August 29, 2013

Governor Dannel P. Malloy
State Capitol
Hartford, Connecticut

Dear Governor Malloy:

In accordance with Section 2-90 of the Connecticut General Statutes, we are reporting to you the following matter:

Connecticut General Statutes Section 4-33a provides that all state department heads shall promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular, or unsafe handling or expenditure of state funds...or breakdown in the safe keeping of any other resources of the state within their knowledge.

During the course of our audits of state agencies in accordance with national governmental audit standards (SAS 99), we inquire of various agency personnel whether they are aware of any fraudulent, illegal, or other inappropriate activities that happened at the agencies.

In March and April of 2013, during the course of such inquiries, we learned that on three separate occasions, DSS employees allegedly engaged in unauthorized behavior that allowed each of the employees to improperly obtain funds from the State of Connecticut for personal gain.

In one instance, the agency learned of the incident in November 2010 and the employee retired in December 2010. The agency properly referred the matter to the Office of the Chief State’s Attorney, but failed to inform our office. The individual pled guilty to larceny in the third degree in May 2012, yet DSS failed to inform our office as required by law.
In a second incident, DSS learned of the alleged fraud in February 2012, placed the employee on leave in March 2012, and terminated the employee in August 2012. Again, our office was not informed until the 2013 SAS 99 fraud interview.

In the third incident, the employee was placed on administrative leave in November 2010 and the matter was referred to the Office of the Chief State’s Attorney. The employee was arrested in September 2011 and pled guilty in May 2012. Again, there was a delay of three years before our office was informed of the matter.

The failure to promptly bring such matters to our attention not only violates Connecticut General Statutes Section 4-33a, it also prevents our office from having the necessary information to determine whether appropriate steps are taken by the agency to deter fraudulent behavior and to determine whether proper controls are in place to detect such fraud.

Sincerely,

John C. Geragosian  
Auditor of Public Accounts

Robert M. Ward  
Auditor of Public Accounts

JCG;RMW:lg

cc:  Commissioner Roderick L. Bremby, Department of Social Services  
      Attorney General George C. Jepsen  
      Comptroller Kevin Lembo  
      Treasurer Denise L. Nappier  
      Legislative Program Review and Investigations Committee  
      Legislative Management Committee  
      Clerk of the Senate  
      Clerk of the House