



# AUDIT SUMMARY

## Department of Revenue Services

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Fiscal Years Ended June 30, 2020 and 2021

### ABOUT THE AGENCY



The Department of Revenue Services (DRS) is responsible for administering and ensuring compliance with applicable statutes related to the assessment and collection of taxes. Major functions of the department include collecting and processing tax revenues, developing tax regulations, and providing information and services to taxpayers.

### ABOUT THE AUDIT

We have audited certain operations of the Department of Revenue Services in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2020 and 2021. The objectives of our audit were to evaluate the:

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

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

[Link to full report](#)

**10**  
Findings

**8**  
Repeat Findings

Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

## NOTEWORTHY FINDINGS



### Findings

**1**

As of January 11, 2024, the Department of Revenue Services (DRS) had not consulted with the Sales Tax Governing Board or developed the required plan to use certified service providers. Furthermore, the department could not provide the draft legislation that was due February 5, 2020. In addition, DRS was unable to provide the sales and use tax report for the last quarter of 2021.

**2**

In our review of the department's disaster recovery plan, we noted the absence of important elements necessary for the plan's optimum effectiveness. The plan lacked appropriate updates, the prioritization of critical systems, frequent testing, contact information, and a process for ensuring that current copies of the plan are available at each recovery site.

**3**

As of January 2024, DRS indicated that it was not aware of Section 4-67j requiring the submittal of a procurement plan to the Office of Policy and Management (OPM). Upon notification, the department submitted a procurement plan on January 16, 2024, covering calendar years 2024 through 2026.

**4**

DRS participates in the Performance Assessment and Recognition Systems (PARS) but was unable to provide us with documentation that it completed PARS reviews for ten managers and confidential employees whose performance evaluations were required during the audited period.

**5**

We identified an account balance within the Funds Awaiting Distribution Fund that DRS did not reconcile and could not explain. There were unresolved items in the reconciliation as far back as 2008 that the department continuously carried forward into the current period.

In addition, the department did not submit a reconciling report at year end to the Comptroller in accordance with the State Accounting Manual.



### Recommendations

DRS should comply with its statutory reporting requirements in accordance with Public Act 19-117 and Section 12-7b(d) of the General Statutes.

DRS should update its comprehensive disaster recovery plan to ensure it includes important elements necessary for its optimum effectiveness to appropriately respond to disasters and ensure ongoing operational stability.

DRS should complete and submit a procurement plan to OPM for approval in accordance with Section 4-67j of the General Statutes.

DRS should ensure that all managers are evaluated on an annual basis using the Performance Assessment and Recognition System.

DRS should continue to consult with the Office of the State Comptroller to investigate, identify, promptly reconcile, and report the balance in its Funds Awaiting Distribution Fund account.