

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF SOCIAL SERVICES
FISCAL YEARS ENDED JUNE 30, 2016, 2017, AND 2018*

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

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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 Department of Social Services (DSS) for the fiscal years ended June 30, 2016, 2017, and 2018. Our audit identified internal control deficiencies, instances of noncompliance with laws, regulations, and policies, and the need for changes in management practices that warrant the attention of management. The significant findings and recommendations are presented below:

Page 15	DSS was unable to obtain state-owned transactional data from its contractor for the Supplemental Nutrition Assistance Program (SNAP). DSS should ensure compliance with contract terms by requiring contractors to promptly submit requested data. DSS should add appropriate language in future contracts to ensure the state accesses its data in a usable format without additional charges. (Recommendation 1.)
Page 18	DSS did not document the circumstances, calculations, or rationale to support its judgmental reductions of \$810,381 in overpayments to 3 medical providers. We could not ascertain whether the reductions in overpayments were warranted. DSS should maintain documentation to support reductions in overpayments to medical providers resulting from audits. (Recommendation 2.)
Page 19	DSS did not track or monitor AHCT system overrides. DSS supervisors did not document justification of their override decision of 2 eligibility determinations in the ImpaCT system. DSS should establish and implement internal controls to track and monitor AHCT system overrides and ensure that DSS and Access Health CT document justification for all ImpaCT and AHCT system overrides. The Department of Social Services should continue to address ImpaCT and AHCT system deficiencies to prevent eligibility overrides. (Recommendation 3.)
Page 20	DSS did not ensure that 86 external system users and 19 employees completed the Client Data Disclosures and Protections training. DSS should strengthen controls to safeguard confidential client data and maintain compliance with the HIPAA Security Rule by ensuring all system users complete the Client Data Disclosures and Protections training. (Recommendation 4.)
Page 21	DSS issued but did not recoup \$43,560 in various benefits to 13 deceased clients and a deceased client at a residential care facility. DSS should strengthen controls to ensure it issues benefits in the correct amount on behalf of eligible clients. DSS should record deceased clients' date of death in ImpaCT and close the case file promptly upon verification that the client died. The department should recoup benefits issued to deceased clients and the residential care facility. (Recommendation 5.)
Page 26	DSS did not audit its administrative functions, complete internal control self-assessments, establish required audit protocols, or maintain written program integrity manuals, policies, and procedures. DSS should periodically perform audits of its administrative functions and strengthen internal controls over Medicaid program integrity, risk assessments, and audit protocols. (Recommendation 8.)

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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January 27, 2021

AUDITORS' REPORT

We have audited certain operations of the Department of Social Services in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2016, 2017, and 2018. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions;
2. Evaluate the 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. Evaluate the effectiveness, 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 is not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

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

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources, including but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we:

1. Identified deficiencies in internal controls;
2. Identified apparent noncompliance with laws, regulations, contracts and grant agreements, policies, and procedures; and
3. Identified need for improvements in management practices and procedures that we deemed to be reportable.

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

COMMENTS

FOREWORD

The Department of Social Services operates under the provisions of Title 17b of the General Statutes. The department plans, develops, administers, operates, evaluates, and provides funding for services for individuals and families who are in need of personal or economic development. In cooperation with other social service agencies and organizations, including community-based agencies, the department works to develop and fund prevention, intervention, and treatment services for individuals and families.

Roderick L. Bremby served as the commissioner of the Department of Social Services during the audited period through June 2019. Governor Ned Lamont appointed Dr. Deidre S. Gifford as the commissioner, effective June 27, 2019. She continues to serve in that capacity

The mission of the Department of Social Services is to provide person-centered programs and services to enhance the well-being of individuals, families, and communities. In fulfilling this mission, the department is the designated state agency for the administration of the following programs:

- **Medicaid** – pursuant to Title XIX of the Social Security Act, provides payments for medical assistance to low-income persons who are age 65 or over, blind, disabled, members of families with dependent children, or qualified pregnant women or children.
- **Medicare Savings Program** – pursuant to Title XIX of the Social Security Act, assists eligible residents with paying the out-of-pocket costs of participating in Medicare, such as Medicare Part B premiums, deductibles and coinsurance, as well as determines eligibility for federal low-income subsidy prescription drug benefits.

- **Children’s Health Insurance Program** – pursuant to Title XXI of the Social Security Act, provides health insurance for children who are not eligible for Medicaid. This program funds a portion of the state’s HUSKY Plan – Part B program established under Section 17b-292 of the General Statutes.
- **Temporary Assistance for Needy Families (TANF)** – pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, provides time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; ends dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevents and reduces out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourages the formation and maintenance of two-parent families.
- **Temporary Family Assistance (TFA)** – pursuant to Section 17b-112 of the General Statutes, DSS administers a TFA program to provide cash assistance to eligible families in accordance with the TANF program. As provided under Section 17b-112, the commissioner of the Department of Social Services operates portions of the state’s TFA program as a solely state-funded program, separate from the federal TANF, if the commissioner determines that doing so will enable the state to avoid fiscal penalties under the TANF program.
- **Supplemental Nutrition Assistance Program (SNAP)** – pursuant to the Food and Nutrition Act of 2008, helps low-income households buy the food they need for good health.
- **Money Follows the Person (MFP) Rebalancing Demonstration** – pursuant to section 6071 of the Deficit Reduction Act of 2005 (Public Law 109-171), assists states in balancing their long-term care systems and helps Medicaid enrollees transition from institutions to the community during a 12-month demonstration period. Section 2403 of the Patient Protection and Affordable Care Act of 2010 (Public Law 111-148) extended the program through September 30, 2020.
- **Social Services Block Grant** – pursuant to Title XX of the Social Security Act, provides prevention, intervention, and treatment services to individuals and families.
- **Connecticut Energy Assistance Program** – pursuant to the Low Income Home Energy Assistance Act of 1981, provides supplemental assistance to needy persons consisting of payments for fuel and utility bills.
- **Child Support Enforcement** – pursuant to Title IV-D of the Social Security Act, enforces support obligations owed by non-custodial parents, locates absent parents, establishes paternity, and obtains child and spousal support. Child support services are available to all children deprived of parental support regardless of income.

- **Community Services Block Grant** – pursuant to the Community Services Block Grant Act, provides assistance to the state’s Community Action Agencies and the Connecticut Association for Community Action for the reduction of poverty, revitalization of low-income communities, and empowerment of low-income families and individuals to become fully self-sufficient.
- **Refugee Assistance Program** – pursuant to the Refugee Act of 1980, provides cash, nutritional and medical assistance for refugees who settle in Connecticut.
- **State Supplement** – pursuant to Section 17b-104 of the General Statutes, provides supplemental cash assistance to elderly, blind, or disabled individuals. This program also provides additional cash assistance to clients of the Supplemental Security Income program pursuant to Title XVI of the Social Security Act.
- **Connecticut Homecare Program for Elders** – pursuant to Section 17b-342 of the General Statutes and Title XIX of the Social Security Act, provides an array of home care services and helps eligible Connecticut residents to continue living at home instead of a nursing facility.
- **State-Administered General Assistance (SAGA)** – pursuant to Sections 17b-190 through 17b-219 of the General Statutes, provides cash assistance to eligible individuals who are unable to work for medical or other specified reasons, and to families that are not eligible for other DSS programs.
- **Connecticut Medicare Assignment Program (ConnMAP)** – pursuant to Sections 17b-550 through 17b-554 of the General Statutes, ensures that beneficiaries of ConnMAP who receive Medicare-covered services will be charged no more than the rate determined to be reasonable and necessary by Medicare.

Significant Legislation

Public Act 15-146 established the State Health Information Technology Advisory Council, effective July 1, 2015. The council advised the Commissioner of Social Services in developing priorities and policy recommendations for advancing the state's health information technology, exchange efforts, and goals. **Public Act 16-77** transferred the council’s advisement from the Commissioner of Social Services to the state’s Health Information Technology Officer, effective June 2, 2016.

Public Act 16-3 of the May Special Session transferred the lead agency for the autism spectrum disorder services from the Department of Developmental Services to the Department of Social Services, effective July 1, 2016.

Public Act 17-2 of the June Special Session of the General Assembly transferred the State Department on Aging to the Department of Social Services and the Office of the Long-Term Care Ombudsman to the Office of Policy and Management (OPM), effective October 31, 2017. A memorandum of agreement between DSS, OPM, and the Department of Rehabilitation Services

(DORS), allowed the State Department on Aging and the Office of the Long-Term Care Ombudsman to remain together under a single administrative umbrella within DORS, effective October 31, 2017.

Public Act 18-169 officially transferred the State Department on Aging and the Office of the Long-Term Care Ombudsman to DORS, effective June 14, 2018.

Significant Changes

The Department of Social Services developed a new eligibility management system during the audited period. The Integrated Management of Public Assistance for Connecticut (ImpaCT) system replaced the department's 1980s-era legacy system. The department phased in the ImpaCT system beginning October 11, 2016, and sunset the legacy system on September 19, 2019.

Councils, Boards, Committees and Commissions

- **Council on Medical Assistance Program Oversight**

The Council on Medical Assistance Program Oversight, established in accordance with Section 17b-28 of the General Statutes, advises the Commissioner of Social Services on the planning and implementation of the health care delivery system for the HUSKY Health Program. The council also monitors the planning and implementation of matters related to Medicaid care management initiatives, including but not limited to, eligibility standards, benefits, access, quality assurance, outcome measures, and the issuance of any request for proposal by DSS for utilization of an administrative services organization in connection with such initiatives.

- **Council to Monitor Implementation of Temporary Family Assistance Program and the Employment Services Program**

The council, established in accordance with Section 17b-29 of the General Statutes, monitors the implementation of the Temporary Family Assistance and Employment Services programs.

- **State Health Information Technology Advisory Council**

The State Health Information Technology Advisory Council, established in accordance with Section 17b-59f of the General Statutes on July 1, 2015, advises the Health Information Technology Officer in developing priorities and policy recommendations for advancing the state's health information technology and health information exchange efforts and goals. The advisory council also advises the Health Information Technology Officer in the development and implementation of the statewide health information technology plan and standards and the Statewide Health Information Exchange. Furthermore, the advisory council advises the Health Information Technology Officer regarding the development of appropriate governance, oversight, and accountability measures to ensure success in achieving the state's health information technology and exchange goals.

- **Client Advisory Board**

The Client Advisory Board, established in accordance with Section 17b-184 of the General Statutes, works to further the ability of recipients of Temporary Family Assistance to become self-sufficient. The board reports its findings and recommendations to the commissioner.

- **Autism Spectrum Disorder Advisory Council**

The Autism Spectrum Disorder Advisory Council, established in accordance with Section 17a-215d of the General Statutes, advises the Commissioner of Social Services concerning policies and programs for persons with autism spectrum disorder, services provided by the DSS Division of Autism Spectrum Disorder Services, and implementation of the recommendations resulting from the autism feasibility study. Public Act 16-3 of the May Special Session transitioned the lead agency of the council from the Department of Developmental Services to DSS, effective July 1, 2016.

- **Medicaid-Financed Home and Community-Based Programs for Individuals with Acquired Brain Injury (ABI) Advisory Committee**

The advisory committee for the ABI Waiver Program, established in accordance with Section 17b-260a of the General Statutes, submits reports to the joint standing committees of the General Assembly having cognizance of matters relating to human services, public health and appropriations, and the budgets of state agencies on the impact of the individual cost cap for the waiver program and any other matters the advisory committee deems appropriate.

- **Pharmaceutical and Therapeutics Committee**

The Pharmaceutical and Therapeutics Committee, established in accordance with Section 17b-274d of the General Statutes and pursuant to Title 42 of the United States Code Part 1396r-8, works to maintain a preferred drug list for use in the Medicaid program. When developing the preferred drug list, DSS and the committee consider a drug's clinical efficacy, safety, and cost effectiveness. The committee also makes recommendations to DSS regarding the prior authorization of any prescribed drug.

- **Long-Term Care Planning Committee**

The Long-Term Care Planning Committee, established in accordance with Section 17b-337 of the General Statutes, works to exchange information on long-term care issues, coordinating policy development, and establishing a long-term care plan for all persons in need of such care. The committee studies long-term care issues, including but not limited to, the case-mix system of Medicaid reimbursement, community-based service options, access to long-term care, and geriatric psychiatric services.

- **Long-Term Care Advisory Council**

The Long-Term Care Advisory Council, established in accordance with Section 17b-338 of the General Statutes, advises and makes recommendations to the Long-Term Care Planning Committee. The council seeks recommendations from persons with disabilities or persons receiving long-term care services who reflect the socio-economic diversity of the state.

- **Nursing Home Financial Advisory Committee**

The Nursing Home Financial Advisory Committee, established in accordance with Section 17b-339 of the General Statutes, examines the financial solvency of nursing homes on an ongoing basis and supports DSS and the Department of Public Health in their mission to provide oversight to the nursing home industry. This includes the areas of financial solvency and quality of nursing home care.

- **Commission on Aging**

The Commission on Aging, established in accordance with Section 17b-420 of the General Statutes advocates on behalf of elderly persons on issues and programs of concern to the elderly, including but not limited to, health care, nutrition, housing, employment, transportation, legal assistance, and economic security. The commission was part of DSS for administrative purposes only. Effective July 1, 2016, Section 17b-420 of the General Statutes was repealed, and the Commission on Aging was replaced with the Commission on Women, Children, and Seniors within the Department of Aging.

- **Advisory Committee on Continuing Care**

The Advisory Committee on Continuing Care, established in accordance with Section 17b-535 of the General Statutes, assists the continuing-care staff in the review and registration of functions, reports to the commissioner on developments in the field, any particular problems associated with continuing care, concerns of providers and residents, and, when appropriate, recommends changes to relevant statutes and regulations.

- **Connecticut Council for Persons with Disabilities**

The Connecticut Council for Persons with Disabilities, established in accordance with Section 17b-606 of the General Statutes, advises DSS in carrying out its duties to coordinate the delivery of services to persons with physical or mental disabilities by all state agencies serving persons with disabilities.

- **Interagency Management Committee**

The Interagency Management Committee, established in accordance with Section 17b-606 of the General Statutes, reviews and evaluates services to persons with disabilities. The committee also develops policy for state agencies to enter into contracts with each other for services to persons with disabilities.

- **Personal Care Attendant Workforce Council**

The Personal Care Attendant Workforce Council, established in accordance with Section 17b-706a of the General Statutes, works to ensure the quality of long-term personal home care. The council studies issues relating to the recruitment, retention, and adequacy of personal care attendants. It also develops plans to improve the quality, stability, and availability of personal care attendants, and maintains a registry of the names and addresses of all personal care attendants paid through state-funded programs within the previous 6 calendar months.

- **Commission for Child Support Guidelines**

The Commission for Child Support Guidelines, established in accordance with Section 46b-215a of the General Statutes, issues child support and arrearage guidelines to ensure the appropriateness of criteria for the establishment of child support awards and to review and issue updated guidelines every four years. The Commissioner of Social Services provides staffing for the administrative and regulatory responsibilities of the commission and funding for economic studies.

RÉSUMÉ OF OPERATIONS

Introduction

The Department of Social Services accounted for its operations for the fiscal years ended June 30, 2016, 2017, and 2018, in the General Fund, Special Revenue Funds, Capital Projects Funds, and Fiduciary Funds.

General Fund – Receipts

A summary of General Fund receipts during the audited period, as well as the preceding fiscal year, follows:

General Fund Receipts	Fiscal Year Ended June 30th			
	2015	2016	2017	2018
Federal Contributions:				
Medical Assistance (Note 1)	\$ 493,959,377	\$ 496,239,479	\$ 591,492,926	\$ 397,865,651
Dependent Children (Note 2)	248,282,559	240,109,301	242,889,586	239,425,857
Federal Administration (Note 3)	186,814,417	235,533,456	178,078,332	175,106,609
Child Support Enforcement	41,852,385	41,643,920	36,557,389	35,478,622
Children’s Health Insurance Program	34,151,079	48,868,117	34,884,386	48,011,821
Total Federal Contributions	<u>1,005,059,817</u>	<u>1,062,394,273</u>	<u>1,083,902,619</u>	<u>895,888,560</u>
State Receipts				
Recoveries	27,583,490	36,316,156	25,410,202	26,393,791
Miscellaneous Receipts	3,309,078	2,467,673	4,224,352	2,292,179
Total State Receipts	<u>30,892,568</u>	<u>38,783,829</u>	<u>29,634,554</u>	<u>28,685,970</u>
Total General Fund Receipts	<u>\$1,035,952,385</u>	<u>\$1,101,178,102</u>	<u>\$1,113,537,173</u>	<u>\$ 924,574,530</u>

Notes to above schedule:

Note 1 – Receipts represent reimbursement of Medicaid costs other than administration costs (Note 3).

Note 2 – Receipts represent reimbursement of expenditures incurred on behalf of administering and providing benefits under the Temporary Assistance for Needy Families program.

Note 3 – Receipts represent reimbursement of administrative costs incurred on behalf of administering Medicaid, the Supplemental Nutrition Assistance Program, and the Children’s Health Insurance Program.

