

OFFICE *of the* STATE COMPTROLLER ANNUAL LOSS REPORT

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INTRODUCTION

As Connecticut's fiscal watchdog, I'm always looking for ways to protect taxpayer dollars and bring more transparency to state government.

Annually, my office receives requests for details on state property or assets that had been reported lost or stolen during the fiscal year. Unlike in the private sector, in which lost or stolen property can sometimes be written off as a rounding error, every single item that is lost or stolen from the state and was purchased with hard-earned taxpayer dollars must be accounted for in some way.

To ensure that they aren't simply written off, I decided to begin publishing a report annually, starting this year. As you will see, state agencies make strong efforts to track and recoup losses and this report is not intended to suggest otherwise. This report is, however, intended to ensure that each agency is aware of their total annual losses and that, through greater awareness, we can be more diligent and improve our internal procedures to enhance recovery.

-Sean Scanlon, State Comptroller

PREFACE

The Office of the State Comptroller (OSC) provides state accounting and financial services, administers employee and retiree benefits, develops statewide accounting policy, exercises accounting oversight, and prepares financial reports for state, federal and municipal governments, and the public.

One aspect of that responsibility is tracking adjustments to state assets outside their standard life cycle. In other words, per [4-33a](#), state agencies are required to report illegal, irregular, unsafe handling, or breakdowns in the safekeeping of state funds and property to the Comptroller's office.

As agencies experience lost or damaged assets throughout the fiscal year, they must submit CO-853 forms to the OSC. The OSC is dedicated to fiscal transparency and so, beginning this year, will be establishing a new updated system for maintaining and quantifying these reported adjustments. The new process will include:

- Publishing this information annually in conjunction with state agency asset reporting deadlines; and
- Providing agency heads and the public with detailed lists that include specific asset information about annual losses, which will give them the ability to focus on the categories and types of loss more accurately in order to determine where processes can be modified to reduce the exposure of state assets.

This report provides details on both the value of the loss, the most common categories of assets lost and the types or causes of loss.

EXECUTIVE SUMMARY

During Fiscal Year 2023, state agencies reported asset losses totaling **\$4.9 million** in “original cost,” which refers to the cost of the assets at the time they were purchased. When adjusted to reflect the value of these assets at the time of loss, the actual loss to the state in FY 23 was **\$1.3 million**.

While most of the items on this list are common or not noteworthy, there are some, like the vandalism on college campuses, that are well known and widely publicized in the mainstream media.

When you dig into data, though, the actual stories are usually more complex. For example, a lot of items that fall under Major Category of Surplus and Type of Loss Paperwork are not actually losses. One entry is for 13 Hobart Mixers which were auctioned on the state’s surplus property website, and revenue from that sale was actually returned to the state. However, a clerical error resulted in a \$5,300 overstatement of adjusted loss.

Some items, such as an electric powered public transit bus, are insured because they exceed the minimum value for addition to the state’s insurance policy. The value of the insurance return is not reported through this process, resulting in this case of a \$694,056.28 overstatement of actual loss.

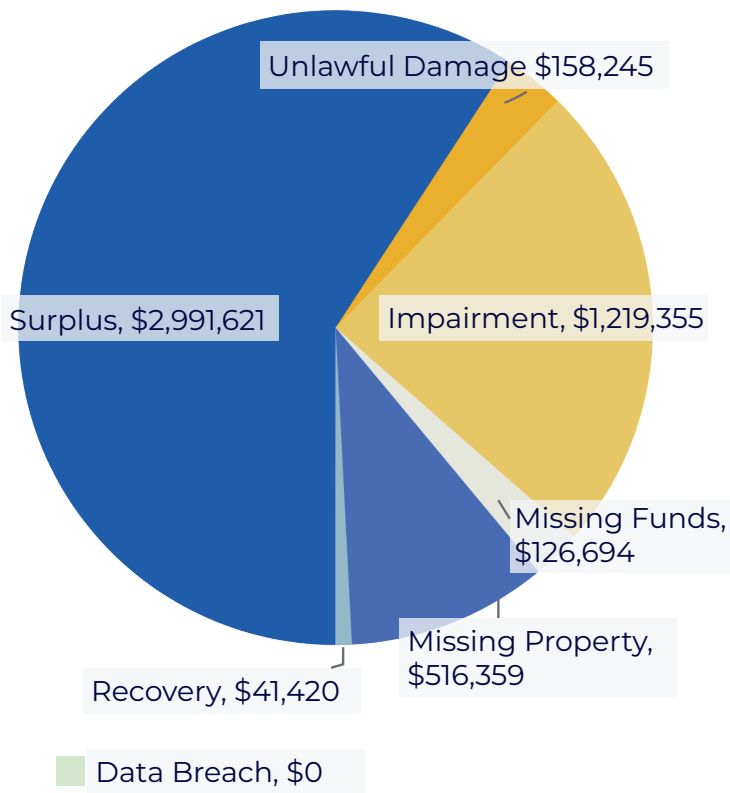
The series of graphs below illustrate the value of lost assets, the types of assets lost, and the top causes of loss. Both the original cost and the adjust value at the time of the loss are displayed in the two graphs. All categories and types of loss are defined on the final page of this report.

