Expenditures

	2017-2018	2018-2019	2019-2020
Personal Services	\$9,930,032	\$9,755,932	\$10,274,286
Other Expenses	1,073,506	876,217	980,361
Special Program or Project	1,529,127	1,391,560	1,378,661
Aid to Other than Local Government	25,890,505	28,099,904	24,748,900
Aid to Local Government	298,502,180	295,843,555	277,394,854
Total Expenditures	\$336,925,350	\$335,967,168	\$314,777,062

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.

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:

Revenues

	2017-2018	2018-2019	2019-2020
Tobacco Settlement (12037)	\$116,850,108	\$124,507,710	\$118,761,009
Federal & Other Restricted (12060):			
Sales & Use Taxes:			
General Sales & Use Tax	-	-	2,148,804
Room Occupancy & Sales Tax	-	-	6,543,364
Other Use Taxes	-	-	12
Total Sales & Use Taxes	-	-	8,692,180
Federal Restricted Contributions	3,590,537	7,360,190	1,394,504,344
Interest Income	59,163	62,573	37,777
Non-Federal Restricted Contributions and Grant Transfers	5,152,664	6,605,781	20,196,882
Total Federal & Other Restricted	8,802,364	14,208,544	1,414,739,003
Stadium Facility Fund (21019)	123,393	134,362	136,552
Total Revenues	\$125,775,865	\$138,670,616	\$1,542,328,744

Expenditures

	2017-2018	2018-2019	2019-2020
Insurance Fund (12004)	486,607	518,528	533,545
Mashantucket & Mohegan (12009)	57,649,850	49,942,789	51,472,789
Local Capital Improvements (12050)	28,006,751	29,895,520	29,331,732
Capital Equipment Purchase Fund (12051)	-	44,793	105,189
Small Town Economic Assistance Program (STEAP) – Grants (12052)	81,154,395	94,761,217	110,749,692
Htfd Downtown Redevelopment (12059)	76,363	8,931	-
Federal & Other Restricted (12060):			
Federal Restricted Contributions	6,704,081	7,813,800	6,774,342
Non-Federal Restricted Contributions	8,403,202	1,546,250	25,074,601
Total Federal & Other Restricted	<u>15,107,283</u>	<u>9,360,050</u>	<u>31,848,943</u>
Community Conservation & Dev (13019)	4,478,322	252,518	229,798
Capital Improvements & Other Purposes (17000's)	1,150,279	4,381,881	749,065
Stadium Facility Fund (21019)	74,979	202,715	125,033
Total Expenditures	\$181,480,747	\$189,368,942	\$225,145,786

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 \$110,200,000 and \$136,000,000, for the 2018-2019 and 2019-2020 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 \$49,942,789 and \$51,472,789 for the 2018-2019 and 2019-2020 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 building and housing renovations and improvements.

The annual LoCIP expenditures 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 increase in fund revenues for the 2019-2020 fiscal year was mainly attributed to the receipt of funds from the U.S. Department of the Treasury from the Coronavirus Relief Fund (CRF), established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In April 2020, the State of Connecticut was allocated \$1.382 billion for the CRF program.

Sales and use taxes increased by \$8,692,180 during the 2019-2020 fiscal year. The increase was attributed to Public Act 19-117, Sections 317(J)(i), 318(I)(i), 323 (K)(i) & 324 (J)(i), which required the deposit of certain state sales tax receipts into the regional planning incentive account.

The non-federal restricted revenue increased during the 2018-2019 and 2019-2020 by \$1,453,117 and \$13,591,101, respectively. The increase in the 2018-2019 fiscal year was mainly attributed to payments from municipalities in accordance with a memorandum of agreement relating to Municipal Accountability Review Board expenses. The increase in the 2019-2020 fiscal year was attributed to private contributions received in accordance with Public Act 19-117 Section 186(a).

The non-federal restricted expenditures increased during the 2019-2020 by \$23,528,351. The increase was mainly attributed to a payment matching agreement in accordance with Public Act 19-117 Section 186(b).

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 \$4,381,881 and \$749,065 for the 2018-2019 and 2019-2020 fiscal years, respectively. Expenditures during fiscal year 2018-2019 were primarily for transit-oriented development projects. Expenditures during fiscal year 2019-2020 decreased due to a reduction in appropriations and a transit-oriented project.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Office of Policy and Management disclosed the following three findings and recommendations, all of which have been repeated from the previous audit:

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 the information and analysis required to formulate public policy. The Capital Region Development Authority, (CRDA) oversees the day-to-day stadium operations per an agreement with OPM. CRDA is a quasi-public agency that works with the City of Hartford and the Capital Region on economic development initiatives. The stadium is currently managed by Spectra Venue Management

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:

- Four assets at Rentschler Field were not physically tagged.
- Six assets at Rentschler Field were not included in the inventory records.
- One asset at Rentschler Field was physically tagged with two different tag numbers. One tag represents the correct asset in CORE-CT records and the other tag represents a different asset.