Total revenue and receipts increased by \$65,225,717 and \$12,359,071 during fiscal years 2016 and 2017, respectively, and decreased by \$188,962,643 during fiscal year 2018. The increases during fiscal years 2016 and 2017 were due to several factors. The department reprocessed Medicaid claims to adjust interim rates to final actual rates, which increased federal receipts. The department received federal contributions for the development and implementation of its ImpaCT eligibility system. The department received a temporary 23% increase in the federal reimbursement rate for the Children’s Health Insurance Program. The decrease during fiscal year 2018 was primarily due to fewer Medicaid rate adjustments and the expiration of funding for the ImpaCT eligibility system. We note that there is a delay between when funds are spent and when the state receives federal reimbursement.

General Fund – Expenditures

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

General Fund Expenditures	Fiscal Year Ended June 30 th			
	2015	2016	2017	2018
Budgeted Accounts:				
State Grants	\$2,748,788,578	\$2,736,963,359	\$3,292,958,182	\$3,973,699,906
Personal Services	131,605,638	129,921,407	116,412,036	110,705,475
Contractual Services	189,256,389	205,482,499	188,550,719	188,663,686
Commodities	466,310	622,770	302,696	234,265
Capital Outlay – Equipment	<u>(4,378,578)</u>	<u>9,013</u>	<u>0</u>	<u>0</u>
Total General Fund Expenditures	<u>\$3,065,738,337</u>	<u>\$3,072,999,048</u>	<u>\$3,598,223,633</u>	<u>\$4,273,303,332</u>

Total expenditures increased by \$7,260,711, \$525,224,584 and \$675,079,699 during fiscal years 2016, 2017, and 2018, respectively. The increase during fiscal year 2016 was mostly due to the department’s continued development of its ImpaCT eligibility system. The increase during fiscal year 2017 was mainly due to appropriated funds that the department transferred to the Department of Developmental Services for the management and administration of the Community Residential Services Program. The increase during fiscal year 2018 was primarily due to an increase in appropriated funds for hospital supplemental payments and Medicaid provider rates.

Special Revenue Funds – Receipts

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

Special Revenue Fund Receipts	Fiscal Year Ended June 30 th			
	2015	2016	2017	2018
Federal Contributions:				
Federal Aid, Restricted	\$3,891,581,611	\$4,078,822,566	\$4,164,021,998	\$4,084,036,429
Transfers from Other State Agencies	<u>24,176,276</u>	<u>23,490,058</u>	<u>22,917,532</u>	<u>2,539,645</u>
Total Federal Contributions	<u>3,915,757,887</u>	<u>4,102,312,624</u>	<u>4,186,939,530</u>	<u>4,086,576,074</u>
State Receipts:				
Restricted Contributions	2,047,929	2,010,216	756,807	1,565,980
Grant Transfers	119,653,221	116,403,105	116,638,310	113,157,074
Investment Income	890	243	247	273
Miscellaneous	<u>0</u>	<u>141</u>	<u>0</u>	<u>0</u>
Total State Receipts	<u>121,702,040</u>	<u>118,413,705</u>	<u>117,395,364</u>	<u>114,723,327</u>
Total Special Revenue Receipts	<u>\$4,037,459,927</u>	<u>\$4,220,726,329</u>	<u>\$4,304,334,894</u>	<u>\$4,201,299,401</u>

Total revenues and receipts increased by \$183,266,401 and \$83,608,565 during fiscal years 2016 and 2017, respectively, and decreased by \$103,035,493 during fiscal year 2018. The increases during fiscal years 2016 and 2017 were mostly due to the expansion of the Medicaid low income adult population and clients eligible for Medicare Part B premiums, which increased federal contributions. In addition, the department received federal contributions for the development and implementation of the ImpaCT eligibility system and update of the Medicaid Management Information System. The decrease during fiscal year 2018 was due to a few factors. The General Assembly gross-funded hospital supplemental payments in fiscal year 2018, which changed the accounting of federal contributions for hospital supplemental payments from the Special Revenue Fund to state appropriations. The department transferred less funds to the Office of Early Childhood for the Care 4 Kids program due to enrollment changes. The funding for the development of the ImpaCT eligibility system expired. We noted that there was a delay between when funds were spent and when the state received federal reimbursement.

Special Revenue Funds – Expenditures

A summary of Special Revenue Fund expenditures during the audited period, as well as the preceding fiscal year, follows:

Special Revenue Fund Expenditures	Fiscal Year Ended June 30 th			
	2015	2016	2017	2018
Expenditure Accounts:				
Federal Aid Grants	\$3,813,156,233	\$3,952,485,485	\$4,030,599,332	\$3,974,390,370
State Grants	122,548,456	122,442,566	120,540,540	111,885,495
Personal Services	3,152,905	6,050,334	4,973,521	5,553,295
Contractual Services	112,780,092	147,513,677	149,390,963	136,788,686
Commodities	542,224	881,685	963,893	93,055
Revenue Refunds	0	900,379	1,417,017	1,149,079
Equipment	1,161,598	4,272,014	471,807	493,476
Overhead	<u>286,362</u>	<u>702,522</u>	<u>789,769</u>	<u>726,683</u>
Total Special Revenue Fund Expenditures	<u>\$4,053,627,870</u>	<u>\$4,235,248,662</u>	<u>\$4,309,146,842</u>	<u>\$4,231,080,139</u>

Total expenditures increased by \$181,620,792 and \$73,898,180 during fiscal years 2016 and 2017, respectively, and decreased by \$78,066,703 during fiscal year 2018. The increases during fiscal years 2016 and 2017 were mostly due to the expansion of the Medicaid low income adult population and clients eligible for Medicare Part B premiums. In addition, the department developed and implemented its ImpaCT eligibility system and updated the Medicaid Management Information System. The decrease during fiscal year 2018 was due to a few factors. The department changed the accounting of Medicaid hospital supplemental payments from the Special Revenue Fund to the General Fund. There were fewer expenditures for the Care 4 Kids program due to the Office of Early Childhood decision to close the program to new enrollments for most priority groups. There were fewer expenditures for the development of the ImpaCT eligibility system due to its completion.

Capital Projects Funds

Fund Type	Fiscal Year Ended June 30 th			
	2015	2016	2017	2018
Capital Projects Funds				
<i>Community Conservation and Development Fund</i>				
Total Expenditures	\$ 5,818,240	\$ 9,825,195	\$ 1,222,694	\$ 1,236,422
<i>Capital Improvements and Other Purposes Fund</i>				
Total Expenditures	6,085,639	12,475,505	12,302,381	10,301,078

Community Conservation and Development Fund grants-in-aid expenditures, made under various bond acts passed by the General Assembly, were primarily for the renovation and expansion of neighborhood facilities used as senior centers, day care facilities, and emergency

shelters. The responsibility for processing new grants transitioned from DSS to the Department of Mental Health and Addiction Services, effective July 1, 2015. DSS maintains responsibility for processing payments for grants that began prior to July 1, 2015.

Capital Improvement and Other Purposes Fund expenditures were primarily for the modernization and upgrade of the DSS eligibility determination system (Integrated Management of Public Assistance for Connecticut – ImpaCT) and the department’s shared use of the state’s health exchange system.

Fiduciary Funds

Fund Type	Fiscal Year Ended June 30 th			
	2015	2016	2017	2018
Fiduciary Funds				
<i>Social Services Support Fund</i>				
Total Receipts	\$48,891,430	\$48,418,120	\$46,726,178	\$44,711,910
Total Disbursements	49,321,844	48,242,169	46,529,658	44,751,214
<i>Funds Awaiting Distribution</i>				
Total Receipts and Transfers	47,197,811	60,173,807	52,374,540	76,926,254
Total Refunds and Net Transfers	48,570,000	59,590,535	51,760,904	76,824,451
<i>Fringe Benefit Recovery</i>				
Total Receipts	327,378	255,039	1,151,609	357,539
Total Disbursements	327,378	255,039	1,099,949	409,199

Social Services Support Fund

DSS uses the Social Services Support Fund (an agency fund) as a clearing account for payments received from persons in other states obligated to support children who were beneficiaries of public assistance in Connecticut. In addition, the department deposits amounts recovered from the Internal Revenue Service’s interception of tax refunds and withholding of state income tax refunds for delinquent support payments in this fund. DSS holds these receipts pending computation of amounts due to other states and amounts refunded to child support obligors after deducting the delinquent child support, which DSS then transfers to the General Fund. The disbursements primarily consisted of transfers to the General Fund for the recovery of public assistance.

According to State Comptroller records, the fund’s resources at June 30, 2016, 2017, and 2018 totaled \$336,227, \$532,748, and \$493,444, respectively.

Funds Awaiting Distribution

DSS primarily used the Funds Awaiting Distribution Fund for the distribution of child support receipts as provided by the federal Child Support Enforcement Program (Title IV-D). The Federal Deficit Reduction Act of 1984 mandates that child support collected by the state for an active TANF case (up to a maximum of \$50 per month) go to the TANF family. DSS makes deposits to the General Fund revenue account entitled Recovery of Public Assistance. DSS then makes

monthly transfers from the General Fund to the Funds Awaiting Distribution Fund for anticipated funding requirements. DSS also used this fund to account for SNAP collections and DSS client overpayment collections recovered by the Department of Administrative Services Financial Services Center.

According to State Comptroller records, the fund's resources at June 30, 2016, 2017, and 2018 totaled \$718,883, \$1,332,519, and \$1,434,322, respectively.

Fringe Benefit Recovery

DSS uses the Fringe Benefit Recovery Fund for processing reimbursements to the Office of the State Comptroller (OSC) for General Fund fringe benefits that DSS billed to a non-state entity. DSS deposits amounts recovered from the Connecticut Health Insurance Exchange (Access Health CT) for administrative fringe benefit expenses for services provided by DSS employees during the duration of the project.

According to State Comptroller records, there were no fund resources at June 30, 2016 and 2018. There were \$51,660 in fund resources at June 30, 2017.

Other Funds and Accounts

Burial Reserve Fund

Section 17-114 of the General Statutes provided for the assignment of up to \$600 in personal property, including insurance policies, to the state's Burial Reserve Fund by individuals who thereby became eligible for public assistance. Public Act 86-290, effective July 1986, repealed Section 17-114 of the General Statutes, but did not address the disposition of existing burial reserve accounts. DSS requested a formal Attorney General opinion, which it received on November 25, 1996, relative to the appropriate disposition of existing burial reserve assets. In the opinion, the Attorney General stated that, in the case of a deceased individual who was assigned assets, DSS is required to release up to \$600 of the assigned funds for the direct payment of any outstanding unpaid funeral or burial expenses. After making this payment, or if there are no outstanding unpaid funeral or burial expenses to be paid, DSS should retain the balance of the assigned assets and any earnings that may have accrued thereon as reimbursement for prior grants of public assistance to the deceased individual. DSS completed the disposition of cash assigned to the DSS commissioner in October 1997. However, as of June 30, 2018, DSS had 47 life insurance policies assigned to the commissioner on hand with a \$58,008 total face value.

Initial Supplemental Security Income Benefits Account

Federal law provides that, upon an individual's authorization, the Social Security Administration may reimburse states that have furnished interim assistance to recipients between the month the recipient files a claim for Supplemental Security Income benefits and the month in which benefits are paid. This provision allows the individual to receive prompt general assistance. For this consideration, the individual authorizes the state to receive the initial and any retroactive Supplemental Security Income payments. From the Supplemental Security Income received, the

state retains the amount of general assistance provided to the individual and remits the balance of the Supplemental Security Income to the individual.

The cash balances at June 30, 2016, 2017, and 2018 were \$71,351, \$110,618, and \$84,908, respectively.

Conservator Account

In accordance with Section 45a-651 of the General Statutes, a probate court may appoint the DSS commissioner as conservator of the estate of certain persons with limited resources. The commissioner may delegate any power, duty, or function arising from the appointment as either conservator of the estate or of the person, to a DSS employee.

DSS maintained one checking account for the conservator program with computerized subsidiary records for each client's funds. In addition to cash balances of \$13,431, \$20,346, and \$9,726 at June 30, 2016, 2017, and 2018, respectively, the Conservator Account had investments in the State of Connecticut's Short-Term Investment Fund of \$59,007, \$59,368, and \$60,192 on those respective dates.

Other Audits

The Auditors of Public Accounts issue an annual Statewide Single Audit report detailing the results of compliance audits performed on various federal programs. The primary operations of DSS include the administration of some of the largest federal programs in the state. While there may be overlap between this report and the Statewide Single Audit due to the use of state and federal funding in some programs, the reader is encouraged to review Single Audit [reports](#) for more insight into the DSS administration of federal programs.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Social Services disclosed the following 34 recommendations, of which 23 have been repeated from the previous audit:

State Data Withheld by a Third-Party Contractor

Background: In March 2014, DSS entered into a 7-year, multi-state agreement with a private contractor to process Supplemental Nutrition Assistance Program (SNAP) payments. The contract had a maximum value of almost \$14.5 million over the seven years. The same contractor also processed payments for other DSS cash assistance programs, including the Temporary Assistance for Needy Families (TANF), State-Administered General Assistance (SAGA), and State Supplement. DSS owns the data processed by the contractor.

Criteria: The agreement between DSS and the private contractor provided the following:

- Article 5, section A.1 states, in part, that the contractor will provide authorized representatives of the state with access to inspect or otherwise evaluate the work performed under the agreement.
- Article 15, section B.3 states, in part, that the contractor shall cooperate fully with the state and its agents in connection with an audit or inspection.
- Article 15, section B.4 states, in part, that the contractor shall provide the agency with statistical, financial and programmatic information necessary to monitor and evaluate compliance with the contract.

Condition: In April 2017, our office requested three years of SNAP payment transaction data from the contractor. Typically, this data would be provided in a file or set of files, which we are capable of accepting in a number of industry standard formats. The purpose of the review was to determine whether there was waste, fraud, or abuse in the program.

Instead, the contractor granted our office access to an online “Data Warehouse Application,” which allowed our staff to run customized reports of the data in question. This access would have been acceptable; however, by the contractor’s own admission, the application could only provide data for one to two days at a time. In practice, we were unable to extract even a single day’s data without experiencing timeout errors. As a result, we determined that it would not be feasible to compile the requested 3-year data set from the granted access.

The contractor did not provide the data in a format that could be efficiently analyzed. In order for DSS to access its data in a usable format, the contractor indicated that the department would have to request and pay for a change order. The contractor provided a verbal estimate for producing the requested data, but was unable to explain how it calculated the proposed charges. Our office disagreed that the State of Connecticut should pay any additional charge to receive its own transactional data in a usable format. DSS has not made any progress to resolve this matter since our last audit.

During our review of SNAP for the Statewide Single Audit for fiscal year 2019, we identified 8 instances in which DSS issued SNAP benefits to clients after their death. For one SNAP client who was a single-member household, we noted that unauthorized persons used the deceased client's SNAP benefits for extended periods after the client's date of death. During our review of State Supplement and SAGA for the DSS Departmental Audit for fiscal years 2016, 2017, and 2018, we identified 14 instances in which DSS issued State Supplement, SAGA, and SNAP benefits to clients after their death. These circumstances indicate that a full review of SNAP, State Supplement, and SAGA data for improperly issued benefits could reveal additional exceptions.

Context:

DSS issued SNAP benefit payments totaling \$693 million, \$661 million, and \$625 million during fiscal years 2016, 2017, and 2018, respectively.

Effect:

We were unable to analyze transactional data to determine the adequacy of DSS internal controls over financial functions, compliance with program regulations, and the effectiveness, economy, and efficiency of operations. Hence, this decreased the department's opportunity to discover potential program improvements. It also may have inhibited the detection of waste, fraud, and abuse.

Contract terms required the contractor to provide DSS with a number of periodic reports. Without access to underlying transactional data, DSS and the Auditors of Public Accounts remain unable to verify the accuracy of those reports and the validity of underlying data. In addition, without the complete data, it is nearly impossible for DSS or our office to monitor the contractor's compliance with applicable requirements and contractual performance standards.

The difficulty we encountered in obtaining the functional SNAP data raised concerns regarding the availability of data for the TANF, SAGA, and State Supplement programs. The data for these programs could be at risk if DSS chooses a new contractor at the conclusion of the current contract.

Cause: While the contractor asserted that it provided the requested data via the online web portal, the portal only allows viewing of data for a single client for a limited period.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.

Recommendation: The Department of Social Services should ensure compliance with contract terms by requiring contractors to promptly submit requested data. The Department of Social Services should add appropriate language in future contracts to ensure the state is able to access its data in a usable format without additional charges. (See Recommendation 1.)

Agency Response: “The Department agrees with this finding in part. We agree that the information that was requested by the Auditors of Public Accounts in April 2017 was not provided in a format that allowed for an efficient review of the audit period’s SNAP data. Since the initial request for this data, approximately three years ago, the SNAP data warehouse has been enhanced to provide a higher degree of functionality. The Department believes that if access were to be granted to the APA they would be able to extract the information needed to complete the review. The Department will work with the Auditors of Public Accounts to supply any requested material subsequent to this response.

The State of Connecticut, together with New Hampshire, New York, Rhode Island, Vermont and the Commonwealth of Massachusetts, collectively identifies as Northeast Coalition of States, has issued a procurement to secure the services of a contractor to deliver the Electronic Benefit Services which includes the issuance of SNAP payments. Following contractor selection, during negotiations, the Department will ensure that the contract requires access to the data in question, on demand in a format agreeable to the Department at no additional cost to the State. Further, the Department will pursue, through the Office of Policy and Management and the Office of the Attorney General, clarifications to the specific terms in the Mandatory Terms and Conditions that address access to data, to ensure the appropriate access to data.