ORIGINAL COST VS. ADJUSTED VALUE BY MAJOR CATEGORY

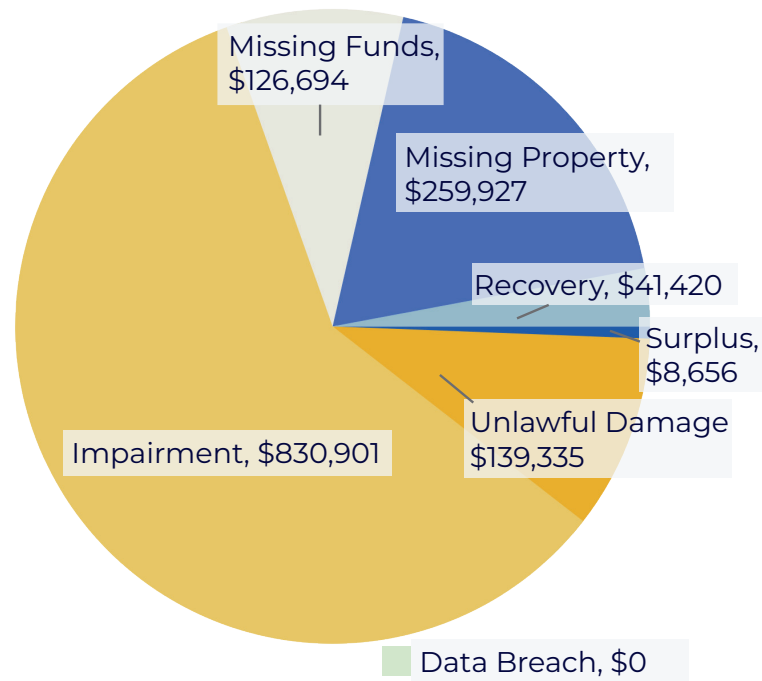
As the graphs below show, “surplus” is a significant portion of initial cost. Surplus typically refers to items that were no longer useful or needed and either disposed of or otherwise discharged, but their disposal may have been insufficiently documented. In most cases, their adjusted value is significantly less.

The largest category of loss under adjusted or final value at time of loss is “impairment.” It includes items which had to be repaired or replaced for continued use which is a significant cost to the state.