In addition, we found sensitive and confidential information in an unlocked room at OPM.

Context: OPM maintained 1,473 assets at the time of our review.

Effect: The lack of complete and accurate property control records increases the risk of undetected loss or theft. Not properly securing sensitive and confidential records could lead to potential liability for their disclosure .

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 five audit reports covering the 2008-2009 to 2017-2018 fiscal years.

Recommendation: The Office of Policy and Management should improve internal controls and communication with the Capital Region Development Authority's outside management company staff to comply with the inventory requirements in the State Property Control Manual. In addition, the office should store all sensitive information in a secure location. (See Recommendation 1.)

Agency Response: “OPM agrees with this finding. Pursuant to previous audit findings, OPM developed an implementation plan to improve internal controls and communication with the Capitol Region Development Authority (CRDA). Due to the timing of when the implementation plan was developed in March 2020 and the on-set of the global COVID-19 pandemic, OPM and the CRDA were unable to effectuate all of the recommendations pertaining to the fiscal year 2019 and 2020 inventory as well as the fiscal year 2021 inventory, such as the commencement of a semi-annual inventory to ensure assets are located, properly tagged, and recorded in the Core-CT financial system.

Irrespective of the inability to commence a semi-annual physical inventory as of June 30, 2021, continued improvements are necessary to ensure all property acquired is promptly and accurately recorded in the OPM property control records. OPM and the CRDA have agreed upon the following steps to address the challenges of assets being purchased by the CRDA outside of the Core-CT financial system and that equipment in athletic facilities is constantly moving to different locations, including being stored outside and exposed to the elements:

- OPM and the CRDA will jointly conduct a physical one-time review of all assets at Rentschler Field to verify that such assets are properly tagged and recorded in the Core-CT system. Such review is scheduled to occur in January 2022 after the close of the UCONN football season;
- OPM and CRDA will conduct an annual reconciliation before the close of each fiscal year to ensure (1) assets purchased and retired by the CRDA outside of the Core-CT financial system are properly recorded in the Core-CT system and tagged by the CRDA; and (2) assets purchased through the Core-CT system are properly tagged by the CRDA and recorded in the Core-CT system. This reconciliation will be conducted for the inventory as of June 30, 2021, although the fiscal year has already closed to identify and resolve any discrepancies in a timely manner, and annually thereafter;
- Staff at Rentschler Field will be trained to report to the Assistant General Manager, who is responsible for the reporting and tracking of

the Rentschler Field inventory, when they have found inventory tags that have fallen off assets to ensure the tags are either assigned to the proper asset or replaced and updated accordingly in the Core-CT financial system. The CRDA believes staff at Rentschler Field may be placing fallen tags that they have found on assets, which has resulted in either more than one tag on an asset or the wrong tag is on an asset, resulting in audit findings;

- OPM and the CRDA will investigate how to properly tag and account for assets that are not stored in a facility, which tags are destroyed by exposure to outside elements. The CRDA believes this contributed to the finding of assets such as a tractor and an ATV not being tagged; and
- OPM and CRDA will commence the semi-annual inventory in fiscal year 2022 to ensure assets are located, properly tagged, and recorded in the Core-CT financial system, unless prevented to do so by external forces, such as the spread of the global COVID-19 pandemic.”

CO-59 Reporting Error

Background: State agencies are required to annually submit CO-59 inventory reports to the State Comptroller by October 1st. As part of our audit procedures, we reviewed asset additions and deletions in the OPM CO-59 reports.

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 16 asset additions and deletions from OPM’s CO-59 Reports, for assets managed by Rentschler Field staff and OPM. We found that OPM did not include three assets, totaling \$66,851, in the additions and one asset, with a value of \$17,500, in the Rentschler Field deletions for the fiscal year 2015.

Context: Rentschler Field maintained 584 assets, with a value of \$4,220,663 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 a lack of information, documentation, and communication between Capital Region Development Authority (CRDA) and OPM.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering the fiscal years ended 2017 to 2018.
- 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 annual inventory reporting requirements of the State Comptroller. (See Recommendation 2.)
- Agency Response:* “OPM agrees with this finding. The three assets totaling \$66,851, which were added and the one asset with a value of \$17,500, which was deleted, in FY19 should have been included with the additions and deletions in FY15, however, the OPM Business Office was not made aware of these changes by the CRDA until FY19. As noted in the agency response to the Property Control Deficiencies, OPM and CRDA will conduct an annual reconciliation before the close of each fiscal year to ensure (1) assets purchased and retired by the CRDA outside of the Core-CT financial system are properly recorded in the Core-CT system and tagged by the CRDA; and (2) assets purchased through the Core-CT system are properly tagged by the CRDA and recorded in the Core-CT system. This reconciliation will be conducted for the inventory as of June 30, 2021, although the fiscal year has already closed to identify and resolve any discrepancies in a timely manner, and annually thereafter.”

