

Statewide Single Audit KEY FINDING SUMMARY

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Fiscal Year Ended June 30, 2021

THE STATEWIDE SINGLE AUDIT

Our office performs the Statewide Single Audit in accordance with audit requirements placed upon the state as a condition of expending federal financial assistance. The federal Office of Management and Budget provides guidelines for selecting which programs to audit and the audit procedures to perform. The federal government uses the Single Audit Report to monitor how well the state administers the federal financial assistance and to follow up on prior audit findings. [Link to full report.](#)

ABOUT THIS SUMMARY

This summary of the Statewide Single Audit highlights information included in Section III of the Schedule of Findings and Questioned Costs. It contains **recommendations that state agencies need to address** to ensure the proper administration and maintenance of federal funds.

SUMMARY of FINDINGS



OF THESE FINDINGS...



FEDERAL EXPENDITURES

\$13.5 billion

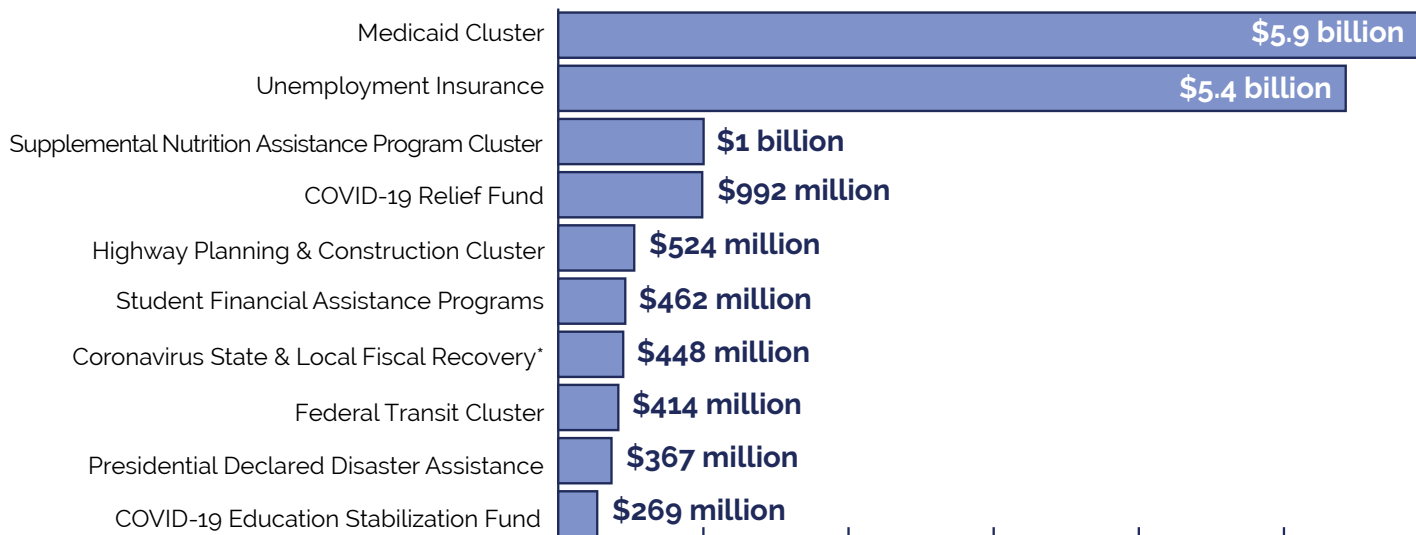
FY 2020

\$18.4 billion

FY 2021

This increase includes nearly **\$7 billion** for COVID-19-related funding.

10 Largest Federal Programs



* The \$448 million in Coronavirus State and Local Fiscal Recovery Funds expenditures were distributions to local governments that the federal government did not require to be reported on the Schedule of Expenditures of Federal Awards (SEFA).

In April 2020, the federal government allocated **\$1.382 billion in Coronavirus Relief Funds (CRF)** to the State of Connecticut. The Office of Policy and Management (OPM) is the primary state agency responsible for overseeing the funds and reporting to the federal government. OPM allocated funds to other state agencies to assist with specific areas of need. Findings 2021-400 through 2021-409 in our full report pertain to the Coronavirus Relief Funds.

The first
4 findings
in this
summary
pertain to
CORONAVIRUS
relief funds

NOTEWORTHY FINDINGS

Below are some noteworthy findings from the Statewide Single Audit Report for the fiscal year ended June 30, 2021

AGENCY

SUMMARY

Office of Policy and Management



Finding Number: 2021-400

Program Name: COVID-19 Coronavirus Relief Fund

Federal Award Agency: U.S. Dept. of the Treasury



QUESTIONED COSTS

\$892,887

Lack of Subrecipient Monitoring

OPM provided Coronavirus Relief Funds to subrecipients (e.g., municipalities, councils of governments, and nursing homes) for costs associated with the COVID-19 pandemic. As subrecipients used federal funds to carry out programs authorized in statute for a public purpose, rather than providing goods or services for the benefit of the pass-through entity. As the pass-through entity, OPM was responsible for monitoring the activities of its subrecipients. Our review disclosed that OPM does not have written subrecipient monitoring policies and procedures and did not perform risk assessments on subrecipients to determine their necessary monitoring level. In addition, OPM did not notify subrecipients that single audits are required and did not conduct the required review of subrecipient single audit reports.