Original Cost by Category



Adjusted Value by Category

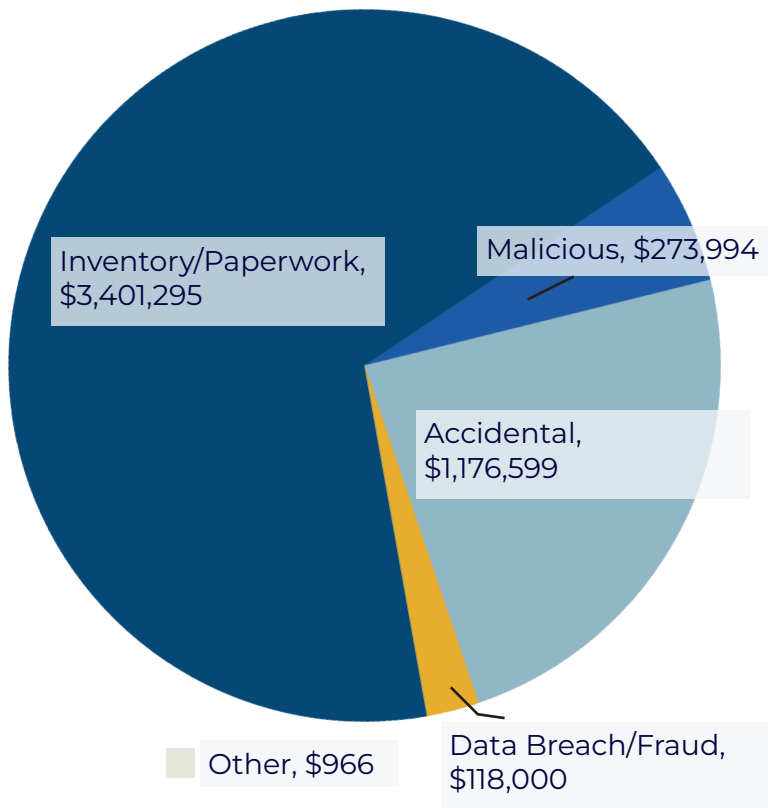


ORIGINAL COST VS. ADJUSTED VALUE BY TYPE OF LOSS

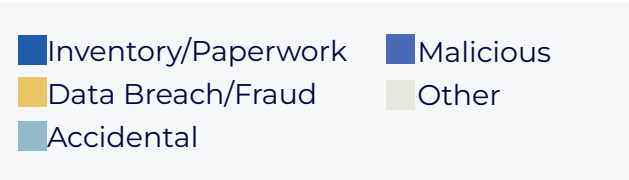
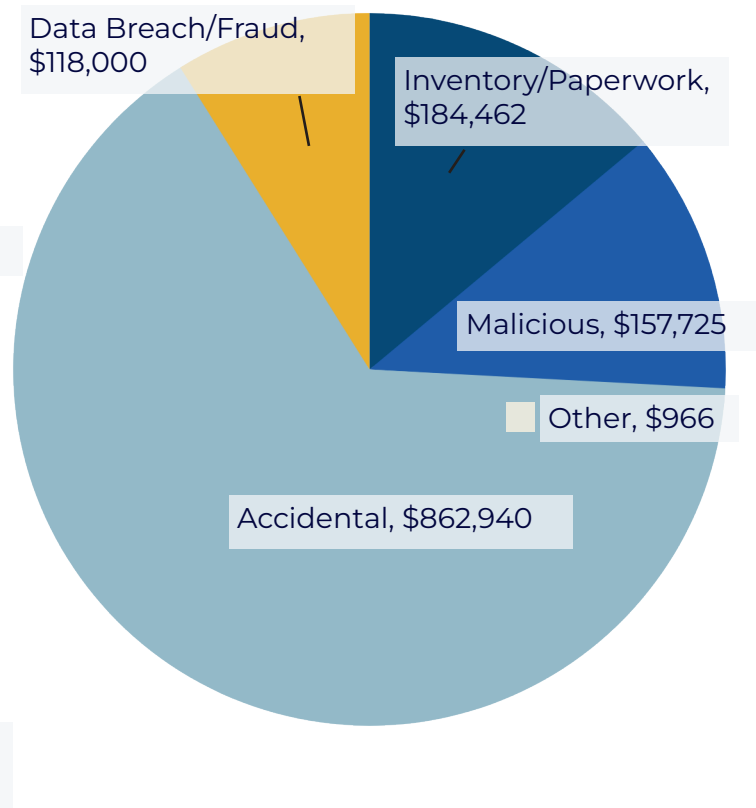
The next series of graphs illustrate the types of loss. “Accidental and Malicious” together are the most significant types of loss and correlate to impairment in the graphs above. Examples of “accidental” loss might include a driver hitting a metal sign, whereas “malicious” might include public vandalism, such as what has previously occurred on college campuses. Malicious loss most closely correlates to impairment because the items damaged are still required for state use and must be repaired or replaced.

“Inventory/Paperwork” is the largest initial cost and second highest adjusted cost because inventory has a significant initial cost to the state and then depreciates in value as it gets older. Frequently, as agencies submit items to go through the surplus process, they do not accurately document the disposal. When annual inventories are conducted, the items are discovered missing and reported. Because the items were already being disposed of, the cost to the state is much lower than previously reported.

Original Cost by Type of Loss



Adjusted Value by Type of Loss



RECOMMENDATIONS:

As part of the new reporting process, the State Comptroller's Office will be reviewing forms as they are received to ensure sufficient information as it relates to each unique scenario to provide meaningful insights into internal controls and safekeeping of state assets. Additionally, agencies will be provided with a detailed annual list so they can perform their own analysis of internal processes and identify solutions based on larger patterns.

One area for improvement in the new fiscal year will be having agencies focus on proper and timely reporting of surplus. One of the largest categories is where items were sent to disposal after reaching the end of their life cycle, but agency staff either failed to file or lost accompanying paperwork.

An added element of the new reporting process will be to allow agencies to conduct investigations and provide updated information regarding the final disposition of the items. Current process mandates initial reporting but does not focus on updating status or final resolution which could result in a full recovery or make the item ineligible for reporting as a loss. Properly recording these final resolutions will lead to increased accuracy in determining the fiscal impact to the state.