Violation of State Contracting Portal Requirement

- Criteria:* Section 4e-13(a) of the General Statutes requires the Department of Administrative Services (DAS), in consultation with the State Contracting Standards Board, to establish and maintain a single internet portal to post all executive branch agency contracting opportunities. Section 4e-13(c) of the General Statutes 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.
- Section 4e-13(b) of the General Statutes requires that the State Contracting Portal shall, among other things, include: (1) all requests for bids or proposals, and other solicitations regardless of the method of source selection, related materials and all resulting contracts and agreements by state agencies; (2) a searchable database for locating information; and (3) personal services agreements and purchase of service agreements.

- Condition:* We reviewed five personal service agreements, totaling \$86,809. All five contracts tested did not comply with the state contracting portal requirement and were not published on the DAS website.
- Context:* OPM had 12 active personal service agreements during the audit period.
- Effect:* Not posting personal service agreement on the DAS portal reduces transparency.
- Cause:* OPM employees informed us that they were not aware of the requirement to post personal service agreements on the portal.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering the 2017-2018 fiscal years.
- Recommendation:* The Office of Policy and Management should post personal service agreements on the Department of Administrative Services' contracting portal as required by Section 4e-13(a) of the General Statutes. (See Recommendation 3.)
- Agency Response:* “As reflected in OPM’s response to the finding in the FY2017 and FY2018 report, pursuant to information dating back to 2016, OPM was told by the Department of Administrative Services (DAS) that the State Contracting Portal did not have the functionality to post contracts that were not bid through a competitive process. Consequently, OPM did not post non-competitive contracts to the State Contracting Portal resulting in the audit finding in FY2017 and FY2018.
- Subsequent to the audit finding in FY2017 and FY2018 dated February 14, 2020, OPM learned it was possible to post non-competitive contracts to the State Contracting Portal and commenced implementing the Auditors of Public Accounts recommendation to post non-competitive contracts.
- The five (5) contracts cited in this recent finding were all executed in 2018 and 2019 at which time (1) OPM had been told by DAS that the State Contracting Portal did not have the functionality to post contracts that were not bid through a competitive process; (2) it was prior to the February 14, 2020 audit finding in the FY2017 and FY2018 report; it was prior to when OPM learned how to post non-competitive contracts to the State Contracting Portal; and it was prior to when OPM commenced implementation of the Auditors of Public recommendation.
- This repeated recommendation is the result of the timing whereby the violation occurred prior to the original finding in February 2020 and subsequent corrective action by OPM.”

Auditors' Concluding

Comment:

Although the violations occurred prior to the issuance of our last audit report, as of March 1, 2022, OPM has not corrected the violations and uploaded the contracts to the State Contracting Portal.

RECOMMENDATIONS

Our prior audit report on the Office of Policy and Management contained eight recommendations. Five have been implemented and three of the recommendations have been modified and repeated during the current audit.

Status of Prior Audit Recommendations:

- The Office of Policy and Management should strengthen its internal controls to ensure compliance with state personal service agreement laws, procedures and internal policies. **This recommendation has been modified and has been repeated. (See Recommendation 3.)**
- 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. The agency took corrective action. **This recommendation has been resolved.**
- The Office of Policy and Management should improve internal controls over its assets in order to comply with the State Property Control Manual. **This recommendation has been modified and has been repeated. (See Recommendation 1.)**
- 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. **This recommendation has been modified and has been repeated. (See Recommendation 2.)**
- 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. **This recommendation has been resolved.**
- The Office of Policy and Management should improve oversight over Renters' Rebate Program grant processing and record retention requirements by municipalities. **This recommendation has been resolved.**
- The Office of Policy and Management should improve oversight of criminal justice grant reporting requirements. **This recommendation has been resolved.**
- 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. **This recommendation has been resolved.**

Current Audit Recommendations:

- 1. 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. In addition, the office should store all sensitive information in a secure location.**

Comment:

Our review of 25 OPM and 25 Rentschler Field inventory items disclosed numerous issues with the Rentschler Field inventory. We found that some assets were not tagged, and other assets were not included in the inventory. We also found sensitive and confidential information in an unlocked room at OPM.

- 2. 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 annual inventory reporting requirements of the State Comptroller.**

Comment:

We reviewed 16 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 did not include three assets, totaling \$66,851, in the additions and one asset, with a value of \$17,500, in the Rentschler Field deletions for the fiscal year 2015.

- 3. The Office of Policy and Management should post personal service agreements on the Department of Administrative Services' contracting portal as required by Section 4e-13(a) of the General Statutes.**

Comment:

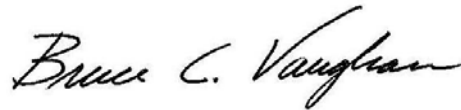
We reviewed five personal service agreements and determined that none were published on the Department of Administrative Services' website.

ACKNOWLEDGMENT

The Auditors of Public Accounts 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.

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

Ramiz Mehmedovic
Bruce C. Vaughan
Benjamin Viccari

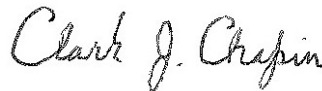


Bruce C. Vaughan
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor