



# ANNUAL REPORTS EVALUATION SUMMARY

Department of Economic and Community Development

[www.cga.ct.gov/apa](http://www.cga.ct.gov/apa)

Fiscal Years Ended June 30, 2020, 2021, and 2022

## ABOUT THE EVALUATION

Section 32-1m of the General Statutes provides that, not 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 of the General Statutes.

Our evaluation focused on determining whether fiscal year data presented in the annual reports for the fiscal years ended June 30, 2020, 2021, and 2022 appeared accurate and whether the annual reports satisfied the reporting requirements under subsection (a) of Section 32-1m of the General Statutes. We also evaluated the accuracy of portfolio data, including economic impact analyses, for 2022 which reflects activity from 2020, 2021, and preceding years. We evaluated the remaining requirements in a separate performance audit, which our office released on May 21, 2019, and followed up on April 6, 2022.

[Link to full report](#)



For the areas evaluated, we identified apparent noncompliance with Section 32-1m of the General Statutes.

## NOTEWORTHY FINDINGS



### Findings



### Recommendations

1

The DECD annual reports did not include analyses of the estimated effects of Connecticut Innovations' programs on the state's economy or whether they met their statutory and programmatic goals. In addition, DECD did not recommend whether the programs should be continued, modified, or repealed.

DECD should work with Connecticut Innovations, Incorporated to obtain the data needed to estimate the impact of its programs on the state's economy.

2

Our evaluation noted that DECD reported some amounts that did not agree with supporting documentation.

DECD should ensure that amounts in its annual report are accurate and adequately supported.

3

The 2022 DECD annual report overstated the direct net state revenue to date for the Small Business Express program by \$22,830,027. In addition, DECD overstated various Film Infrastructure tax credit inputs by \$644,897.

DECD should ensure that amounts included in its economic impact calculations are accurate.