GLOSSARY: DEFINITIONS

State Agency – Name of the State Agency that submitted the CO-853

Major Category

- **Data Breach** - The unlawful and unauthorized acquisition of personal information held by an agency that compromised the security, confidentiality, or integrity of personal information.
- **Impairment** - The diminishing in quality, strength, amount, or value of an agency asset.
- **Missing Funds** - Funds that are missing as a result of theft, transactional error or human error.
- **Missing Property** - Property that has been reported missing as the result of an inspection, audit, or inventory reconciliation.
- **Other** - Items not covered in another major category.
- **Recovery** – Agency regained possession or control of something that was lost, stolen, or missing.
- **Surplus** – Equipment that an agency has deemed beyond its useful life or no longer serves a purpose and has been sent for disposal.
- **Unlawful Damage** - Destruction of or damage to money, securities or other property caused as a direct consequence of a crime attempted or committed by any person.

Type of Loss

- **Accidental** - An unexpected happening causing loss or damage which is not due to any fault or misconduct.
- **Data Breach / Fraud** - The unlawful and unauthorized acquisition of personal information that compromises the security, confidentiality, or integrity of personal information. Intentional deception to secure unfair or unlawful gain. *****Items in this category that are paid for by third party administrators are recorded as zero-dollar losses.*****
- **Inventory / Paperwork** - Inconsistent documentation practices or discoveries resulting from a physical inventory or audit.
- **Malicious** - Intention, without justification or excuse, to commit an act that is unlawful.
- **Other** - Damage to property that is unusual or does not fall into another category.

Cost - Original item cost as reported on the CO-853, this would be the purchase price or fair market value at time of acquisition. In cases of damage, it should be the total to repair the damage; in the case of a loss to the state, it will be the monetary value of the loss to the state.

Adjusted Value - A value based on a calculation of whether an item is Capital, Cash, or non-depreciating and then gives a reasonable value of loss to the state based of an estimated remaining value of the item. The cost of repairs or remediation in cases where the loss is due to repairable damage, fraud, or data breaches.

Fiscal Year – The accounting period during which an asset’s final disposition, after investigations have been completed, is able to be reported.

Fiscal Year 2023 Asset Adjustment Summary Report

Sorted by State Agency - Major Category - Type of Loss

	Original Cost	Adjusted Value
Asnuntuck Community College	\$2,500.00	\$1,500.00
Missing Property		
Inventory/Paperwork	2,500.00	1,500.00
Central Connecticut State University	\$116,707.76	\$88,945.03
Impairment		
Accidental	63,698.28	63,101.88
Malicious	8,967.41	8,967.41
Other	336.00	336.00
Missing Property		
Accidental	8,415.77	5,825.90
Inventory/Paperwork	29,273.46	4,697.00
Malicious	2,083.00	2,083.00
Recovery		
Inventory/Paperwork	-20,660.30	-20,660.30
Unlawful Damage		
Malicious	24,594.14	24,594.14
Connecticut State Library	\$6,511.34	\$0.00
Missing Property		
Inventory/Paperwork	6,511.34	0.00
Connecticut State University System	\$118,000.00	\$118,000.00
Missing Funds		
Data Breach / Fraud	118,000.00	118,000.00
Department of Administrative Services	\$2,933,388.00	\$0.00
Missing Property		
Inventory/Paperwork	123.00	0.00
Surplus		
Inventory/Paperwork	2,933,265.00	0.00
Department of Agriculture	\$12,727.00	\$530.30
Missing Property		
Inventory/Paperwork	12,727.00	530.30

	Original Cost	Adjusted Value
Department of Children & Families	\$87,911.46	\$76,304.09
Missing Property		
Accidental	13,649.99	11,849.99
Inventory/Paperwork	69,620.47	59,813.10
Malicious	1,771.00	1,771.00
Unlawful Damage		
Malicious	2,870.00	2,870.00
Department of Correction	\$138,018.65	\$138,018.65
Missing Property		
Inventory/Paperwork	138,018.65	138,018.65
Department of Developmental Services	\$97,798.41	\$7,249.95
Impairment		
Malicious	90,548.46	0.00
Missing Property		
Accidental	49.95	49.95
Unlawful Damage		
Malicious	7,200.00	7,200.00
Department of Energy and Environmental Protection	\$61,010.93	\$60,399.85
Impairment		
Accidental	58,677.94	58,677.94
Missing Property		
Accidental	1,400.99	1,037.92
Unlawful Damage		
Malicious	932.00	683.98
Department of Labor	\$1,255.28	\$1,255.28
Missing Funds		
Inventory/Paperwork	1,255.28	1,255.28
Department of Mental Health & Addiction Services	\$6,086.62	-\$2,874.32
Missing Funds		
Malicious	0.00	0.00
Missing Property		
Accidental	1,000.00	567.22
Inventory/Paperwork	8,931.30	403.14
Recovery		
Inventory/Paperwork	-3,844.68	-3,844.68
Department of Motor Vehicles	\$2,263.74	\$2,063.74
Missing Funds		
Accidental	1,564.74	1,564.74
Missing Property		
Accidental	699.00	499.00