The Department disagrees with the first paragraph of the stated “Effect” specifically, “Hence, potential program improvements remain undiscovered and any fraud, waste and abuse remain undetected.” The Department’s operation and administration of SNAP is not only subject to review and audit by the State Auditors. As a federally funded program, the Department’s administration and operation of SNAP is subject to and is reviewed by the USDA Food, Nutrition and Consumer Services. Further, the Department maintains an internal unit of Quality

Control Reviewers responsible for the review of SNAP cases. These efforts support the Department’s ability to detect, address and prevent fraud, waste and abuse.”

*Auditors’ Concluding
Comments:*

As noted in the condition, results of sample-based testing found that DSS issued benefits to clients after their death. In addition, the information requested by the Auditors of Public Accounts has not been made available to the department or any audit entity to evaluate as a whole. A full analysis of the data could identify additional concerns.

Lack of Documentation for Reductions in Overpayments to Medical Providers

Criteria:

Section 17b-99 (d) of the General Statutes provides the requirements for auditing medical providers. DSS produces a preliminary written audit report. The department gives that report to the medical provider after the audit and holds an exit conference with the provider to discuss it. The medical provider may present evidence at the exit conference to refute findings in the preliminary audit report. DSS produces a final written audit report.

DSS often uses sampling and extrapolation to determine provider overpayments. DSS contracts with a statistician to validate the sample and extrapolation methodology. DSS cannot base a finding of overpayment on extrapolation unless the total net amount of extrapolated overpayment calculated from a statistically valid sampling and extrapolation methodology exceeds 1.75% of total claims paid to the provider for the audited period. Any medical provider aggrieved by a decision in a final written audit report may request, in writing, a contested case hearing.

Condition:

DSS did not have sufficient documentation to support reductions in \$810,381 of overpayments for 3 medical providers.

Context:

We reviewed 15 medical provider audits performed by the Office of Quality Assurance (OQA) during fiscal year 2019. OQA issued final audit reports with a total of \$4,877,542 in overpayments to these medical providers. Subsequently, OQA issued memoranda reducing the overpayments.

Effect:

We were unable to ascertain whether the reductions in medical overpayments were warranted.

Cause:

DSS did not document the circumstances considered, calculations performed, or rationale implemented to support its judgmental reductions in medical overpayments.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.

Recommendation: The Department of Social Services should maintain documentation to support reductions in calculated overpayments to medical providers resulting from audits. (See Recommendation 2.)

Agency Response: “The Department agrees with this finding. The Department has established processes/internal controls that will provide adequate support for reductions in calculated overpayments to medical providers.”

Lack of Controls over Eligibility Overrides

Background: DSS uses two eligibility management systems (ImpaCT and AHCT). DSS authorizes supervisors to process eligibility overrides in both systems. DSS also authorizes the customer resolution team at Access Health CT (a quasi-public agency) to process eligibility overrides in the AHCT system.

Criteria: Sections 17b-2 and 17b-3 of the General Statutes designate DSS to administer various state and federal social services programs. Good business practice dictates that DSS should establish and maintain effective internal controls over the administration of its programs and information systems. Effective internal controls include establishing policies and procedures, documenting system overrides, monitoring internal controls, and addressing deficiencies.

Condition: DSS did not track or monitor AHCT system overrides by DSS or Access Health CT.

DSS supervisors did not document justification for their override decision of 2 eligibility determinations in the ImpaCT system.

Context: DSS could not provide a list of AHCT system overrides. DSS informed us that there was no such report.

DSS generated 3,420 ImpaCT system eligibility overrides associated with 40 programs during fiscal years 2016, 2017, and 2018. We selected 25 overrides for 7 programs to determine whether DSS adequately documented the reason for the override.

Effect: A lack of internal controls increases the risk that improper eligibility overrides remain undetected. DSS was unaware of the number, frequency, or extent of AHCT system overrides. We were unable to review AHCT system overrides.

Cause: Lack of management oversight contributed to these conditions. The ImpaCT and AHCT systems contain deficiencies, which necessitate DSS and Access Health CT to process system overrides to ensure it initiates, continues, or terminates client benefits appropriately.

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

Recommendation: The Department of Social Services should establish and implement internal controls to track and monitor AHCT system overrides and ensure that DSS and Access Health CT document justification for all ImpaCT and AHCT system overrides. The Department of Social Services should continue to address ImpaCT and AHCT system deficiencies to reduce the necessity for of eligibility overrides. (See Recommendation 3.)

Agency Response: “The Department agrees with this finding. Historically the system override functionality was used to accommodate certain system limitations. The Department will research controls that could be implemented to better track and monitor all system overrides.”

Lack of Training to Protect Confidential Client Data

Background: DSS contracts with the University of Connecticut to staff the Office of Organizational Skill and Development (OSD). OSD administers the DSS Client Data Disclosures and Protections training, which informs participants of federal regulations, state statutes, and DSS policies and procedures for handling confidential client data. DSS employees and consultants complete the training when an employee is hired and annually thereafter.

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

Section 17b-90 of the General Statutes provides that the sharing of PHI and personal identifiable information (PII) is limited to the administration of programs.

The DSS Confidentiality Policy and Guidelines requires employees to comply with all state and federal confidentiality rules, laws, and regulations and prohibit access, use, and disclosure of recipient PII and PHI obtained from state and federal systems. Violators of state and

federal laws and regulations may be subject to civil and criminal penalties.

Condition: DSS did not ensure that 86 external system users and 19 DSS employees completed the DSS Client Data Disclosures and Protections training.

Context: OSD provided a status, as of November 15, 2019, for the DSS Client Data Disclosures and Protections training for 1,831 external and 1,806 internal DSS system users.

Effect: Untrained employees and consultants increase the risk for a breach of confidential client data.

Cause: DSS and OSD lack sufficient controls to identify all users who should participate in the DSS Client Data Disclosures and Protections training. Furthermore, DSS does not prevent untrained users from access to confidential client data.

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

Recommendation: The Department of Social Services should strengthen controls to safeguard confidential client data and maintain compliance with the HIPAA Security Rule by ensuring all system users complete the DSS Client Data Disclosures and Protections training. (See Recommendation 4.)

Agency Response: “The Department agrees with this finding. From the time of the report being provided to the APA and the issuance of the 2020 Client Data Disclosures & Protections Course there were additional completions of the 2019 course as well as removal of system access for external partners that remained non-compliant. Currently OSD continues to monitor compliance for both DSS internal staff and external partners. Reports highlighting overdue training are now generated each week and distributed to managers for review with staff. These reports will continue to be distributed until all individuals complete the mandatory training requirement. Additionally, when a staff member initially becomes overdue, they will receive a DSSLearnCenter generated email to alert them of their non-compliance.”

Benefits Issued to Deceased Clients and Lack of Recoupment

Background: DSS implemented the Integrated Management of Public Assistance for Connecticut (ImpaCT) system in October 2016. ImpaCT sends alerts to work queues to notify eligibility workers when the State Data Exchange (SDX) shows a client has died.

- Criteria:* DSS Uniform Policy Manual (UPM) Section 1565.05 establishes the end date of State Supplement, Medicaid, and Supplemental Nutrition Assistance Program (SNAP) benefits due to non-financial factors, including the death of a client. The UPM provides that the last day of benefits is the last day of the month in which a non-financial eligibility factor causes ineligibility, if eligibility existed on the first of the month.
- Section 17b-198-15 of the State Regulations provides that DSS terminate State-Administered General Assistance (SAGA) benefits when the department receives information verifying the death of a client.
- The State Supplement Program Manual provides that the amount of assistance is equal to the difference between the client's total need and income. Total need for certain clients is the sum of a boarding home rate and a personal needs allowance.
- Condition:* DSS issued \$42,124 in benefits to 7 deceased SAGA clients and 6 deceased State Supplement clients. DSS did not recoup these benefits, which included \$32,469 in State Supplement, \$6,493 in SAGA, \$1,956 in Medicaid, and \$1,206 in SNAP. In addition, DSS did not record the date of death of 9 clients in ImpaCT.
- DSS issued \$1,436 in State Supplement benefits to a residential care facility on behalf of a deceased client. DSS did not recoup these benefits from the facility.
- Context:* Client and payment data for fiscal year 2018 indicated that DSS paid \$16,100 to 30 deceased SAGA clients and \$179,484 to 149 deceased State Supplement clients. We reviewed 20 case files of deceased clients to determine whether DSS recorded the date of death, closed the case file, and recouped post-death benefits. We reviewed 10 SAGA cases and 10 State Supplement cases.
- Closed case data indicated that DSS closed 4 State Supplement case files in fiscal years 2017 and 2018. We reviewed these 4 files to determine whether DSS promptly closed the case files and recouped overpayments.
- Effect:* DSS improperly used state and federal funds.
- Cause:* DSS did not properly review and promptly resolve alerts of client deaths. DSS designed the ImpaCT system to delete alerts of a client's death if an eligibility worker does not address the alert within 90 days.

DSS informed us that the ImpaCT system contained a design flaw that prevented it from displaying a date of death from the SDX interface. DSS addressed the design flaw in March 2019.

A DSS eligibility worker did not update the eligibility management system with a client's final service date at a residential care facility. Hence, the system budgeted and paid the facility for a full month of benefits rather than the 16 days the facility provided services.

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

Recommendation: The Department of Social Services should strengthen internal controls to ensure it issues benefits in the correct amount on behalf of eligible clients. The department should record deceased clients' date of death in ImpaCT and close the case file promptly upon verification that the client died. The department should recoup benefits issued to deceased clients and the residential care facility. (See Recommendation 5.)

Agency Response: "The Department agrees that it should ensure that client cases are closed upon verification of death and that benefits improperly issued to deceased clients are recovered. The Department reviewed the cited cases and has determined that in a large majority of cases cited, the cash and SNAP benefits, while not recovered as quickly as they could have been, the benefits were successfully removed from the clients' account and were not improperly used. Recovery has been completed or initiated on all State Supplement payments issued to residential care homes identified in this finding. Furthermore, the Department has convened a workgroup to examine potential process improvements to ensure that SDX interface notifications regarding date of death are processed promptly and to completion after verification of death."

Lack of Recoupment of State-Administered General Assistance Overpayments

Criteria: Section 17b-198-5(c) of the State Regulations provides that no person shall be eligible for State-Administered General Assistance (SAGA) while living in a residential substance abuse treatment or mental health facility. Section 17b-198-14(g) provides that a client receiving SAGA benefits shall report a change in address no later than 10 days after the date of change. Section 17b-198-17(c) provides that DSS shall investigate and take action to recoup an overpayment for SAGA benefits when DSS discovers the overpayment, regardless of when it occurred or whether DSS closed the client's case.

Condition: DSS issued \$1,094 in SAGA benefit payments to an ineligible individual for benefit months August to December 2017. During this time, this individual was residing at a state institution and was ineligible

for the program. When DSS learned of the change in living arrangements, it did not investigate or recoup the overpayments.

Context: DSS issued \$23 million in SAGA benefit payments during fiscal year 2018. We reviewed SAGA benefits provided to 8 persons residing in a state institution.

Effect: DSS improperly used state funds.

Cause: Management lacked oversight to ensure compliance with state regulations.

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

Recommendation: The Department of Social Services should strengthen internal controls to ensure it issues State-Administered General Assistance benefit payments in the correct amount on behalf of eligible clients. The department should recoup overpayments according to state regulations. (See Recommendation 6.)

Agency Response: “The Department agrees with this finding. The Department will strengthen controls to ensure that SAGA benefit payments are issued in the correct amount on behalf of eligible clients. If an overpayment is discovered, the Department will make all appropriate efforts to recoup the related to funds.”

Inadequate Controls over State-Administered General Assistance Disbursements

Criteria: Section 17b-191 of the General Statutes provides that no individual shall be eligible for cash assistance under the State-Administered General Assistance (SAGA) program if one is eligible for cash assistance under any other state or federal cash assistance program.

Section 17b-194 of the General Statutes provides that, when making determinations concerning disabilities or impairments that DSS expects will last a period of 6 months or longer, DSS bases such determinations on the recommendations made by a medical review team. DSS contracted with a vendor to determine the disability or employability status of individuals requesting SAGA cash benefits. The vendor reviews medical packets to determine eligibility.

DSS Uniform Policy Manual (UPM) 8080.40 states that DSS shall include assets of all assistance unit members and evaluate each asset to determine whether the asset is excludable when calculating eligibility. If the asset is excludable, DSS should document the reason for the exclusion in the case record.

Cooperation requirements under DSS Uniform Policy Manual (UPM) 8080.35 provide that applicants for, and recipients of, SAGA cash assistance must apply for, or cooperate in applying for, potential benefits from any source, including Social Security Insurance and other DSS-administered cash programs. The policy manual also states that the applicant must sign Form W-650ALT – Authorization for Reimbursement to the State of Connecticut from S.S.I. Retroactive Payment and send it to the Benefits Accounting Unit, which must maintain it in the client’s case record.

Condition: DSS did not complete timely medical reviews in 2 instances. DSS took 6 to 13 months to complete these reviews.

DSS excluded assets when determining eligibility for 3 clients, and did not document the reason for the exclusion in the case records.

DSS did not have a signed Form W-650ALT on file for 7 clients. DSS lacked documentation that 2 of these clients applied for benefits from other sources, and one received benefits from other sources.

Context: DSS issued \$70,210,578 in SAGA payments during fiscal years 2016, 2017, and 2018. We reviewed case files for 25 SAGA payments, totaling \$5,200.

Effect: The DSS SAGA program controls do not provide reasonable assurance of client eligibility. DSS was unable to obtain reimbursement from the Social Security Administration without the Form W-650ALT.

Cause: The existing controls are inadequate for ensuring that caseworkers obtain and review all information necessary to verify client eligibility.

Prior Audit Finding: This finding has been previously reported in the prior audit report covering fiscal years 2014 and 2015.

Recommendation: The Department of Social Services should verify and document that applicants have met the requirements of the State-Administered General Assistance program. (See Recommendation 7.)

Agency Response: “The Department agrees that it should ensure that case files reflect that SAGA beneficiaries have met the requirements of the SAGA program. Since the time period that this audit covers, the Department has revamped and provided SAGA training to all eligibility staff that work on SAGA cases. The Department has also updated the process for tracking W-650 forms and developed a report to ensure that submitted W-650 forms are completed timely. Designated staff is responsible for monitoring the report and completing the W-650 form process.

Additionally, the Department will issue a reminder to field operations staff that they should document in case notes all of the times that they conduct asset reviews, even if the searches return no results or the results would not affect eligibility.”

Lack of Oversight over Internal Controls and Administrative Functions

Criteria:

1. The Audit Division of DSS Office of Quality Assurance (OQA) is responsible for performing audits of DSS operations involving the review of administrative and programmatic functions and electronic data processing systems.
2. The federal Centers for Medicare and Medicaid Services (CMS) Medicaid Integrity Group (MIG) conducts comprehensive program integrity reviews of state Medicaid programs. CMS MIG assesses the effectiveness of state program integrity efforts, policies, procedures and manuals, and compliance with federal statutory and regulatory requirements.
3. The State Comptroller’s Internal Control Guide requires all state agencies to complete internal control self-assessment questionnaires by June 30th of each fiscal year and maintain these questionnaires on file. The annual internal control and risk assessment process allows managers to evaluate the internal control systems and identify possible deficiencies within their areas of responsibility.
4. Section 17b-99 of the General Statutes provides that not later than February 1, 2015, DSS was required to establish audit protocols and publish them on its website to assist the Medicaid community in developing programs to improve compliance with Medicaid requirements under state and federal laws and regulations. DSS was also required to establish audit protocols for specific providers or categories of service, including behavioral health services.

Condition:

1. The DSS OQA Audit Division did not audit DSS administrative functions, such as rate setting, contract administration, accounts receivables, and the department’s checking account.
2. According to the 2007, 2010, and 2015 MIG reviews, DSS did not have a program integrity manual, and lacked written program integrity policies and procedures in the areas of Surveillance Utilization Review Subsystem, timely claims payment, identification, investigation and referral of fraud, reporting to the Health and Human Services Office of Inspector General, checking for excluded parties, and other key areas.

3. DSS did not complete internal control self-assessment questionnaires for fiscal years 2018 and 2019.
4. DSS did not establish and publish audit protocols for behavioral health services on its website.

Context:

DSS administrative functions have a direct relationship to approximately \$8.4 billion of DSS expenditures.

Effect:

1. DSS has reduced assurance that the agency's internal controls are adequately designed to operate effectively and efficiently as the agency experiences program changes, system modifications, and reduced staffing.
2. The lack of written policies and procedures leaves DSS vulnerable to inconsistent operations, especially when the department loses experienced OQA staff. DSS may be vulnerable to defend its processes in an administrative hearing or court.
3. Outdated, inadequate, or obsolete internal controls increase the risk that DSS will not detect improper activities.
4. Behavioral health service providers may be unaware of administrative errors or noncompliance with Medicaid requirements.

Cause:

Lack of management oversight contributed to all conditions.

DSS uses the results of audits performed on client eligibility, medical providers, overpayments, and client and employee fraud to support the review of DSS administrative functions. For example, DSS uses the Audit Division's medical provider audits as support for the internal audit of the agency's checking account. Although medical provider audits may support the validity and accuracy of the transactions paid through the checking account, they do not provide assurance of the reliability, effectiveness, or efficiency of the internal controls regarding the administrative functions of operating the department's checking account.

In 2010 and 2015, DSS informed the federal Centers for Medicare and Medicaid Services that a draft manual of program integrity procedures was in process. In 2020, DSS informed the Auditors of Public Accounts that it had not finalized the written policies and procedures for the program integrity manual.

Prior Audit Finding: Condition 1 has been previously reported in the last 5 audit reports covering fiscal years 2006 through 2015. Conditions 2, 3, and 4 have been previously reported in the last audit report covering fiscal years 2014 and 2015.

Recommendation: The Department of Social Services should periodically perform audits of its administrative functions and strengthen internal controls over Medicaid program integrity, risk assessments, and audit protocols. (See Recommendation 8.)

Agency Response: “The Department agrees in part with this finding.

The Office of Quality Assurance (OQA) performs reviews of a number of functions within the Department that are not listed in the condition of this finding. The OQA audits payments made to medical providers which include a review of the systems used to make payments to providers. Additionally the OQA reviews payments made to grantees which includes a review of the Department’s processes in issuing and processing payments and reviews client eligibility which includes the review of the eligibility processes followed by Department staff. Each of these areas impacts the Department’s most significant financial functions.

The Department will make efforts to put program integrity policies and procedures in written form.

The Department agrees that an internal control self-assessment was not performed. The Department will make efforts to implement processes to ensure that this function is performed going forward.

The Department agrees that it did not publish audit protocols for behavioral health providers on its website. The Department will take the appropriate steps to ensure that the audit protocols are published.”

Auditors’ Concluding Comments:

Although the agency’s response outlines some of the audits that it performed, it does not address the lack of reviews of the specific administrative functions addressed in this finding.

Lack of Service Organization Controls Report

Background: A Service Organization Controls 1 Report (SOC 1 report) assesses controls at a service organization that are relevant to a user entity’s internal control over financial reporting.

The interChange Medicaid Management Information System (MMIS) processes claims for providers of medical care and services furnished to

clients under the Medicaid and state-funded medical programs. DSS contracted with a service organization for support and operations of the interChange MMIS.

Criteria: Management is responsible for implementing and maintaining effective internal controls over financial reporting, whether the department performs the processing or outsources it to a service organization.

Condition: DSS did not ensure that the contractor obtained a SOC 1 report on the interChange MMIS for fiscal years 2016, 2017, and 2018.

Context: DSS annually processes approximately \$6.3 billion in Medicaid and state-funded medical payments through the interChange MMIS.

Effect: DSS may be unaware of changes in the contractor’s controls that could cause incorrect processing of transactions. This could affect the amounts and disclosures in the statewide financial statements.

DSS may not be adequately assessing the design and operating effectiveness of the department’s and the contractor’s information technology general and complementary user control considerations.

Cause: DSS informed us that their contracted service organization does not obtain a SOC 1 report, because it has privacy and security teams that conduct annual audits. DSS meets with the service organization semiannually to review any audit findings, corrective action, potential breaches, and steps that the service organization is taking to ensure compliance. However, the service organization does not provide DSS with a full assessment of its audit. Obtaining and reviewing the full report is an effective method of managing the department’s risk of utilizing service organizations.

Prior Audit Finding: This finding has been previously reported in the last 3 audit reports covering fiscal years 2010 through 2015.

Recommendation: The Department of Social Services should ensure that service organizations responsible for maintaining significant financial applications and processes annually obtain an appropriate Service Organizations Controls Report (SOC 1 report). Management should review the opinion of the service auditor to determine the effectiveness of the service organization’s controls and whether complementary user control considerations exist and are operating effectively. (See Recommendation 9.)

Agency Response: “The Department agrees that it did not ensure that the contractor obtained a SOC 1 report on the interChange MMIS system. In past

audits, the Department has disputed the necessity of the SOC 1 report. We will review the requirements regarding the SOC 1 that are identified in this finding.”

Deficient Monitoring of Cash Advances to Contractors

Background:

DSS contracts with access agencies to provide care management services to assess, coordinate, and monitor home and community-based long-term care services for Medicaid waiver recipients. At the inception of a contract with the access agencies, DSS provides operating advances to ensure prompt delivery of services. DSS separately contracts with a fiscal intermediary to serve DSS and certain Medicaid waiver recipients. At the inception of a contract with the fiscal intermediary, DSS provides processing advances for cash flow, and may advance additional funds as required. The access agencies and the fiscal intermediary record the advances as a liability to DSS, and DSS records the advances as a receivable.

Criteria:

The State Accounting Manual provides that accounts receivable records should be accurate, complete, and maintained to indicate how long the debt has been outstanding.

The contract between DSS and an access agency requires the access agency to maintain the operating advances in a separate general ledger liability account. DSS and the access agency must annually reconcile the operating advances. The access agency must return the operating advances to DSS at the end of the contract.

The contract between DSS and the fiscal intermediary requires the fiscal intermediary to maintain processing advances in a separate account. The fiscal intermediary performs a monthly reconciliation process. If the fiscal intermediary requests additional advance funds, the fiscal intermediary must provide adequate justification, including a reconciliation of accounts. The fiscal intermediary must return the processing advances to DSS at the end of the contract. The contract provides that claims rejected due to client Medicaid ineligibility and reported to DSS for resolution, that are not resolved within 3 months, shall be deemed uncollectible and deducted from the processing advance liability amount due DSS.

A new contract entered into with the fiscal intermediary, effective February 1, 2018 through June 30, 2021, requires the contractor to provide all historical outstanding receivable data to DSS for quarters prior to the one ended December 31, 2018.

Condition:

DSS did not ensure that it and its contractors performed reconciliations of operating and processing advances, and uncollectible rejected claims.

Furthermore, DSS did not collect the processing advances at the end of the contract term ended January 31, 2018.

Context: DSS provided \$8,861,123 in cash advances to the fiscal intermediary and \$1,251,915 to access agencies for fiscal year 2018.

Effect: DSS lacks assurance that it accurately reported receivables due on the state's annual financial reports. Deficient monitoring of cash advances may hinder the department from fully collecting receivables due the state.

Cause: DSS did not ensure that all parties followed the contractual terms and conditions. DSS informed us that it is working with the fiscal intermediary to reconcile accounts receivable balances prior to collecting previous advances and issuing new advances. DSS hired a contractor to assist with this reconciliation process.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.

Recommendation: The Department of Social Services should strengthen internal controls over cash advances to contractors and the corresponding accounts receivables to ensure compliance with the State Accounting Manual and the terms and conditions of contracts. (See Recommendation 10.)

Agency Response: "The Department agrees with this finding. The Department will review and strengthen its internal controls related to cash advances to contractors and corresponding accounts receivables to ensure compliance with the State Accounting Manual and the terms and conditions of contracts. As part of that effort, the Department has been actively engaged in cash advance/ accounts receivable reconciliations with the fiscal intermediary."

Untimely Deposit of Receipts

Criteria: Section 4-32 of the General Statutes requires that any state agency receiving money or revenue for the state amounting to more than \$500 deposit such receipts in depositories designated by the State Treasurer within 24 hours of receipt. A state agency may hold total daily receipts of less than \$500 until the total receipts amount to \$500, but not for a period of more than 7 calendar days. The State Treasurer can make exceptions upon written application from a state agency stating that compliance would be impracticable and providing the associated reasons.

The State Treasurer granted DSS a 2 business-day waiver for checks totaling \$1,000 or more and a 4 business-day waiver for checks totaling less than \$1,000 that are received at the DSS field offices.

The State Accounting Manual provides procedures that state agencies should follow for processing receipts. Per the manual, agencies collecting receipts must maintain a receipts log. The log must include columns for the entry of information such as the dates of receipt and deposit.

Condition:

The DSS central office did not log Low Income Home Energy Assistance Program (LIHEAP) refund checks upon receipt. It took up to 103 days between the dates of the checks and the dates of deposits.

The DSS central office did not log audit receivable checks upon receipt. It took 7 to 26 days between the dates of the checks and the dates of deposits.

Each of the 12 DSS field offices and the DSS central office prepares a log for child support receipts and a separate log for all other receipts. Log formats are inconsistent among offices and some logs do not contain the dates of receipt and deposit.

DSS deposited one \$2,422 child support receipt 5 business days late.

Context:

The DSS Fiscal Unit deposited 125 LIHEAP refund checks, totaling \$190,462, from July 3, 2018 through February 25, 2020.

We reviewed 5 audit receivable checks, totaling \$908,477, which the DSS Office of Quality Assurance forwarded to the DSS Fiscal Unit for recording and deposit.

DSS child support receipts totaled \$7,418,493, \$8,574,935, and \$8,391,018 for fiscal years 2016, 2017, and 2018, respectively. We reviewed \$140,869 in checks, 5 from the central office and 15 from the field offices.

Effect:

The lack of prompt deposits increases the opportunity for the loss or misappropriation of funds, and delays the distribution of child support payments to custodial parents. Insufficient information recorded on receipt logs increases the likelihood that untimely deposits will go undetected.

Cause:

DSS does not have adequate procedures in place to ensure that central office units that receive checks promptly forward them to the Fiscal Unit

for timely deposit. DSS does not have a standardized receipts log for its offices.

Prior Audit Finding: This finding has been previously reported in the last 11 audit reports covering fiscal years 1994 through 2015.

Recommendation: The Department of Social Services should strengthen internal controls to ensure that it deposits receipts in accordance with the General Statutes, State Accounting Manual, and State Treasurer’s waiver. (See Recommendation 11.)

Agency Response: “The Department agrees with this finding. The Department will strengthen its methods of documenting the receipt of checks. Additionally, the Department will review its processes related to the prompt forwarding of checks to the fiscal unit when received by other Department units.”

Financial Reporting Inaccuracies

Background: State agencies submit Generally Accepted Accounting Principles (GAAP) reports and federal expenditure information to the State Comptroller to produce the state’s Comprehensive Annual Financial Report (CAFR) and Schedule of Expenditures of Federal Awards (SEFA).

Criteria: Agency GAAP reports and federal expenditure information should be complete, accurate, and comply with the State Comptroller’s requirements as set forth in the State Accounting Manual and other instructions.

Condition: DSS submitted GAAP reports and federal expenditure information that contained several inaccuracies.

Fiscal Year Ended June 30, 2016:

- DSS overstated its SEFA amounts by \$43.1 million.

Fiscal Year Ended June 30, 2017:

- DSS overstated its SEFA amounts by \$606,104.
- DSS overstated its GAAP Forms by \$113.7 million.

Fiscal Year Ended June 30, 2018:

- DSS overstated one SEFA amount by \$14.4 million and understated one SEFA amount by \$3.6 million.
- DSS understated its GAAP Forms by \$81.3 million.

- Effect:* These conditions, if not corrected, would have caused the State Comptroller to report inaccurate or incomplete information on the state's Comprehensive Annual Financial Report and Schedule of Expenditures of Federal Awards.
- Cause:* DSS did not follow the State Comptroller's instructions, and clerical errors caused some of the conditions.
- Prior Audit Finding:* This finding has been previously reported in the last 7 audit reports covering fiscal years 2002 through 2015.
- Recommendation:* The Department of Social Services should prepare the Generally Accepted Accounting Principles Reporting Package and the Schedule of Expenditures of Federal Awards in accordance with the State Comptroller's requirements, and perform sufficient reviews to ensure that reports are accurate and complete. (See Recommendation 12.)
- Agency Response:* "The Department agrees with this finding. The Department will continue its efforts to ensure that all GAAP and SEFA filings are correctly filed going forward."

Inadequate Cashbook Reconciliations

- Background:* DSS maintains a benefit assistance checking account commonly known as the cashbook. DSS uses the cashbook to process the majority of federal and state program payments to clients and providers. The cashbook exhibits the cash balance available for each appropriation and the corresponding program expenditures.
- Criteria:* Proper internal controls over financial records include performing monthly reconciliations and promptly identifying and resolving any variances.
- Condition:* DSS did not resolve approximately \$1.3 million in variances each month during the cashbook reconciliation process for fiscal years 2016, 2017, and 2018. DSS labeled these variances as electronic bank transfer (EBT) in-transit. DSS considered EBT in-transit to include inactivated EBT cards and timing differences between the cashbook and bank statement. DSS had no support for the EBT in-transit amounts used in the reconciliation process.
- Context:* DSS disburses approximately \$8 billion annually through the cashbook.
- Effect:* Inadequate reconciliations increase the likelihood that errors and irregularities in the cashbook may go undetected.

- Cause:* DSS used an insufficient reconciliation process for EBT balances. Although DSS can partially support EBT in-transit amounts with EBT vendor system reports, DSS did not resolve the unsupported variances.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.
- Recommendation:* The Department of Social Services should strengthen procedures to ensure that financial records are reconciled in a timely manner. The department should promptly resolve and adequately support any variances discovered through the reconciliation process. (See Recommendation 13.)
- Agency Response:* “The Department will investigate other methods of reconciling EBT “in transit” amounts. The Department would like to note that there have been no changes to the process related to the handling of EBT “in transit” amounts in over twenty years.”

Untimely Personal Service Agreement and Purchase Commitments

- Criteria:* Section 4-213 of the General Statutes provides that a state agency may not hire a personal service contractor without executing a personal service agreement (PSA) with such contractor.
- Section 4-98(a) of the General Statutes provides that no budgeted agency may incur any obligation except by the issuance of a purchase order transmitted to the State Comptroller to commit the agency's appropriations to ensure that funds are available for the payment of such obligations.
- Condition:* DSS signed a personal service agreement 244 days after the service period began. DSS incurred \$30,015 in services prior to signing the agreement.
- During the Statewide Single Audit for the fiscal year ended June 30, 2018, we noted that DSS approved a \$3,950 purchase order after the invoice date.
- Context:* We reviewed 25 non-payroll expenditures, totaling \$42,459,825, for fiscal years 2016, 2017, and 2018.
- Effect:* Incurring an obligation without a valid commitment circumvents budgetary controls and increases the risk that funding may not be available at the time of payment.
- Cause:* Lack of management oversight and administrative controls contributed to the conditions.

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

Recommendation: The Department of Social Services should comply with contracting requirements established in the General Statutes. The department should strengthen internal controls to ensure that funds are committed prior to purchasing goods and services. (See Recommendation 14.)

Agency Response: “The Department agrees with the finding regarding signing a Personal Service Agreement (PSA) after the service period began. While the Department signed the PSA contract after the service period began, all other required procedures to contract were followed, including requesting and receiving approval from the Office of Policy and Management (OPM). The Department continues to improve our internal processes to support compliance with contracting statutes and procedures.

The Department agrees with the finding regarding approving a purchase order after the invoice date. The Department of Social Services will continue to work on generating purchase orders in a manner that satisfies the requirements of the State Accounting Manual that emphasizes compliance with Section 4-98(a) of the Connecticut General Statutes which requires that purchase orders be created, approved and posted prior to accepting any good and service. The Department will continue to communicate to the applicable divisions/units the necessity of notifying the Purchasing Unit prior to incurring any obligation.”

Deficiencies in Asset Management Controls and Reporting of Software Inventory

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. In addition, the State Property Control Manual establishes the standards for maintaining an inventory system and sets forth the reporting requirements. These requirements include reporting accurate amounts on the CO-59 annual property report that are supported by subsidiary records, providing a complete physical inventory of all property by the end of each fiscal year to ensure that property control records accurately reflect the inventory on hand, and maintaining a software inventory.

Condition: An examination of the DSS property control system disclosed the following:

- DSS submitted the CO-59 report for fiscal year 2016 more than 9 months late. DSS reported \$3,058,991 more in real and personal property on the CO-59 for fiscal year 2017 than accounted for in Core-CT.

- DSS did not record a capitalized asset in Core-CT in fiscal year 2016.
- DSS identified a laptop incorrectly as an easement rather than state-owned personal property in the Core-CT asset management module.
- DSS could not locate 4 assets from a sample of 40 listed in the Core-CT asset management module. The location of one asset identified in Core-CT did not match the physical location of the asset.
- DSS did not produce a software inventory report for fiscal years 2016, 2017, and 2018.

Context: DSS reported real and personal property in Core-CT totaling \$12,064,792, \$14,465,693, and \$12,727,494 for fiscal years 2016, 2017, and 2018, respectively. These totals included licensed software amounts of \$895,178, \$1,163,526, and \$1,615,862, respectively.

Effect: Deficiencies in the control over equipment inventory decreases DSS' ability to properly safeguard state assets and accurately report inventory. DSS did not comply with the requirements of the State Property Control Manual.

Cause: DSS internal controls over assets were inadequate.

Prior Audit Finding: This finding has been previously reported in the last 2 audit reports covering fiscal years 2012 through 2015.

Recommendation: The Department of Social Services should improve internal controls over asset accountability and its reporting of property and software inventory to ensure compliance with the requirements of the State Property Control Manual. (See Recommendation 15.)

