



# AUDIT SUMMARY

## Department of Economic and Community Development Annual Report

[www.ctauditors.gov](http://www.ctauditors.gov)

Fiscal Year Ended June 30, 2024

### ABOUT THE AUDIT

Section 32-1m of the General Statutes provides that, no later than February 1st annually, the Commissioner of Economic and Community Development shall submit a report that includes information regarding the activities of the Department of Economic and Community Development (DECD) and business assistance or incentive programs administered by Connecticut Innovations, Incorporated during the preceding state fiscal year.

Section 2-90c of the General Statutes, provides that, as part of each audit the Auditors of Public Accounts performs of DECD, the auditors shall evaluate the annual reports submitted since the last audit and the analyses required under subdivision (2) of subsection (a) of Section 32-1m of the General Statutes. Subdivision (2) pertains to analyses of the economic development portfolio of DECD that are included in the annual report. The auditor's evaluation shall include:

1. A determination of whether evidence is available to support the accuracy of the data presented in such annual report;
2. An evaluation of management practices and operations regarding the ease or difficulty for taxpayers to comply with the requirements of the incentive programs;
3. Recommendations for improving the administrative efficiency or effectiveness of the incentive programs; and
4. An evaluation of whether such annual reports satisfy the reporting requirements under subsection (a) of Section 32-1m.

This evaluation focused on items 1 and 4. We evaluated the remaining requirements in a separate performance audit, [Administration of the Department of Economic and Community Development's Media Tax Credits](#), which our office released on January 10, 2024.

[Link to full report](#)

 **1 Total Finding**

 **0 Repeat Findings**

Our audit identified one finding involving an internal control deficiency and an instance of noncompliance with laws, regulations, or policies.

## NOTEWORTHY FINDING



### Finding

Our evaluation of the 2024 Department of Economic and Community Development (DECD) annual report disclosed the following:

- DECD did not include a basis for its recommendation to continue the Film Production Infrastructure Tax Credit.
- DECD understated Tech Talent Fund activity by \$1,000,000.
- DECD understated the fiscal year 2024 Brownfield investment by \$1,000,000 and the non-DECD funds leveraged by \$50,245,511. As a result, DECD understated the fiscal year 2024 leverage ratio by 0.66.
- DECD understated the overall Brownfield investment portfolio by \$1,030,595 and the non-DECD funds leveraged by \$50,245,511. As a result, DECD understated the portfolio leverage ratio by 0.13.
- The DECD annual report referenced the Manufacturing Innovation Fund annual report. Our review of the fiscal year 2024 Manufacturing Innovation Fund annual report disclosed the following:
  - DECD understated the matching grants for the Manufacturing Voucher Program by \$200,000.
  - DECD overstated the number of companies engaged in the Manufacturing Innovation Fund by 39.
  - DECD overstated total students engaged in Manufacturing Innovation Fund programs by 2,799.
  - DECD did not maintain supporting documentation for the number of company engagements and the number of jobs created and maintained for one of the two program administrators we judgmentally selected to review.



### Recommendation

DECD should strengthen internal controls over the preparation of its annual report to ensure amounts are accurate. The department's annual report should include all elements required in Section 32-1m(a) of the General Statutes.