	Original Cost	Adjusted Value
Department of Social Services	-\$120.00	-\$4,201.50
Missing Property		
Inventory/Paperwork	2,963.50	100.00
Malicious	1,304.00	700.00
Recovery		
Inventory/Paperwork	-5,501.50	-5,501.50
Unlawful Damage		
Malicious	1,114.00	500.00
Department of Transportation	\$990,951.15	\$694,284.75 *
Impairment		
Accidental	990,722.68	694,056.28
Missing Property		
Accidental	230.90	230.90
Inventory/Paperwork	572.56	572.56
Recovery		
Inventory/Paperwork	-574.99	-574.99
Gateway Community College	\$3,614.00	\$0.00
Missing Property		
Malicious	3,614.00	0.00
Judicial Department	\$94,663.08	\$25,882.87
Impairment		
Accidental	1,346.18	772.36
Malicious	157.59	88.82
Missing Funds		
Accidental	5,484.00	5,484.00
Inventory/Paperwork	250.00	250.00
Malicious	140.00	140.00
Missing Property		
Accidental	21,166.23	14,301.25
Inventory/Paperwork	55,071.92	7,675.19
Malicious	2,161.00	1,454.67
Recovery		
Inventory/Paperwork	-5,280.00	-5,280.00
Surplus		
Inventory/Paperwork	12,750.00	0.00
Unlawful Damage		
Malicious	1,416.16	996.58
Naugatuck Valley Community College	\$8,049.42	\$1,889.42
Missing Property		
Inventory/Paperwork	6,160.00	0.00
Unlawful Damage		
Malicious	1,889.42	1,889.42

* The value of an insurance return is not reported through this process, resulting in this case of \$694,056.28 over statement of actual loss.

	Original Cost	Adjusted Value
Office of Healthcare Advocacy	\$0.00	\$0.00
Data Breach	0.00	
Data Breach / Fraud	0.00	0.00
Office of Policy & Management	\$614.00	\$0.00
Missing Property		
Inventory/Paperwork	614.00	0.00
Office of the Attorney General	\$1,077.44	\$0.00
Missing Property		
Inventory/Paperwork	1,077.44	0.00
Office of the State Comptroller	\$7,280.77	\$0.00
Missing Property		
Inventory/Paperwork	7,280.77	0.00
Public Defender Services Commission	\$62.30	\$0.00
Unlawful Damage		
Malicious	62.30	0.00
Southern Connecticut State University	\$64,915.13	-\$3,137.46
Missing Property		
Accidental	1,063.93	0.00
Inventory/Paperwork	36,375.97	1,632.24
Malicious	15,804.18	0.00
Recovery		
Inventory/Paperwork	-4,769.70	-4,769.70
Unlawful Damage		
Inventory/Paperwork	13,986.52	0.00
Malicious	2,454.23	0.00
State Department of Education	\$3,621.41	\$3,604.77
Missing Property		
Accidental	49.99	33.35
Surplus		
Accidental	2,371.42	2,371.42
Unlawful Damage		
Malicious	1,200.00	1,200.00
State Properties Review Board	-\$789.00	-\$789.00
Recovery		
Inventory/Paperwork	-789.00	-789.00

	Original Cost	Adjusted Value
Technical Education and Career System	\$43,072.79	\$6,122.79
Missing Property		
Accidental	116.10	116.10
Inventory/Paperwork	126.69	126.69
Surplus		
Inventory/Paperwork	42,605.00	5,655.00
Unlawful Damage		
Malicious	225.00	225.00
University of Connecticut	\$122,316.39	\$108,413.38
Impairment		
Accidental	2,400.00	2,400.00
Malicious	2,500.00	2,500.00
Missing Property		
Inventory/Paperwork	16,430.58	3,652.90
Malicious	685.00	685.00
Unlawful Damage		
Malicious	100,300.81	99,175.48
University of Connecticut Health Center	\$43,154.60	\$629.87
Missing Property		
Inventory/Paperwork	42,524.73	0.00
Surplus		
Other	629.87	629.87
Western Connecticut State University	\$4,191.00	\$0.00
Missing Property		
Accidental	2,491.00	0.00
Inventory/Paperwork	1,700.00	0.00
Grand Total	\$4,970,853.67	\$1,324,092.45