Agency Response: "The Department agrees with this finding. The Department's Information Technology Division and Facilities Operations Support Services agree on the need to improve reporting timeliness, internal controls regarding software inventory reporting and accurately reporting and safe guarding of assets to ensure compliance with the requirements of the State Property Control Manual. The laptop erroneously categorized has been corrected in the Core-CT system. The Department's IT Division and Facilities Operations Support Services will work towards obtaining reporting accuracy by increasing reporting times from weekly to daily. Finally, the Software Inventory Report is generated and maintained by the Department's IT Division. The IT Division understands the need to provide Facilities Operations Support Services with a copy of its annual software report."

Inadequate Controls over Cellular Devices and Usage

Background: The Department of Administrative Services Bureau of Enterprise Systems and Technology (BEST) processes state agency telecommunication expenditures. BEST receives a monthly electronic bill from cellular service providers for all state cellular devices. BEST uploads the bill into a Telephone Billing Systems (TBS) that sorts the phone numbers from the provider's bill by state agency, and creates the electronic summary and detail to support the charges. BEST is also responsible for negotiating the service contracts and establishing the Telecommunication Equipment Policy for all state agencies.

Criteria: The Telecommunication Equipment Policy provides that:

- Agencies are responsible for ensuring that each employee authorized to use telecommunications equipment signs a statement that the employee understands the acceptable use policy.
- State employees shall only use telecommunications equipment for official state business and not for personal purposes.
- State employees may use only free directory assistance services. The state considers directory assistance charges as unacceptable personal usage.
- The agency and individual user are responsible for verifying the accuracy of each monthly bill and confirming appropriate usage.

Condition: DSS lacked adequate controls over cellular devices:

- DSS did not have signed statements from 9 employees acknowledging that they understood the acceptable use policy.
- DSS did not review employee cellular usage and did not seek reimbursement for additional directory assistance fees.
- One DSS field office did not follow procedures for returning cellular devices to the central office when two employees left the department.
- DSS did not adequately maintain its internal cellular device-tracking sheet, which contained 127 more active cellular phone numbers than the service provider monthly billing statement.

Context: DSS used 494 cellular devices with one service provider in April 2020. The department's tracking sheet contained 621 active cellular devices

with the same service provider. We selected 25 devices from the internal tracking sheet to determine whether the department maintained a signed acceptable use policy statement from each employee.

Effect: DSS continues to be at risk for unacceptable employee cellular charges and personal use of state equipment. Insufficient monitoring of cellular devices increases the likelihood that lost, stolen, or unused devices will go undetected.

Cause: DSS did not take action to address the prior audit finding. DSS informed us that it stopped monitoring cellular device activity in May 2016 due to April 2016 layoffs.

DSS informed us that one field office held and reissued cellular devices without notifying the central office or completing signed acceptable use policy statements upon reissuance.

Prior Audit Finding: This finding has been previously reported in the last 4 audit reports covering fiscal years 2008 through 2015.

Recommendation: The Department of Social Services should establish and implement controls to verify the accuracy of cellular charges, confirm the appropriateness of usage, and monitor the location of cellular devices. The Department of Social Services should ensure all cellular device users sign an acknowledgement that they understand the acceptable use policy. (See Recommendation 16.)

Agency Response: “The Department agrees with this finding. The Department has obtained signed statements from the noted employees highlighting the acceptable use policy or deactivated the phones if they were no longer in use.

The Department has moved many mobile devices to plans that include unlimited text, voice and data so there will be no overage charges. For the remaining devices, the Department is in the process of reviewing plans and the devices will eventually be moved to unlimited plans.

The phones related to separated employees have been recovered and the importance of returning equipment to IT when users depart DSS has been explained to the associated Manager and Supervisor. The Department believes that it has adequate processes in place to recover equipment when an individual separates from the Department.

The additional cellular devices that were listed on the internal cellular device tracking sheet have been removed. All unused devices were confirmed to have been disconnected and removed from the tracking sheet.”

Lack of Monitoring of Grants-in-Aid Contract Requirements

- Background:* Grants-in-aid contracts under various legislative bond acts were primarily for the renovation and expansion of neighborhood senior centers, day care facilities, or emergency shelters.
- Criteria:* A contract between DSS and a grantee stipulated that the grantee utilize \$100,000 to renovate a senior center. The contract required DSS to issue an initial payment of \$10,000 upon execution of the contract.
- Grants-in-aid contracts for the capital development of neighborhood facilities require the contractor to provide DSS with annual reports on or before July 1 of each calendar year for 10 years following the project completion to confirm that the property is still being used as intended and approved by the State Bond Commission. The reports must describe the programs and number of persons served in the facility during each 12-month period of the 10-year assurance period.
- Condition:* DSS did not recoup \$10,000 from a grantee who did not use state funds for the intended purpose of renovating a senior center.
- DSS did not enforce the annual reporting requirement for one grantee who did not submit 2 annual reports to confirm continued use of the property for its intended purpose.
- Context:* DSS paid grants-in-aid expenditures under various bond acts passed by the legislature totaling \$4,148,123, \$1,066,720, and \$448,275, during fiscal years 2016, 2017, and 2018, respectively. We reviewed 10 grant payments, totaling \$2,038,627, to determine whether DSS reviewed and maintained quarterly financial status reports.
- DSS was responsible for 10-year monitoring of 30 closed projects during the audited period. We reviewed 10 of these projects to confirm the grantee continued to use the property for its intended purpose.
- Effect:* One grantee improperly used state funds. DSS is not aware of the status of various grant-funded projects.
- Cause:* DSS issued an initial payment to a grantee prior to discovering that the project was already completed and funded. DSS issued no further payments.
- DSS did not have adequate procedures in place to ensure that grantees filed required reports. DSS is responsible for monitoring grants-in-aid expenditures that it began distributing before July 2015 for 10 years after project completion.

Prior Audit Finding: The first condition has not been previously reported. The second condition has been previously reported in the last 4 audit reports covering fiscal years 2008 through 2015.

Recommendation: The Department of Social Services should ensure that grantees use state funds in accordance with contracts and recoup improperly used funds. The Department of Social Services should develop and implement procedures to ensure that it receives annual reports from grantees as required by grants-in-aid contracts. (See Recommendation 17.)

Agency Response: “The Department agrees that for a period of time the annual reports addressed in this finding were not being submitted on a timely basis. Procedures have been implemented to ensure timely submittal of the reports. The \$10,000 payment highlighted in this finding was returned to the Department in June 2020.”

Lack of Written Procedures for Utilization Review Process

Background: DSS administers the Connecticut Home Care Program for Elders (CHCPE) and utilizes the Universal Assessment (UA) Tool to assess functional eligibility for all Medicaid waiver applicants and clients.

Criteria: Proper internal controls include establishing, maintaining, and disseminating formal written procedures to provide guidance to responsible individuals in the performance of their assigned duties.

Condition: DSS does not have formal, written procedures governing the utilization review process, including how nurses in the Community Options Unit should review cases.

As a result of a complaint to our office, we reviewed a listing of clients who were initially denied eligibility into CHCPE for not meeting the level of care criteria. We noted that there was no documentation in DSS’ case management system of a second access agency review. DSS management informed us that they reviewed all of these cases as part of a conference call between the DSS Community Options unit and the access agency and were not aware that notes had not been entered in the DSS system.

Context: The DSS Community Options Unit provides the final functional eligibility approval with the use of the utilization review process, in which nurses apply their clinical judgment to the evaluation of the access agencies’ UA assessment. DSS management informed us that if a nurse reviewing a case disagrees with the outcome form and assessment data, then they should reach out to the care manager for additional information and a phone conference, if needed.

Effect: DSS diminished its ability to uniformly train employees and consistently implement the utilization review process to address client needs. Without evidence to document that DSS promptly followed up on exceptions, there is less assurance that concerns for the client's needs are adequately being addressed.

Cause: A lack of managerial oversight contributed to this condition. Subsequent to our inquiries, the DSS program division director contacted the access agency to determine final outcomes and added notes for the reconsidered cases.

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

Recommendation: The Department of Social Services should establish and disseminate formal, written utilization review procedures, including determination timeframes, adverse determination notifications, adverse determination appeals, and expedited appeals for denials in which there is an imminent or serious threat to the health of the client. (See Recommendation 18.)

Agency Response: "The Department agrees with this finding. The Department will work towards establishing formal written procedures for the utilization review process."

Inadequate Controls over Accounts Receivable of NEMT Sanctions

Background: DSS contracted with a non-emergency medical transportation (NEMT) broker to provide services to Medicaid clients.

Criteria: Section XIV of the NEMT contract grants DSS the right to impose monetary sanctions against the NEMT broker for conduct that constitutes noncompliance with the contract or state or federal regulatory requirements. The broker should submit payment to DSS for each sanction within 30 business days of the written DSS sanction notification.

The State Accounting Manual provides that accounts receivable records should be accurate, complete, and maintained to indicate how long the debt has been outstanding. State agencies may classify receivables arising from penalties assessed against an individual or corporation under the general category of other receivables.

Condition: DSS did not record an accounts receivable upon issuance of sanctions to its NEMT broker. DSS improperly posted 2 sanction receipts to the incorrect account and failed to monitor the collection of NEMT sanction payments to ensure timely receipt.

<i>Context:</i>	DSS received \$22,000 for sanctions imposed on the NEMT broker in fiscal year 2019.
<i>Effect:</i>	DSS has reduced assurance that it received all funds for imposed sanctions.
<i>Cause:</i>	DSS lacks internal controls for recording and monitoring NEMT sanctions.
<i>Prior Audit Finding:</i>	This finding has not been previously reported.
<i>Recommendation:</i>	The Department of Social Services should strengthen internal controls over accounts receivable of non-emergency medical transportation (NEMT) sanctions to ensure compliance with the State Accounting Manual and the terms and conditions of the contract with the NEMT broker. (See Recommendation 19.)
<i>Agency Response:</i>	“The Department agrees with this finding. The Department will strengthen its controls related to accounts receivable of NEMT sanctions to ensure compliance with the State Accounting Manual and the terms and conditions of the NEMT contract.”

Inadequate Controls over Supplemental Security Income Disbursements

Background: Federal law provides that the Social Security Administration (SSA) may, upon written authorization by an individual, reimburse states that have furnished interim assistance to recipients between the month the recipient filed a claim for Supplemental Security Income (SSI) benefits and the month in which benefits were paid. This provision allows the individual to receive prompt general assistance, for which the state is authorized to receive its initial and any retroactive SSI payment for that individual.

According to Title 20 Code of Federal Regulations Part 416.1910, if the Social Security Administration repays the state an amount greater than the amount of interim assistance, the state is required to:

- Pay the excess amount to the client no later than 10 working days from the date the state receives SSA repayment, and
- Refund the excess amount to SSA in the event it cannot pay the client (e.g., if the client dies or the state cannot locate the client).

DSS reimburses the State-Administered General Assistance (SAGA) program the applicable amount that SSA should have paid. DSS pays the balance of the Supplemental Security Income amount to the client.

<i>Criteria:</i>	A governmental agency is accountable for the resources provided to administer programs and services. The agency should apply resources efficiently, economically, and effectively.
<i>Condition:</i>	DSS did not distribute approximately \$67,475 of Supplemental Security Income funds with transaction dates between March 7, 2005 and July 6, 2011. DSS attempted to return these funds to the Social Security Administration on July 14, 2016, but had no documentation to support its assertion that SSA refused these funds.
<i>Context:</i>	The balance of undistributed Supplemental Security Income funds as of June 30, 2018, totaled \$84,908.
<i>Effect:</i>	The Social Security Administration may not have properly reimbursed the SAGA program for assistance provided on its behalf. DSS may owe clients additional assistance.
<i>Cause:</i>	Per DSS, the Social Security Administration stated that it refused to accept these funds in a series of phone calls. The checks sent to SSA were out of date.
<i>Prior Audit Finding:</i>	This finding has been previously reported in the last 4 audit reports covering the fiscal years 2008 through 2015.
<i>Recommendation:</i>	The Department of Social Services should obtain documentation from the Social Security Administration on the rejection of Supplemental Security Income funds. The Department of Social Services should determine the proper disposition of Supplemental Security Income it received for providing interim assistance to recipients. The department should disperse these funds or seek reimbursement as appropriate. (See Recommendation 20.)
<i>Agency Response:</i>	“The Department agrees in part with this finding. Specifically, the Department agrees that the funds should not have been held for an extended period of time. However, the Department has been unable to locate the clients and has not received any additional information on the funds from SSA that would allow the Department to claim the State’s portion. By not taking action on the Department’s return of funds, SSA has indicated that SSA does not want the funds. The Department intends on consulting with the Office of the State Treasurer on the proper process to escheat funds to the State.”
<i>Auditors’ Concluding Comments:</i>	Because DSS did not promptly address this issue, the state lost its portion of these funds. If DSS escheats these funds, then DSS may reimburse clients for more than they were entitled.

Inadequate Controls over Conservator Account Disbursements

<i>Background:</i>	If the commissioner of DSS finds that an elderly person is being abused, neglected, exploited, or abandoned and lacks capacity to consent to reasonable and necessary protective services, the commissioner may petition the Probate Court for appointment of a conservator of the elderly person pursuant to the provisions of Sections 45a-644 to 45a-662, inclusive, of the General Statutes in order to obtain such consent. The elderly person or the individual, agency, or organization designated to be responsible for the personal welfare of the elderly person shall have the right to bring a motion in the cause for review of the Probate Court's determination regarding the elderly person's capacity or an order issued pursuant to Sections 17b-450 to 17b-461, inclusive, of the General Statutes. The Probate Court may appoint, if it deems appropriate, the commissioner of DSS to be the conservator of such elderly person.
<i>Criteria:</i>	<p>The Probate Court Certificate PC-450, issued by the Probate Court to assign DSS as conservator, has an expiration date. As long as DSS performs the role of conservator, the court certificate must remain in effect.</p> <p>DSS established internal controls requiring the unit supervisor to approve disbursements over \$1,000.</p>
<i>Condition:</i>	For 10 cases reviewed, DSS did not have 6 probate court certificates on file approving DSS to act as conservator. DSS had no supporting documentation for one disbursement calculation. The unit supervisor did not approve 7 disbursements over \$1,000.
<i>Context:</i>	DSS maintained a single checking account for the conservator program with computerized subsidiary records for each client. In addition to cash balances of \$21,737, \$25,577, and \$17,466 at June 30, 2016, 2017, and 2018, respectively, the Conservator Account had investments in the State of Connecticut's Short-Term Investment Fund of \$59,007, \$59,368, and \$60,192 on those respective dates.
<i>Effect:</i>	DSS may not have proper authority to manage client accounts. Client accounts could be vulnerable to unauthorized disbursements.
<i>Cause:</i>	DSS did not follow internal control procedures to obtain Probate Court certificates and approve disbursement amounts over \$1,000.
<i>Prior Audit Finding:</i>	This finding has been previously reported in the last 2 audit reports covering fiscal years 2012 through 2015.

Recommendation: The Department of Social Services should strengthen internal control procedures to ensure it has active Probate Court certificates on file for conservator accounts. The department should properly approve all disbursements over \$1,000. (See Recommendation 21.)

Agency Response: “The Department agrees with this finding. The Department has implemented controls to ensure that proper documentation is maintained in the files and that all disbursements over \$1000 are properly approved.”

Inadequate Controls over the Escalation Unit

Background: DSS established the Escalation Unit in March 2014. The unit tracks and resolves client-specific eligibility inquiries and complaints from clients, their authorized representative, legislators, or other public officials.

Criteria: Sections 17b-2 and 17b-3 of the General Statutes designate DSS to administer various state and federal social services programs. Good business practice dictates that DSS should establish and maintain effective internal controls over the administration of its programs and information systems. Effective internal controls include establishing policies and procedures, monitoring internal controls, and addressing deficiencies.

Condition: DSS closed 2 complaints in the Client Information Tracking System (CITS) without resolving them. DSS did not correct the client’s gender for one case and did not update the client eligibility period for one case in its eligibility systems.

Context: DSS received 1,328 inquiries related to 17 programs during June 2018. We reviewed 10 inquiries related to 6 programs to determine whether the Escalation Unit adequately addressed the inquiries.

Effect: DSS systems erroneously denied payment of \$680 in medical claims for one eligible client.

Cause: A lack of managerial oversight contributed to these conditions.

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

Recommendation: The Department of Social Services should establish and implement internal controls to review inquiries in the Client Information Tracking System to ensure client information is correct and clients receive proper benefits. (See Recommendation 22.)

Agency Response: “The Department agrees with this finding. During the timeframe of the test sample both the ImpaCT and CITS systems were being

modified/upgraded to address system design gaps. Since then, the Department believes that adequate controls have been established, including but not limited to:

- Daily monitoring of outstanding inquiries
- System aided ability to track, identify and reassign pending inquiries when staff are absent
- Monthly identification and “scrubbing” of any pending or outstanding inquiries
- Management intervention with issue resolution when necessary
- Supervisory monitoring tool piloted to assess staff compliance with policy and procedures

As for the specific items addressed in the finding, the Department will research the current statuses and will conduct follow up corrections where necessary.”