Due to allegations that the City of West Haven misused CRF, OPM engaged a public accounting firm to review the allegations. The audit revealed that the city had \$892,887 in unallowed CRF expenditures. OPM, as a pass-through entity, should strengthen internal controls to ensure compliance with federal regulations. [Link to finding in full report](#)

Office of Policy and Management



Finding Number: 2021-403

Program Name: COVID-19 Coronavirus Relief Fund

Federal Award Agency: U.S. Dept. of the Treasury



QUESTIONED COSTS

\$83,785

Temporary Emergency Lodging Program – Missing or Incomplete Forms

The Department of Correction (DOC) administered the Temporary Emergency Lodging Program (TELP) in response to the pandemic. This program allowed employees affected or conflicted by COVID-19 to stay in hotels to prevent the spread of the virus to their family members. Our review of 35 hotel payments disclosed that employee TELP request forms were missing or incomplete for 18 payments. The lack of TELP forms resulted in \$8,360 in questioned costs. In addition, DOC conducted a special investigation, which identified \$116,225 in questioned costs, of which \$75,425 was not recouped by the department. DOC should strengthen internal controls over TELP to ensure that it properly expends and adequately supports Coronavirus Relief FundsCRF in accordance with federal guidelines. [Link to finding in full report](#)

Office of Policy and Management



Finding Number: 2021-404

Program Name: COVID-19 Coronavirus Relief Fund

Federal Award Agency: U.S. Dept. of the Treasury



We could not determine questioned costs because DPH did not have access to the long-term care facility residents' medical insurance information.

Overpayment to Contractors

The Department of Public Health (DPH) contracted with ten hospitals, lab facilities, and local community centers to provide COVID-19 testing for all Connecticut long-term care facility residents and staff. The contract required the contractors to bill third-party insurance plans for collected specimens and lab testing for covered residents and to remit all amounts collected to the department. Six of the contractors did not remit any third-party insurance recoveries to DPH which likely resulted in Coronavirus Relief Fund overpayments to the contractors. DPH should strengthen its internal controls to adequately verify contractor invoices related to long-term care facility COVID-19 testing and develop procedures to ensure that contractors remit insurance recoveries according to the contract and federal regulations. [Link to finding in full report](#)

AGENCY

SUMMARY

Office of Policy and Management



Finding Number: 2021-408

Program Name: COVID-19 Coronavirus Relief Funds

Federal Award Agency: U.S. Dept. of the Treasury

QUESTIONED COSTS

\$275,000

Small Business Grant Program – Excess Payments

The Department of Economic and Community Development (DECD) administered the Small Business Grant Program with a contracted vendor to assist small businesses and nonprofits impacted by the economic downturn caused by the pandemic. Our review disclosed that the department's contracted vendor paid an additional \$275,000 to 53 program participants who already received their allotted funds. DECD should recover excess amounts paid under the program. [Link to finding in full report.](#)

Department of Social Services



Finding Number: 2021-001

Program Name: Medical Assistance Program (Medicaid, Title XIX)

Federal Award Agency: U.S. Dept. of Health and Human Services

QUESTIONED COSTS

\$132,019

Improper Medicaid Payments for Non-Qualified Aliens

The Department of Social Services (DSS) made improper payments for non-emergency medical services provided to non-qualified aliens under the Medicaid program. Our review disclosed that the department received \$132,019 in federal reimbursement for these unallowed expenditures. DSS should establish procedures to ensure that it does not claim payments for non-emergency medical services provided to non-qualified aliens for federal reimbursement under the Medicaid program. In addition, the department should strengthen internal controls to ensure that only eligible clients receive Medicaid services according to federal laws and regulations and return federal reimbursements for claimed unallowed expenditures. We reported this as a finding in the 12 prior audits. [Link to finding in full report.](#)

Department of Social Services



Finding Number: 2021-010

Program Names: State Medicaid Fraud Control Units, Medical Assistance Program (Medicaid, Title XIX)

Federal Award Agency: U.S. Dept. of Health and Human Services

Medical providers accused of committing Medicaid fraud received payments during pending investigations.