Incomplete Candidate Screening Process

<i>Criteria:</i>	Job descriptions include general and special experience requirements necessary to perform the duties for a specific job. Candidate representations of work experience and professional credentials are a key factor in hiring and promotion decisions. Verification of these representations is a critical control of the hiring and promotion process.
<i>Condition:</i>	DSS promoted an employee without confirming the candidate met the special experience requirement for the position. The employee’s former position was insufficient to meet the special experience requirement. The employee’s personnel file lacked sufficient documentation that DSS verified prior non-state employment experience upon initial hire or promotions.
<i>Effect:</i>	DSS may have promoted an unqualified candidate. Ineffective hiring and promotion decisions affect agency operations and erode employee morale.
<i>Cause:</i>	Lack of management oversight contributed to this condition. DSS relied upon the candidate’s statement of experience to meet the special experience requirement, because DSS assumed that the state reviewed the candidate’s prior non-employment experience upon initial hire. DSS lacks adequate procedures to confirm candidate experience.
<i>Prior Audit Finding:</i>	This finding has not been previously reported.
<i>Recommendation:</i>	The Department of Social Services should only hire and promote candidates who meet job description requirements. The department

should formalize written hiring and promotion policies and procedures to verify a candidate's work experience and professional credentials. (See Recommendation 23.)

Agency Response:

“The Agency agrees with this finding and affirms that the Agency’s existing written policies and procedures regarding the hiring and promotional process align with the finding’s recommendations. Within the Recruitment Workflow there are action steps to verify a candidate’s work experience and professional credentials. Two distinct forms for conducting reference checks are now utilized for consideration of initial state employment and transfer from another state agency.

In the cited case, the Agency was reliant upon prior human resources verification of non-state employment experience for this internal promotion. The reference information documented in this individuals’ personnel file demonstrated no cause to call into question the experience reported by the candidate nor the credibility of the reference itself. Current reference checks utilized by the Department for the consideration of initial state employment and the transfer from another state agency have been augmented and fully aligned with the auditor’s recommendations.”

Working out of Position Classification

Background:

An employee worked as an Administrative Assistant in the Commissioner’s Office since November 2018. In February 2019, DSS promoted this employee to the position of Equal Employment Opportunity (EEO) Assistant within the Affirmative Action Division.

Criteria:

Sound business practice dictates that employees should perform job duties in accordance with their position.

Section 5-227a of the General Statutes provides that, whenever an employee’s position in the classified service is reclassified, the promotion of the employee shall be made without examination provided (1) the employee meets the minimum qualifications for the reclassified position; and (2) the employee has received a satisfactory appraisal on the two most recent consecutive performance evaluations.

The Department of Administrative Services (DAS) General Letter No. 226 provides the procedures and requirements for promotions through reclassification under Section 5-227a of the General Statutes.

Section 5-237-1 of the State Regulations requires state agencies to file an annual evaluation for each permanent employee at least three months prior to the employee's annual salary increase date.

Condition: DSS inappropriately allowed an employee to work outside the position for 9 months until DAS approved the employee’s promotion by reclassification to the Executive Secretary position in November 2019. DSS did not have annual performance evaluations on file for the employee for 2017 or 2018. The DSS organizational chart listed the employee under both the Office of the Commissioner and the Affirmative Action Division as an Equal Employment Opportunity Assistant from March 2019 through October 2019, until Human Resources became aware of the dual role and notified DSS management to correct the matter.

Effect: The Affirmative Action Division was understaffed.

Cause: In June 2019, the Governor appointed a new commissioner of DSS. In March 2019, the former Executive Secretary to the Commissioner transferred to another state agency. DSS informed us that during the transition period, there was a need for someone to perform the job duties of the Executive Secretary for the Commissioner’s Office. DSS management decided to have an employee who previously held this position perform the duties. Consequently, the newly promoted employee was unable to perform the job duties associated with the position of Equal Employment Opportunity Assistant.

There was a lack of managerial oversight regarding completion of annual employee performance evaluations.

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

Recommendation: The Department of Social Services should practice due diligence in assigning job duties in accordance with the job position and should prepare required annual evaluations. The Department of Social Services should improve oversight of its personnel procedures in accordance with Section 5-227a of the General Statutes and Section 5-237-1 of the State Regulations. (See Recommendation 24.)

Agency Response: “The Department agrees with this finding. Going forward, agency management will discuss complex personnel issues with Human Resources to obtain guidance on the assignment of job duties in accordance with job positions and will be mindful of assigning tasks outside of job specifications.”

Lack of Performance Evaluations of Managers

Criteria: The performance evaluation process is a method of assessing employee job performance in relation to established standards. Standard business practice provides that supervisors annually evaluate employee job

performance in writing. Generally, the objectives of a performance evaluation are to:

- Provide written feedback to employees
- Document employee performance in organizational records
- Identify training needs of employees and the organization
- Form a basis for personnel decisions
- Facilitate communication between employees and management

Condition: DSS did not perform evaluations for 2 managers in fiscal year 2018.

Context: We reviewed the most recent performance evaluations on file for 10 managerial level employees.

Effect: The absence of written performance evaluations significantly diminishes management’s ability to develop employee performance plans, track career development, and form a basis for personnel decisions.

Cause: Administrative controls were inadequate for ensuring the completion of performance evaluations.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.

Recommendation: The Department of Social Services should complete annual performance evaluations on all of its employees. (See Recommendation 25.)

Agency Response: “The Department agrees with this finding. The agency has established protocols to increase the performance evaluation submission rate for managers. This includes but is not limited to:

- Discussion of the requirement at Executive Leadership team meetings
- Sending reminders to supervising managers when performance evaluations are due
- Monitoring the receipt of evaluations and running reports to determine non-compliance
- If a supervising manager misses a deadline and does not file a performance evaluation timely, a Human Resources staff person follows up with the supervising manager to facilitate submission.”

Core-CT Access Not Deactivated Promptly for Separated Employee

<i>Criteria:</i>	The Core-CT Security Liaison Guide states that each agency is responsible for assigning a Core-CT Security Liaison to be the primary contact for the Statewide Core-CT Applications Security Administrator. The agency liaison is responsible for requesting the immediate deletion of a functional user's Core-CT access upon notice of separation. A functional user in Core-CT is one that has access to Human Resources Management System (HRMS), Financials, and/or Enterprise Performance Management (EPM).
<i>Condition:</i>	DSS did not deactivate a functional user account until 19 months after the employee left state service.
<i>Context:</i>	We reviewed 5 functional user accounts of employees who left state service during fiscal years 2016, 2017, and 2018.
<i>Effect:</i>	There is increased risk of unauthorized access to the Core-CT system and possible manipulation of data.
<i>Cause:</i>	Weak internal controls and poor management oversight contributed to these conditions.
<i>Prior Audit Finding:</i>	This finding has not been previously reported.
<i>Recommendation:</i>	The Department of Social Services should implement controls to ensure that it deactivates access to the Core-CT system immediately upon separation of a functional user. (See Recommendation 26.)
<i>Agency Response:</i>	"The agency agrees with this finding. The Department has taken measures to re-enforce internal controls related to the timeliness of Core-CT deactivation for terminated employees via the HR Standard Operating Procedures manual for the agency."

Unauthorized Overtime, Compensatory Time, and Extended Sick Leave

<i>Criteria:</i>	<ol style="list-style-type: none">1. Overtime – Section 5-245 of the General Statutes provides that any state employee who performs work authorized by the appointing authority for a period in addition to the hours of the employee's regular, established work week shall receive overtime pay. Article 17, Section 3 of the Engineering, Scientific and Technical (P-4) Bargaining Unit Contract stipulates that members paid above salary group 24 are considered exempt from earning overtime pay. Such exempt employees may receive compensatory time. In situations in which granting of compensatory time would create a hardship to the agency, it can make payment at straight time with
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the approval of the secretary of the Office of Policy and Management.

2. **Compensatory Time** – The Department of Administrative Services Management Personnel Policy (MPP) No. 17-01, formerly MPP 06-02, establishes criteria for granting compensatory time to managerial employees of the executive branch, which includes DSS. The policy states that managers must receive advance written authorization from an agency head or a designee to work extra time in order to record the extra hours as compensatory time. The authorization must include the employee’s name, period during which the extra hours will be worked, and the reason(s) for compensatory time. The agency must retain proof of advance authorization in the employee’s personnel file for audit purposes.
3. **Medical Certificates** – Section 5-247-11 of the State Regulations provides that a state agency must require an acceptable medical certificate, which must be on the form prescribed by the commissioner of the Department of Administrative Services and signed by a licensed physician or other practitioner. The purpose of the medical certificate is to substantiate a request for any sick leave absence of 5 or more consecutive work days for P-1 classified union employees and 6 or more consecutive work days for any other classified union.

Condition:

1. **Overtime** – We reviewed 15 employees who received overtime payments and noted that DSS did not have pre-approvals or sign-in logs on file for 14 employees. Additionally, DSS had no pre-approvals on file in 8 instances in which 3 employees earned overtime and compensatory time on the same day.

We also reviewed 5 employees who earned overtime in the P-4 Bargaining Unit, paid above salary group 24, and noted 2 of those employees were not on-call when they earned overtime. Additionally, there were inconsistencies with how all 5 employees recorded overtime, on-call, holiday, and regular time.

Our audit work related to the 2017 and 2018 Statewide Single Audit Reports noted that DSS did not have overtime pre-approvals or sign-in logs on file for 4 out of 50 employees in our sample.

2. **Compensatory Time** – We reviewed 15 managerial level employees who received compensatory time and noted that DSS did not preauthorize 6 employees’ compensatory time. DSS had no pre-

approval documentation on file for 5 employees' compensatory time.

3. Medical Certificates – We reviewed 20 employees who charged sick leave in excess of the number of work days requiring a medical certificate and noted that DSS did not have the required medical certificate on file for 3 employees.

Context:

1. Overtime – DSS paid \$12,989,899 for 279,161 hours of overtime to 996, 830, and 838 employees in fiscal years 2016, 2017, and 2018, respectively.
2. Compensatory Time – DSS granted 7,947 hours of compensatory time to 38, 52, and 63 managerial employees in fiscal years 2016, 2017, and 2018, respectively.
3. Medical Certificates – DSS had 443 different employees use consecutive sick days requiring a medical certificate from January 1, 2016 through June 30, 2018.

Effect:

DSS issued \$38,383 in unauthorized overtime payments and \$10,419 in unauthorized compensatory time. Without conducting appropriate reviews, DSS may not detect employee abuse of overtime, compensatory time, or extended sick leave without obtaining the proper authorization or medical certificate.

Cause:

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

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

Prior Audit Finding:

Condition 1 has been previously reported in the last 3 audit reports covering fiscal years 2010 through 2015. Condition 2 has been previously reported in the last 2 audit reports covering fiscal years 2012 through 2015. Condition 3 has been previously reported in the last 6 audit reports covering fiscal years 2004 through 2015.

Recommendation:

The Department of Social Services should process payroll and personnel information in accordance with state laws and regulations. The department should strengthen internal controls to ensure compliance with bargaining unit contracts and state personnel policies. (See Recommendation 27.)

Agency Response:

“The Department agrees with this finding. The Department will ensure that supervisors and managers are aware of the requirement to obtain

and retain approvals for overtime and compensatory time. Additionally, the Department will strengthen operating procedures to ensure that medical certificates are obtained for employees with extended periods of sick leave.”

Paid Administrative Leave in Excess of Time Limits

Criteria: Section 5-240-5a (f) of the State Regulations states that an appointing authority may place an employee on a leave of absence with pay for up to 15 days to permit investigation of alleged serious misconduct, which could constitute just cause for dismissal under Section 5-240-1a (c) of the State Regulations. Subsection (c) provides the definition for just cause and lists examples of conduct for suspending, demoting, or dismissing an employee. State agencies should only use this paid leave if the employee’s presence at work could be harmful to the public; the welfare, health, or safety of patients, inmates or state employees; or state property. Following a decision to place the employee on paid leave, the agency shall provide written notice to the employee stating the reasons for the leave, the effective date, and the duration.

The Social and Human Services (P-2) bargaining unit contract extended the allowed administrative leave with pay to a maximum of 60 days.

Condition: Our review of 15 employees disclosed that one employee remained on leave for 11 days in excess of the days allowed by state regulations and the applicable bargaining unit contract. DSS did not have supporting documentation to justify the extra paid leave.

Context: During the audit period, DSS paid 5,372 hours of administrative leave to 33 employees.

Effect: DSS incurred \$6,945 in salary and fringe benefit costs for the employee who was on paid administrative leave beyond the number of days allowed under state regulations and bargaining unit contracts.

Cause: DSS did not properly monitor or adequately document the case.

Prior Audit Finding: This finding has been previously reported in the last 5 audit reports covering fiscal years 2006 through 2015.

Recommendation: The Department of Social Services should comply with requirements concerning employees placed on paid leave as provided for under Section 5-240-5a (f) of the State Regulations and bargaining unit contracts. (See Recommendation 28.)

Agency Response: “The Department agrees with this finding. The employee was in fact placed on paid Administrative Leave effective April 6, 2016 pending an

investigation into potential misconduct. An investigation was completed on May 12, 2016 substantiating the allegations of misconduct. A pre-disciplinary conference was convened on May 26, 2016. A disciplinary stipulated agreement was drafted, however based upon additional discovery it was put into abeyance and the investigation was reopened. A second pre-disciplinary conference was convened on July 7, 2016 and discipline was issued in the form of a stipulated agreement on July 15, 2016. The agency should have requested an extension to the paid administrative leave from OLR due to the necessity to reopen the investigation prior to issuing discipline to the employee. Going forward the agency will request extensions to administrative leave from OLR when there is a requirement to extend that leave beyond the sixty (60) days specified in the P-2 Collective Bargaining Unit Contract.”

Inaccurate Processing of Employee Leave Accruals

- Criteria:* The Department of Administrative Services (DAS) provides instructions to all state agencies on how to process temporary service in higher class (TSHC) records.
- Condition:* DSS incorrectly processed personal leave time accruals for 1 out of 10 TSHC employees. Additionally, 2 temporary service in higher class employees used personal leave time beyond authorized limits.
- Context:* DSS had 33 employees hold temporary service in higher class positions during the audited period.
- Effect:* DSS paid \$864 in excess benefits for ineligible personal leave time.
- Cause:* DSS staff did not properly follow the instructions for assigning one employee to temporary service in higher class. Lack of management oversight contributed to this condition. The Core-CT system did not deduct the use of personal leave time from 2 employees’ leave time balances.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.
- Recommendation:* The Department of Social Services should strengthen internal controls to ensure it properly processes temporary service in higher class records and employee accruals do not exceed authorized limits. (See Recommendation 29.)

Agency Response: “The Department disagrees in part with this finding. Based on a review performed by the Department, it appears that for two of the exceptions noted, the timesheet entries were properly entered into the CORE-CT system and the error related to the personal leave accruals was a CORE-CT system error. The Department will ensure controls are in place to ensure that temporary service in higher class records are properly processed and employee accruals do not exceed unauthorized limits.”

Lack of Compliance with Mandatory Reporting Requirements

Criteria: Titles 17a and 17b of the General Statutes contain many subsections mandating that DSS submit reports to the executive and legislative branches of government.

- Section 17a-215e of the General Statutes requires DSS to report, by February 1st each year, the number and ages of persons with autism spectrum disorder that the department served and the number and ages of persons on a waitlist for Medicaid waiver services. DSS must also report the types of waiver services it currently provides, a description of unmet needs, the projected 5-year costs to the state of such unmet needs, measurable outcome data, and a description of new and proposed initiatives for persons with autism spectrum disorder. DSS must report this information to the joint standing committee of the General Assembly having cognizance of matters relating to human services concerning the activities of the department’s Division of Autism Spectrum Disorder Services.
- Section 17b-27a of the General Statutes requires DSS to report, by October 1st each year, the effectiveness in achieving the following objectives: (1) promote public education concerning the financial and emotional responsibilities of fatherhood; (2) assist men in preparation for the legal, financial and emotional responsibilities of fatherhood; (3) promote the establishment of paternity at childbirth; (4) encourage fathers, regardless of marital status, to foster their emotional connection to and financial support of their children; (5) establish support mechanisms for fathers in their relationship with their children, regardless of their marital and financial status; and (6) integrate state and local services available for families. DSS must report this information to the joint standing committee of the General Assembly having cognizance of matters relating to human services and the select committee of the General Assembly having cognizance of matters relating to children on the Fatherhood Initiative grant program.
- Section 17b-99b of the General Statutes requires DSS, in coordination with the Chief State’s Attorney and the Attorney General, to submit, by January 1st each year, a joint report on the

state's efforts to prevent and control fraud, abuse, and errors in the Medicaid payment system and to recover Medicaid overpayments. DSS must report this information to the joint standing committees of the General Assembly having cognizance of matters relating to human services and appropriations and the budgets of state agencies. DSS is also required to post the joint report to its website.

- Section 17b-274a of the General Statutes requires DSS to implement and maintain a procedure to review and annually update the maximum allowable costs to be paid under Medicaid and Connecticut AIDS drug assistance programs for generic prescription drugs based on actual acquisition costs. It also requires DSS to annually report on its activities to the joint standing committee of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies.
- Section 17b-306a of the General Statutes requires DSS to prepare annually a report concerning health care choices under HUSKY A. The report must include, but not be limited to, a comparison of the performance of each managed care organization, the primary care case management program, and other member service delivery choices. The department must provide a copy of each report to all HUSKY A members.
- Section 17b-340 of the General Statutes requires DSS to report, by February 15th each year, the data contained in annual reports from nursing homes, chronic disease hospitals associated with chronic and convalescent homes, rest homes with nursing supervision, residential care homes, and residential facilities for persons with intellectual disabilities. DSS must report this information to the joint standing committee of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies. Each facility's annual report includes a profit and loss statement that DSS uses for consideration to determine rates of payment for services that are state funded.
- Section 17b-610 of the General Statutes requires DSS to report, by January 15th each year, an ongoing assessment of the needs of the business community and the ways persons with disabilities could fill such needs. DSS also must assess skills needed by businesses, necessary training, available jobs, specific work sites, and programs offered by the Technical Education and Career System and comprehensive high schools. DSS must report this information to the committee of the General Assembly having cognizance of matters relating to human services.

<i>Condition:</i>	We requested 10 mandated reports for review and noted that DSS did not prepare 7 reports and did not post one report to its website.
<i>Context:</i>	We identified 47 DSS mandatory reporting requirements in the General Statutes during fiscal years 2016, 2017, and 2018.
<i>Effect:</i>	Executive and legislative oversight of DSS may have been diminished. DSS did not provide statutorily-required information relevant to the administration of the various assistance programs.
<i>Cause:</i>	DSS lacks an effective department-wide method for tracking and monitoring the submission of mandated reports.
<i>Prior Audit Finding:</i>	This finding has been previously reported in the last 2 audit reports covering fiscal years 2012 through 2015.
<i>Recommendation:</i>	The Department of Social Services should develop and implement a process to ensure that it submits all statutorily mandated reports. The Department of Social Services should pursue the repeal of reporting requirements that are no longer practical or relevant. (See Recommendation 30.)
<i>Agency Response:</i>	“The Department agrees with this finding and recommendation. The Department is pursuing the repeal and removal of any reporting requirement that is no longer practical or relevant and will develop, implement and monitor processes to comply with applicable reporting requirements including the process of posting reports to its website.”

Lack of Adopted Regulations

<i>Criteria:</i>	<p>Section 4-168 of the General Statutes provides that, if a public act requires an agency to adopt regulations, the agency, not later than 5 months after the act’s effective date, shall post notice of its intent to adopt regulations on the eRegulations System. If the agency fails to post the notice within such 5-month period, the agency shall submit an electronic statement of its reasons for failure to do so to the Governor, the joint standing committee having cognizance of the subject matter of the regulations, and the standing legislative regulation review committee; and, on and after the certification date, post such statement on the eRegulations System. Section 4-168 states that no regulation may be adopted, amended, or repealed by any agency until it is approved by the Attorney General and standing legislative regulation review committee, and posted online by the Office of the Secretary of the State.</p> <p>Section 17b-294a of the General Statutes requires that not later than July 1, 2017, the commissioner adopts regulations to establish criteria and specifies services for the HUSKY Plus program, and establishes a</p>
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procedure for the appeal of a denial of coverage under the HUSKY Plus program. Such regulations shall state that the HUSKY Plus program shall give priority to members with household incomes at or below 249% of the federal poverty level.

Section 38a-479aa of the General Statutes requires the commissioner to adopt regulations to establish criteria to certify any federally qualified health center, including but not limited to, minimum reserve fund requirements.

Section 17b-349 of the General Statutes requires the commissioner to adopt regulations for payment to freestanding medical clinics participating in the Medicaid program.

Section 17b-59a of the General Statutes requires the commissioner, in consultation with the executive director of the Office of Health Strategy, to develop uniform regulations for the licensing of human services facilities.

Condition: DSS has not issued a notice of intent for the HUSKY Plus program, certification of federally qualified health centers, payments to freestanding medical clinics, or licensing of human services facilities. The department also has not submitted an electronic statement of its reasons for failure to issue a notice of intent to the required parties, or posted such statement on the eRegulations System.

Context: We reviewed the department's compliance with 17 sections of the General Statutes that require it to adopt regulations. We also reviewed the department's compliance with adopting regulations for the HUSKY Plus program, which we reported in the prior audit.

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

Cause: DSS informed us that the HUSKY Plus regulations remain a work in progress. The department stated that two statutes pertain to program regulations that are no longer applicable. DSS was uncertain as to why the legislature charged it with adopting regulations for the licensing of human services facilities, when other state agencies administer such licenses. The department plans to request a repeal of three statutes in the next legislative session.

Prior Audit Finding: This finding has been previously reported in the last 2 audit reports covering fiscal years 2012 through 2015.

Recommendation: The Department of Social Services should implement regulations in accordance with Section 4-168 of the General Statutes, or propose the amendment or repeal of a statute when the department did not implement a program or it is no longer in effect. (See Recommendation 31.)

Agency Response: “The Department of Social Services agrees with the finding and recommendation to propose statutory repeals of the provisions at issue should regulations no longer be necessitated. Specifically:

- With respect to regulations required pursuant to Section 17b-294a of the General Statutes, S.B. 191, An Act Concerning Changes to the HUSKY B Program, introduced during the 2020 Regular Session of the Connecticut General Assembly, would have eliminated the separate “HUSKY Plus” program by including such services as part of the basic HUSKY B benefit package, thereby eliminating the necessity for any regulations related to “HUSKY Plus”.
- With respect to regulations required pursuant to Sections 38a-479aa(n), 17b-59a(b) and 17b-349(a) of the General Statutes, S.B. 194, An Act Concerning Obsolete References Relating to the Department of Social Services in the General Statutes, introduced during the 2020 Regular Session of the Connecticut General Assembly, would have clarified and updated said statutes to align with current practices, thereby eliminating the necessity for any regulations to be adopted by the Department of Social Services in relation those provisions.

As a result of COVID-19 restrictions, the Connecticut General Assembly adjourned without taking action on either of these legislative proposals (S.B 191 or S.B. 194). The Department of Social Services intends to reintroduce these provisions during the 2021 Regular Session of the Connecticut General Assembly.”

List of Delinquent Child Support Obligor Not Published on Agency Website

Criteria: Section 17b-179 (l) of the General Statutes requires the Office of Child Support Services (OCSS) to establish, maintain, and periodically update a list of all delinquent child support obligors. Effective October 1, 2014, the General Statutes require OCSS to publish the names, residential addresses, and amounts of delinquent child support owed by the 100 individuals having the largest delinquent child support obligations on the DSS website.

Condition: OCSS did not publish the list of the 100 individuals with the largest delinquent child support obligations on the DSS website.

Effect: The lack of publication decreases public awareness of delinquent child support obligations.

Cause: According to DSS, the Connecticut Child Support Enforcement System (CCSES) is unable to identify the 100 most delinquent child support obligors. The department informed us that making programming changes to the antiquated CCSES system would not be cost-effective. DSS is in the process of replacing CCSES.

On October 12, 2016, DSS published a notice of intent to develop regulations for the list of delinquent child support obligors. The department received one comment presenting potential legal challenges to publicly disclosing such information.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.

Recommendation: The Department of Social Services Office of Child Support Services should publish the list of child support obligors to its website, as required by Section 17b-179 (1) of the General Statutes. The department should consult with the Office of the Attorney General if it is concerned about the legality of publicly disclosing delinquent obligor information. If the department is unable to fulfill the statutory requirement, it should seek modification or repeal of the statute. (See Recommendation 32.)

Agency Response: “The Department agrees with this finding and recommendation, in part. The Department is unable to fulfill the statutory requirement for a number of reasons, including those explained below and shall pursue a repeal of the statute during the legislative session.

- Cost - The Department’s ability to identify the one hundred most delinquent child support obligors at a specific point in time would require programming changes to the CCSES system. The estimated cost for such changes are significant and are currently unbudgeted.
- Legal – It is the Department’s opinion that implementing regulations would be necessary to (1) afford due process to an obligor whose name and address are to be published, including a right to a hearing, and (2) allow custodial parents and children who may be negatively impacted by the publication of an obligor’s personal information to have a voice in the process. Additionally, Connecticut Legal Services has submitted comments to the Department that, among other things, cast doubt on the legality of publically disclosing information from

the state case registry, particularly given that the support orders entered into the registry are not limited to IV-D support cases.

The Department believes that the requirement should be repealed, and pursued legislation during the 2020 legislative session that would have done so. Senate Bill 192 received a public hearing and was unanimously voted out of the Human Services Committee, but never received a vote on the House or Senate floor due to the premature close of the legislative session due to the COVID-19 pandemic. The Department intends to introduce the bill this session.”

Committee Proceeding Transcript Not Included with Medicaid Waiver Applications

- Background:* Medicaid offers waiver programs that permit a state to provide long-term care services to assist Medicaid beneficiaries to live in the community and avoid institutionalization. DSS submits waiver applications to the federal Centers for Medicare and Medicaid Services (CMS) for approval.
- Criteria:* Section 17b-8 of the General Statutes provides that the General Assembly shall approve any application for a federal waiver submitted to the federal government. Subsection (d) requires that DSS submit a complete transcript of the legislative joint standing committee proceedings with the waiver application to the federal government.
- Condition:* DSS did not include the transcript from the joint standing committee proceedings when it submitted the waiver applications to CMS.
- Context:* DSS maintains 13 Medicaid waivers. We reviewed the Acquired Brain Injury Waiver (effective January 1, 2017) and the Home and Community Supports Waiver for Persons with Autism (effective January 1, 2018).
- Effect:* DSS did not comply with Section 17b-8 of the General Statutes.
- Cause:* DSS informed us that the Centers for Medicare and Medicaid Services requires it to complete waiver applications electronically and does not accept attachments. Since the waiver application did not require a submission of the transcript of the joint standing committee proceedings, DSS asserts that it is unable to comply with the statute.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.
- Recommendation:* The Department of Social Services should submit complete waiver applications to the federal Centers for Medicare and Medicaid Services in accordance with Section 17b-8(d) of the General Statutes. The

Department of Social Services should pursue the repeal of any statutory requirement that is no longer practical or relevant. (See Recommendation 33.)

Agency Response:

“The Department agrees with this finding. While the process for submission to CMS of waiver templates does not permit the Department to incorporate supplemental information, the Department will send committee comments to the CMS lead staff person who is responsible for Connecticut waivers.”

Lack of Compliance with the Freedom of Information Act and Statutorily Required Committee, Council, and Board Meetings

Criteria:

Section 1-225 of the General Statutes is part of the Freedom of Information Act that requires public agencies to: (a) post meeting minutes to the public agency’s website not later than 7 days after such meeting; (b) file not later than January 31st of each year with the Secretary of the State a schedule of regular meetings for the ensuing year and to post such schedule on the public agency’s website; (c) file not less than 24 hours before a meeting the agenda of such meeting with the Secretary of the State and to post such agenda on the public agency’s website; and (d) file not less than 24 hours before a special meeting a notice of such special meeting with the Secretary of the State and post the special meeting notice on the public agency’s website.

Section 17b-184 provides that the Commissioner of DSS shall establish a client advisory board for furthering the ability of recipients of Temporary Family Assistance (TFA) to become self-sufficient. The commissioner shall appoint a TFA recipient from each region of the state to the advisory board. The advisory board shall meet periodically and report its findings and recommendations to the commissioner twice a year.

Section 17b-606 designates DSS as the lead agency for services to persons with physical or mental disabilities and to coordinate the delivery of such services by all state agencies servicing persons with disabilities. The Commissioner of DSS shall appoint a Connecticut Council for Persons with Disabilities to advise DSS in carrying out its duties. The council shall be composed of 17 members, a majority of whom shall be persons with disabilities. The council shall establish its own rules and shall meet at least quarterly.

Section 17b-606 established an interagency management committee for services to persons with disabilities. The committee shall be composed of the commissioners of each state agency that provides services to persons with disabilities. The committee should meet monthly to review and evaluate services to persons with disabilities and develop a policy

under which state agencies may enter into contracts with other state agencies for the delivery of services to persons with disabilities.

Condition:

The following deficiencies were noted during the review of 4 committees, 3 councils, and one board:

- DSS did not post the annual schedule of meetings or meeting agendas on the Secretary of the State’s website for the Autism Spectrum Disorder Advisory Council, Pharmaceutical and Therapeutics Committee, and Advisory Committee on Continuing Care.
- The Client Advisory Board, Connecticut Council for Persons with Disabilities, and Interagency Management Committee did not meet or exist as a group, as required by Sections 17b-184 and 17b-606 of the General Statutes.

Effect:

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

The quality of services to persons with physical or mental disabilities and the coordination of the delivery of such services by all state agencies may not be functioning at optimum levels.

Cause:

Proper oversight of Freedom of Information requirements was lacking within committees.

DSS management was unaware of the statutory requirements of the Client Advisory Board, Connecticut Council for Persons with Disabilities, and Interagency Management Committee.

Prior Audit Finding:

This finding has been previously reported in the last audit report covering fiscal years 2014 and 2015.

Recommendation:

The Department of Social Services should ensure that the Advisory Committee on Continuing Care complies with Section 1-225 of the General Statutes.

The Department of Social Services should notify the Pharmaceutical and Therapeutics Committee and Autism Spectrum Disorder Advisory Council of their responsibility to comply with Section 1-225 of the General Statutes.

The Department of Social Services should comply with Sections 17b-184 and 17b-606. If the department feels that the Client Advisory Board, Connecticut Council for Persons with Disabilities, and Interagency

Management Committee are no longer necessary, then the department should seek the repeal of those statutes. (See Recommendation 34.)

Agency Response:

“The Department agrees with this finding. The Department will post all schedules of meetings / meeting agendas applicable to this finding going forward. The Department will review the councils/boards highlighted in this finding and, if they are either unnecessary or do not exist, the Department will propose that the applicable statutes be repealed.”

RECOMMENDATIONS

Status of Prior Audit Recommendations

Our prior audit report on the Department of Social Services contained 30 recommendations. Seven have been implemented or otherwise resolved and 23 have been repeated or restated with modifications during the current audit.

- The Department of Social Services should submit complete waiver applications to the General Assembly and the federal government in accordance with Section 17b-8 (c) and (d) of the General Statutes. The Department of Social Services should retain written comments received to notices of intent. **This recommendation is being repeated. (See Recommendation 33.)**
- The Department of Social Services should promptly notify the Auditors of Public Accounts and the State Comptroller of any unauthorized, illegal, irregular, or unsafe handling of state funds or breakdowns in the safekeeping of other state resources, in accordance with Section 4-33a of the General Statutes. **This recommendation has been resolved.**
- The Department of Social Services should adhere to its affirmative action and equal employment opportunity policy statement and discrimination complaint procedures to comply with federal and state affirmative action and equal employment opportunity laws and regulations. **This recommendation has been resolved.**
- The Department of Social Services should strengthen internal controls over cash advances to contractors and the corresponding accounts receivables to ensure compliance with the State Accounting Manual and the terms and conditions of contracts. **This recommendation is being repeated. (See Recommendation 10.)**
- The Department of Social Services should ensure compliance with contract terms by requiring the contractor to promptly comply with data requests. The Department of Social Services should add appropriate language in future contracts to ensure the state accesses its data in a usable format without additional charges. **This recommendation is being repeated. (See Recommendation 1.)**
- The Department of Social Services should strengthen internal controls to ensure that it issues Medicaid, Supplemental Nutrition Assistance Program, and State Supplement benefit payments in the correct amount on behalf of eligible clients. **This recommendation has been resolved.**
- The Department of Social Services should periodically perform audits of its administrative functions and strengthen internal controls over fraud tips, Medicaid program integrity, risk assessments, and audit protocols. **This recommendation is being repeated. (See Recommendation 8.)**

- The Department of Social Services should follow procedures established by the Department of Administrative Services regarding promotions by reclassification. **This recommendation has been resolved.**
- The Department of Social Services should complete annual performance evaluations on all of its employees. **This recommendation is being repeated. (See Recommendation 25.)**
- The Department of Social Services should strengthen internal controls to ensure that temporary service in higher class records are properly processed. **This recommendation is being repeated. (See Recommendation 29.)**
- The Department of Social Services should process payroll and personnel information in accordance with state laws and regulations. The department should strengthen internal controls to ensure compliance with bargaining unit contracts, state personnel policies, Core-CT job aids, and the State Library Records Retention Policy. **This recommendation is being repeated. (See Recommendation 27.)**
- The Department of Social Services should comply with requirements concerning employees placed on paid leave as provided for under Section 5-240-5a (f) of the State Regulations and bargaining unit contracts. **This recommendation is being repeated. (See Recommendation 28.)**
- The Department of Social Services should strengthen procedures to ensure that financial records are reconciled in a timely manner. The department should promptly resolve and adequately support any variances discovered through the reconciliation process. **This recommendation is being repeated. (See Recommendation 13.)**
- The Department of Social Services should maintain documentation to support reductions in calculated Medicaid overpayments to medical providers. **This recommendation is being repeated. (See Recommendation 2.)**
- The Department of Social Services should verify and document that applicants have met the requirements of the State-Administered General Assistance program. **This recommendation is being repeated. (See Recommendation 7.)**
- The Department of Social Services should determine the proper disposition of Supplemental Security Income it received for providing interim assistance to recipients. The department should disperse these funds or seek reimbursement as appropriate. **This recommendation is being repeated. (See Recommendation 20.)**
- The Department of Social Services should strengthen internal control procedures to ensure that it has active Probate Court certificates on file for conservator accounts. The department should properly approve all disbursements over \$1,000. **This recommendation is being repeated. (See Recommendation 21.)**