Untimely Medical Provider Payment Suspensions

DSS is required to suspend all Medicaid payments to a provider after the department determines there is a credible allegation of fraud with a pending investigation. Upon such determination, DSS must submit a formal written referral to DSS' Medicaid Fraud Control Unit, the Office of the Attorney General, and the Office of Inspector General, and initiate a payment suspension, unless any of these agencies provide good cause for delaying the suspension. Our review of DSS suspended payments for 21 fraud referrals disclosed that DSS did not promptly suspend six providers during investigations and did not document a good cause exception to prevent their suspensions. DSS should promptly process medical provider suspensions in accordance with federal regulations. We reported this as a finding in the three prior audits. [Link to finding in full report.](#)

Department of Social Services



Finding Number: 2021-012

Program Names: Medical Assistance Program (Medicaid, Title XIX), Money Follows the Person Rebalancing Demonstration (MFP), Children's Health Insurance Program (CHIP)

Federal Award Agency: U.S. Dept. of Health and Human Services

DSS may not be aware of changes in the contractor's controls that could cause the contractor to process transactions incorrectly and affect the amounts claimed for federal reimbursement. DSS may not be adequately assessing the design and operating effectiveness of its and the contractor's information technology general and complementary user control considerations.

Inadequate Management of Automated Data Processing Risks

The Medicaid Management Information System (MMIS) processes claims for providers of client medical care and services. DSS contracted with a service organization for support and operations of the system. DSS controls did not provide adequate assurance that the department effectively managed its automated data processing risks. The contractor did not provide DSS with its full internal risk assessment report of the system and DSS did not require the contractor to provide a Service Organizations Controls (SOC) Report that assesses the contractor's controls. MMIS processed approximately \$9 billion in Medicaid, Money Follows the Person, and Children's Health Insurance Program benefits during the fiscal year. DSS should ensure that service organizations responsible for maintaining significant financial applications and processes, obtain an appropriate SOC Report. In addition, management should review the service auditor's opinion to determine the effectiveness of the contractor's controls and assess whether complementary user control considerations are in place and operating effectively. We reported this as a finding in the four prior audits. [Link to finding in full report.](#)

AGENCY

SUMMARY

Department of Social Services



Finding Number: 2021-016

Program Names: Medical Assistance Program (Medicaid, Title XIX), Supplemental Nutrition Assistance Program (SNAP)

Federal Award Agencies: U.S. Dept of Health and Human Services, U.S. Dept. of Agriculture

? QUESTIONED COSTS

\$6,018

Questioned costs were computed by applying the applicable federal financial participation rate to benefit payments associated with ineligible clients.

Lack of Controls Over Wage and Date of Death Matches

DSS did not sufficiently review Income and Eligibility Verification System (IEVS) alerts related to client wages and date of death for the Medicaid program and the Supplemental Nutrition Assistance Program (SNAP). The IEVS matches Department of Labor wage information, Social Security Administration wage and date of death files, and Internal Revenue Services unearned income files. Our review of 15 date of death alerts disclosed that DSS did not record the date of death for three client cases, did not close two client cases, and did not recoup \$6,993 in overpayments for eight client cases. Furthermore, for five SNAP clients, unauthorized individuals used \$4,228 in the deceased client's benefits after the client's date of death. DSS should provide the necessary resources and institute procedures to ensure that it uses all information from eligibility and income matches to ensure that it correctly issues benefits to, or on behalf of, eligible clients. DSS should return federal reimbursements it received for unallowed expenditures. We reported this as a finding in the 25 prior audits. [Link to finding in full report.](#)

Department of Children and Families



Finding Number: 2021-250

Program Name: Foster Care – Title IV-E

Federal Award Agency: U.S. Dept. of Health and Human Services

? QUESTIONED COSTS

\$1,627,107

Unallowed Foster Care Maintenance Payments

The Department of Children and Families (DCF) claimed \$1.6 million for unallowed expenditures under the Title IV-E Foster Care program. DCF should strengthen internal controls to ensure that it determines the allowable portion of rates and should only claim allowable costs for federal reimbursement. DCF should also return federal reimbursement for prohibited expenditures it claimed under the Foster Care program. We reported this as a finding in the prior audit. [Link to finding in full report.](#)

Department of Housing



Finding Number: 2021-730

Program Names: Section 8 Housing Choice Vouchers, Mainstream Vouchers

Federal Award Agency: U.S. Dept. of Housing and Urban Development

? QUESTIONED COSTS

The errors resulted in overpayments to property owners for dwelling units that failed to meet the housing quality standards. Furthermore, by not promptly reinspecting the units, DOH cannot ensure that they are decent, safe, and sanitary.

Inadequate Section 8 Housing Quality Standards Enforcement

Our review of follow-up inspections of Section 8 rental properties that failed their initial housing quality standards inspection disclosed that the Department of Housing (DOH) and its contracted vendor did not always reinspect the unit within the required period to verify that the owners completed needed repairs and did not receive documentation verifying the owners fixed life-threatening defects. In addition, DOH and its vendor did not promptly send letters to owners informing them of the repairs needed and did not properly suspend housing assistance payments. DOH should strengthen internal controls to ensure that it promptly reinspects for housing quality standards and suspends housing assistance payments as necessary for owners that do not correct identified defects within the required period. We reported this as a finding in the five prior audits. [Link to finding in full report.](#)