- The Department of Social Services should establish controls to ensure the proper maintenance of all records pertaining to the Burial Reserve Fund. The department should properly reduce its payments for funeral and burial expenses for deceased State Supplement or Temporary Family Assistance clients who assigned their life insurance policies or other funeral benefits to the state. **This recommendation has been resolved.**
- The Department of Social Services should establish and implement controls for verifying the accuracy of cellular charges and appropriateness of usage, including requiring employees to certify and return the monthly individual usage reports. The Department of Social Services should ensure that every cellular device user signs the acknowledgement that the user understands the acceptable use policy. **This recommendation is being repeated. (See Recommendation 16.)**
- The Department of Social Services should prepare the Generally Accepted Accounting Principles Reporting Package and the Schedule of Expenditures of Federal Awards in accordance with the State Comptroller's requirements, and perform sufficient reviews to ensure that reports are accurate and complete. **This recommendation is being repeated. (See Recommendation 12.)**
- The Department of Social Services should strengthen internal controls to ensure it deposits receipts in accordance with the General Statutes, the State Accounting Manual, and the State Treasurer's waiver. **This recommendation is being repeated. (See Recommendation 11.)**
- The Department of Social Services should improve internal controls over asset accountability and its reporting of property and software inventory to ensure compliance with the requirements of the State Property Control Manual. **This recommendation is being repeated. (See Recommendation 15.)**
- The Department of Social Services should provide the necessary resources and institute procedures to ensure that all information from eligibility and income matches is used to verify that client payments are correct. **This recommendation has been resolved for the purpose of this audit report to limit duplicate recommendations. This recommendation continues to be repeated in Statewide Single Audit reports.**
- The Department of Social Services should develop and implement procedures to ensure it receives annual reports from grantees as required by grants-in-aid contracts. **This recommendation is being repeated. (See Recommendation 17.)**
- The Department of Social Services should ensure that service organizations responsible for maintaining significant financial applications and processes annually obtain an appropriate Service Organizations Controls Report (SOC 1 report). Management should review the opinion of the service auditor to determine the effectiveness of the service organization's controls, and to determine whether complementary user control considerations exist and are operating effectively. **This recommendation is being repeated. (See Recommendation 9.)**

- The Department of Social Services should post all executed contracts and agreements on the State Contracting Portal to ensure compliance with Section 4e-13 of the General Statutes. **This recommendation has been resolved.**
- The Department of Social Services should develop and implement a process to ensure it submits all statutorily mandated reports. The Department of Social Services should pursue the process of repealing any reporting requirements that are no longer practical or relevant. **This recommendation is being repeated. (See Recommendation 30.)**
- The Department of Social Services should implement the HUSKY Plus program regulations required by Section 17b-294a of the General Statutes, in accordance with Section 4-168 of the General Statutes. **This recommendation is being repeated. (See Recommendation 31.)**
- The Department of Social Services Office of Child Support Services should publish the list of child support obligors, as required by Section 17b-179 (l) of the General Statutes to its website. If the department is unable to fulfill the statutory requirement, it should propose to modify or repeal the statute. **This recommendation is being repeated. (See Recommendation 32.)**
- The Department of Social Services should ensure that the Advisory Committee on Continuing Care complies with Section 1-225 of the General Statutes.

The Department of Social Services should notify the Pharmaceutical and Therapeutics Committee and Nursing Home Financial Advisory Committee of their responsibility to comply with Section 1-225 of the General Statutes.

The Department of Social Services should comply with Section 17b-184 and 17b-606. If the Department feels that the Client Advisory Board, Connecticut Council for Persons with Disabilities, and Interagency Management Committee are unnecessary, then the department should propose to repeal the statutes. **This recommendation is being repeated. (See Recommendation 34.)**

Current Audit Recommendations

- 1. The Department of Social Services should ensure compliance with contract terms by requiring contractors to promptly submit requested data. The Department of Social Services should add appropriate language in future contracts to ensure the state is able to access its data in a usable format without additional charges.**

Comment:

DSS was unable to obtain state-owned transactional data from its contractor. In order for DSS to access its data in a usable format, the contractor indicated that the department would have to request and pay for a change order.

- 2. The Department of Social Services should maintain documentation to support reductions in calculated overpayments to medical providers resulting from audits.**

Comment:

DSS did not have sufficient documentation to support reductions in \$810,381 of overpayments for 3 medical providers.

- 3. The Department of Social Services should establish and implement internal controls to track and monitor AHCT system overrides and ensure that DSS and Access Health CT document justification for all ImpaCT and AHCT system overrides. The Department of Social Services should continue to address ImpaCT and AHCT system deficiencies to prevent eligibility overrides.**

Comment:

DSS did not track or monitor AHCT system overrides. DSS supervisors did not document justification of their override decision of 2 eligibility determinations in the ImpaCT system.

- 4. The Department of Social Services should strengthen controls to safeguard confidential client data and maintain compliance with the HIPAA Security Rule by ensuring all system users complete the DSS Client Data Disclosures and Protections training.**

Comment:

DSS did not ensure that 86 external system users and 19 employees completed the DSS Client Data Disclosures and Protections training. DSS did not prevent untrained users from access to confidential client data.

- 5. The Department of Social Services should strengthen internal controls to ensure it issues benefits in the correct amount on behalf of eligible clients. The department should record deceased clients' date of death in ImpaCT and close the case file promptly upon verification that the client died. The department should recoup benefits issued to deceased clients and the residential care facility.**

Comment:

DSS issued \$42,124 in benefits to 7 deceased SAGA clients and 6 deceased State Supplement clients but did not recoup those payments. Additionally, DSS did not record the date of death for 9 clients in its eligibility management system. We also found that DSS issued \$1,436 in State Supplement benefits to a residential care facility on behalf of a deceased client but did not recoup the payment from the facility.

- 6. The Department of Social Services should strengthen internal controls to ensure it issues State-Administered General Assistance benefit payments in the correct amount on behalf of eligible clients. The department should recoup overpayments according to state regulations.**

Comment:

DSS issued \$1,094 of improper state SAGA benefit payments to an individual who resided at a state institution. DSS did not investigate or recoup the overpayments.

- 7. The Department of Social Services should verify and document that applicants have met the requirements of the State-Administered General Assistance program.**

Comment:

In some instances, DSS did not complete timely medical reviews for applicants. The department did not always document the reason for the exclusion of assets in case records when determining eligibility. The department did not have all applicants' forms properly completed and on file.

- 8. The Department of Social Services should periodically perform audits of its administrative functions and strengthen internal controls over Medicaid program integrity, risk assessments, and audit protocols.**

Comment:

The Office of Quality Assurance did not audit the agency's administrative functions, which directly relate to approximately \$8.4 billion in annual expenditures.

The department had no program integrity manual and lacked written program integrity policies and procedures.

The department did not complete internal control self-assessment questionnaires for fiscal years 2018 and 2019.

The department did not establish and publish audit protocols for behavioral health services on its website.

- 9. The Department of Social Services should ensure that service organizations responsible for maintaining significant financial applications and processes annually obtain an appropriate Service Organizations Controls Report (SOC 1 report). Management should review the opinion of the service auditor to determine the effectiveness of the service organization's controls and whether complementary user control considerations exist and are operating effectively.**

Comment:

DSS did not ensure its contractor obtained a Service Organization Control 1 Report on the Medicaid Management Information System (MMIS). MMIS processed approximately \$6.3 billion in claims annually during the audited period.

- 10. The Department of Social Services should strengthen internal controls over cash advances to contractors and the corresponding accounts receivables to ensure compliance with the State Accounting Manual and the terms and conditions of contracts.**

Comment:

DSS did not collect processing advances at the end of the contract term ended January 31, 2018 with the fiscal intermediary as required in the contract. As of June 30, 2018, the department had \$14.6 million in receivables for operating and processing advances.

- 11. The Department of Social Services should strengthen internal controls to ensure that it deposits receipts in accordance with the General Statutes, State Accounting Manual, and State Treasurer's waiver.**

Comment:

DSS failed to promptly log Low Income Home Energy Assistance Program refund checks, audit receivable checks, and Child Support and other receipts. The department did not promptly deposit all checks received. In some instances, the department held checks for up to 103 days past the allowed time.

- 12. The Department of Social Services should prepare the Generally Accepted Accounting Principles Reporting Package and the Schedule of Expenditures of Federal Awards in accordance with the State Comptroller's requirements, and perform sufficient reviews to ensure that reports are accurate and complete.**

Comment:

DSS did not report complete and accurate information on the Generally Accepted Accounting Principles Reporting Packages and the Schedule of Expenditures of Federal Awards submitted to the State Comptroller.

- 13. The Department of Social Services should strengthen procedures to ensure that financial records are reconciled in a timely manner. The department should promptly resolve and adequately support any variances discovered through the reconciliation process.**

Comment:

DSS did not resolve approximately \$1.3 million in variances each month during the cashbook reconciliation process during the audited period.

- 14. The Department of Social Services should comply with contracting requirements established in the General Statutes. The department should strengthen internal controls to ensure that funds are committed prior to purchasing goods and services.**

Comment:

The department signed a \$30,015 personal service agreement and approved a \$3,950 purchase order after the receipt of services.

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

Comment:

DSS asset records contained inaccuracies. The department did not produce a software inventory report during the audited period.

- 16. The Department of Social Services should establish and implement controls to verify the accuracy of cellular charges, confirm the appropriateness of usage, and monitor the location of cellular devices. The Department of Social Services should ensure all cellular device users sign an acknowledgement that they understand the acceptable use policy.**

Comment:

DSS lacked adequate controls over cellular device usage, billing, and reimbursements. The department stopped monitoring cellular device activity in May 2016.

- 17. The Department of Social Services should ensure that grantees use state funds in accordance with contracts and recoup improperly used funds. The Department of Social Services should develop and implement procedures to ensure that it receives annual reports from grantees as required by grants-in-aid contracts.**

Comment:

DSS did not recoup \$10,000 from a grantee for a project that had already been completed and funded. In one instance, DSS did not enforce the annual reporting requirement for the grantee of a closed project.

- 18. The Department of Social Services should establish and disseminate formal, written utilization review procedures, including determination timeframes, adverse determination notifications, adverse determination appeals, and expedited appeals for denials in which there is an imminent or serious threat to the health of the client.**

Comment:

DSS does not have formal, written procedures governing the utilization review process, including how nurses in the Community Options Unit should review cases.

As a result of a complaint to our office, we reviewed a listing of clients who were initially denied eligibility into CHCPE for not meeting the level of care criteria. We noted that there was no documentation in DSS' case management system of a second access agency review. DSS management informed us that they reviewed all of these cases as part of a conference call between the DSS Community Options unit and the access agency and were not aware that notes had not been entered in the DSS system.

- 19. The Department of Social Services should strengthen internal controls over accounts receivable of non-emergency medical transportation (NEMT) sanctions to ensure compliance with the State Accounting Manual and the terms and conditions of the contract with the NEMT broker.**

Comment:

DSS did not record an accounts receivable upon issuance of sanctions to its non-emergency medical transportation (NEMT) broker. DSS improperly posted 2 sanction receipts to the incorrect account and failed to monitor the collection of NEMT sanction payments to ensure receipt and timeliness.

- 20. The Department of Social Services should obtain official written documentation from the Social Security Administration on the rejection of Supplemental Security Income funds. The Department of Social Services should determine the proper disposition of Supplemental Security Income it received for providing interim assistance to recipients. The department should disperse these funds or seek reimbursement as appropriate.**

Comment:

DSS did not distribute approximately \$67,475 of Supplemental Security Income funds with transaction dates between March 7, 2005 and July 6, 2011. DSS attempted to return these funds to the Social Security Administration on July 14, 2016, but had no documentation to support its assertion that SSA refused these funds.

- 21. The Department of Social Services should strengthen internal control procedures to ensure it has active Probate Court certificates on file for conservator accounts. The department should properly approve all disbursements over \$1,000.**

Comment:

DSS did not have 6 Probate Court certificates on file to allow the department to act as conservator. DSS had no documentation to support one disbursement calculation. The unit supervisor did not approve some disbursements over \$1,000.

- 22. The Department of Social Services should establish and implement internal controls to review inquiries in the Client Information Tracking System to ensure client information is correct and clients receive proper benefits.**

Comment:

DSS closed 2 complaints in the Client Information Tracking System without resolving them. The department's systems erroneously denied payment of \$680 in medical claims for one eligible client.

- 23. The Department of Social Services should only hire and promote candidates who meet job description requirements. The department should formalize written hiring and promotion policies and procedures to verify a candidate's work experience and professional credentials.**

Comment:

DSS promoted an employee without confirming the candidate met the special experience requirement for the position. The department lacks adequate procedures to confirm candidate experience.

- 24. The Department of Social Services should practice due diligence in assigning job duties in accordance with the job position and should prepare required annual evaluations. The Department of Social Services should improve oversight of its personnel procedures in accordance with Section 5-227a of the General Statutes and Section 5-237-1 of the State Regulations.**

Comment:

DSS inappropriately allowed an employee to work outside of the position for 9 months until DAS approved the employee's promotion by reclassification. DSS did not have annual performance evaluations on file for the employee for fiscal year 2017 or 2018.

- 25. The Department of Social Services should complete annual performance evaluations on all of its employees.**

Comment:

DSS did not perform evaluations for 2 of 10 managers selected for review in fiscal year 2018.

- 26. The Department of Social Services should implement controls to ensure it deactivates access to the Core-CT system immediately upon separation of a functional user.**

Comment:

DSS did not deactivate a functional user account until 19 months after the employee left state service.

- 27. The Department of Social Services should process payroll and personnel information in accordance with state laws and regulations. The department should strengthen internal controls to ensure compliance with bargaining unit contracts and state personnel policies.**

Comment:

In some instances, DSS did not comply with laws and regulations concerning the payment of overtime, preauthorization of compensatory time, and receipt of required medical certificates.

- 28. The Department of Social Services should comply with requirements concerning employees placed on paid leave as provided for under Section 5-240-5a (f) of the State Regulations and bargaining unit contracts.**

Comment:

DSS placed one employee on paid administrative leave in excess of the days allowed by state regulations and the bargaining unit contract.

- 29. The Department of Social Services should strengthen internal controls to ensure it properly processes temporary service in higher class records and employee accruals do not exceed authorized limits.**

Comment:

DSS incorrectly processed personal leave time accruals for one employee in a temporary service in higher class status. Two employees used personal leave time beyond authorized limits.

- 30. The Department of Social Services should develop and implement a process to ensure it submits all statutorily mandated reports. The Department of Social Services should pursue the repeal of reporting requirements that are no longer practical or relevant.**

Comment:

DSS did not submit certain mandated reports to the executive and legislative branches of government during the audited period. In addition, the department lacks a department-wide method for tracking and monitoring the submission of mandated reports.

- 31. The Department of Social Services should implement regulations in accordance with Section 4-168 of the General Statutes, or propose the amendment or repeal of a statute when the department did not implement a program or it is no longer in effect.**

Comment:

DSS has not issued a notice of intent for the HUSKY Plus program, certification of federally qualified health centers, payments to freestanding medical clinics, or licensing of human services facilities. Furthermore, the department did not submit an electronic statement of its reasons for such failure to issue the notice of intent to the required parties, or post such statement on the eRegulations System.

- 32. The Department of Social Services Office of Child Support Services should publish the list of child support obligors to its website, as required by Section 17b-179 (l) of the General Statutes. The department should consult with the Office of the Attorney General if it is concerned about the legality of publicly disclosing delinquent obligor information. If the department is unable to fulfill the statutory requirement, it should seek modification or repeal of the statute.**

Comment:

DSS did not publish the list of the 100 individuals with the highest delinquent child support obligations on its website.

- 33. The Department of Social Services should submit complete waiver applications to the federal Centers for Medicare and Medicaid Services in accordance with Section 17b-8(d) of the General Statutes. The Department of Social Services should pursue the repeal of any statutory requirement that is no longer practical or relevant.**

Comment:

DSS did not include the transcript from the joint standing committee proceedings when it submitted the applications for the Acquired Brain Injury Waiver and Home and Community Supports Waiver for Persons with Autism to the federal Centers for Medicare and Medicaid Services.

- 34. The Department of Social Services should ensure that the Advisory Committee on Continuing Care complies with Section 1-225 of the General Statutes.**

The Department of Social Services should notify the Pharmaceutical and Therapeutics Committee and Autism Spectrum Disorder Advisory Council of their responsibility to comply with Section 1-225 of the General Statutes.

The Department of Social Services should comply with Sections 17b-184 and 17b-606. If the department feels that the Client Advisory Board, Connecticut Council for Persons with Disabilities, and Interagency Management Committee are no longer necessary, then the department should seek the repeal of those statutes.

Comment:

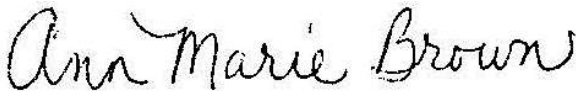
DSS did not post all meeting agendas and annual schedule of meetings to the DSS or Secretary of the State's websites. The department did not ensure that a board, council, and committee met and existed, as required by General Statutes.

ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Social Services during the course of our examination.

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

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