

# OFFICE of the STATE COMPTROLLER ANNUAL LOSS REPORT

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**FISCAL YEAR 2024 | OCTOBER 2024**

# INTRODUCTION

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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.

This report helps ensure that they aren't simply written off. This year's numbers seem to show a response statewide to last year's focus on reporting. Several state agencies have made strong efforts to clean up inventory lists, track and recoup losses, strengthen their policies, and reinforce staff awareness of accounting and auditing guidelines. Our presentation of this data to agency heads helps ensure that each agency is aware of their total annual losses and that, through greater awareness, we can be more diligent and continue to improve our internal procedures to prevent losses and enhance recovery.

*-Sean Scanlon, State Comptroller*

# PREFACE

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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 CGS 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, starting with the FY2023 reports, we have established a system for maintaining and quantifying these reported adjustments. This process includes:

- Publishing aggregate 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

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During Fiscal Year 2024, state agencies reported asset losses totaling \$13.16 million in original cost, which refers to the price 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 FY24 was \$1.47 million. This is a significant increase over FY23 numbers \$4.9 original cost and \$1.3 current value. We believe this is due to heightened awareness by agency management.

FY24 saw several agencies making efforts to tighten controls on assets and to clean up inventory lists. One agency in particular, the Department of Public Health (DPH), hired a property control manager to help them bring their asset and inventory processes into compliance with statewide policies. By hiring a staff member experienced in asset control, they were able to do a complete and thorough inventory of department assets and process the necessary paperwork to fix inventory discrepancies going back to 2009. This process helped them properly remove missing property worth \$5.1 million in original cost, and \$1.3 million in current value, from their asset lists.

Other agencies have done similar things on a smaller scale. Agencies have taken extra steps to ensure the proper accounting and auditing of their asset list which has increased the statewide percentage of the Missing Property category this year. Additionally, this extra scrutiny led to FY24 recoveries of assets totaling \$172,296.12 versus FY23 recoveries of \$41,420.00. If we exclude DPH because of their unique cleanup efforts this year, statewide recoveries for FY24 actually exceeded the current value of the statewide losses.

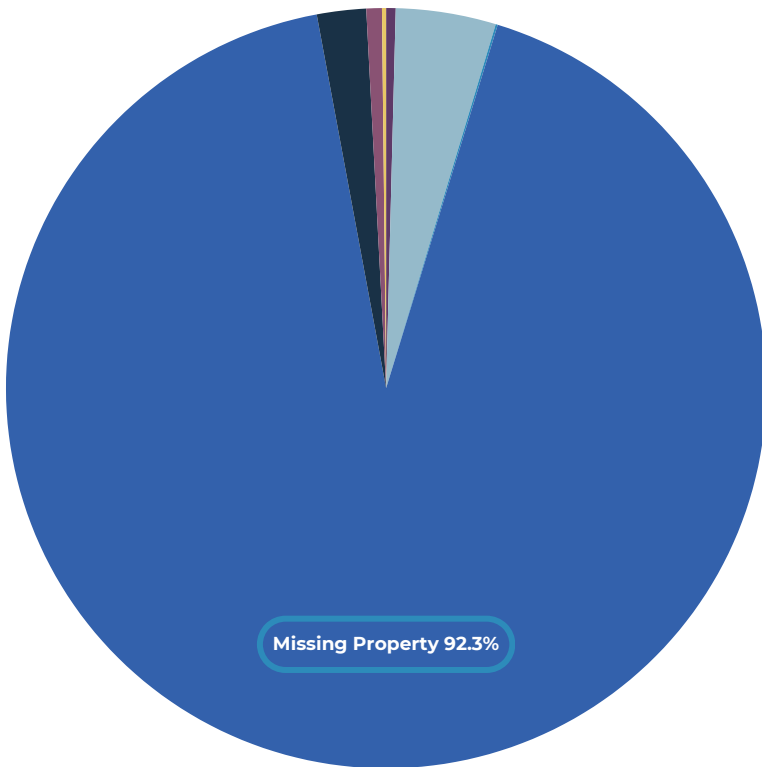
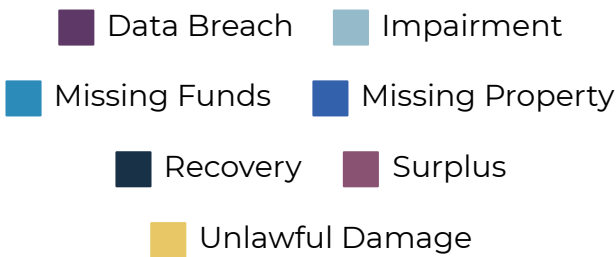
# ORIGINAL COST VS. ADJUSTED VALUE BY MAJOR CATEGORY

As the graphs below show, Missing Property and Surplus are a significant portion of initial cost, but because they are generally composed of items that are old and may have been thrown out after they became useless or broken and were not properly documented for disposal. In most cases, their adjusted value is significantly less.

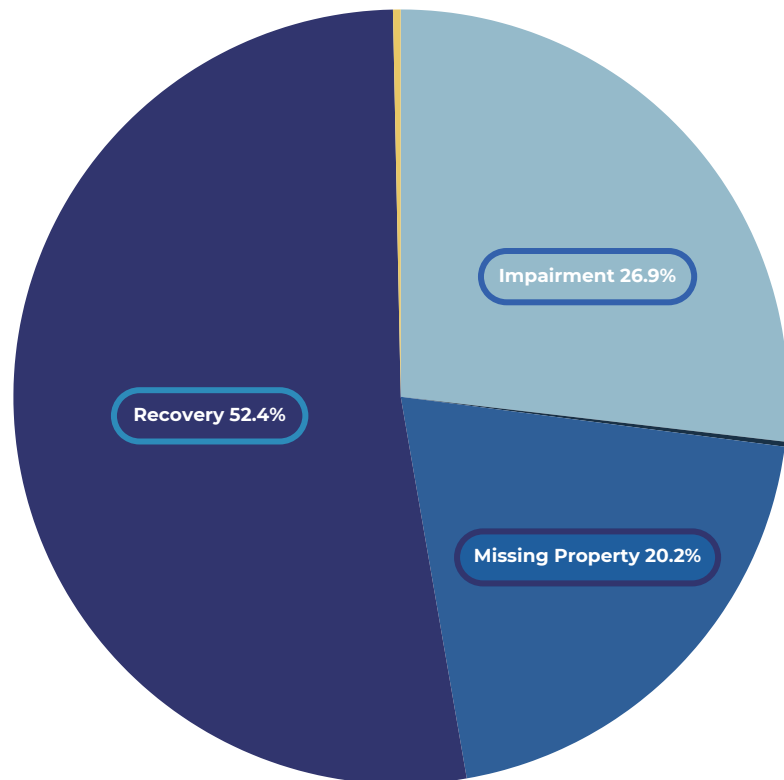
These graphs do not include the DPH Missing Property category totaling \$5,082,800.94 in original cost with a current value of \$1,309,185.42 as discussed on the Executive Summary page.

When analyzing the adjusted value, we find that the recoveries of missing assets this year actually exceeded the adjusted value of the items lost, excluding the DPH adjustment.

## Original Cost by Major Category



## Adjusted Value by Major Category



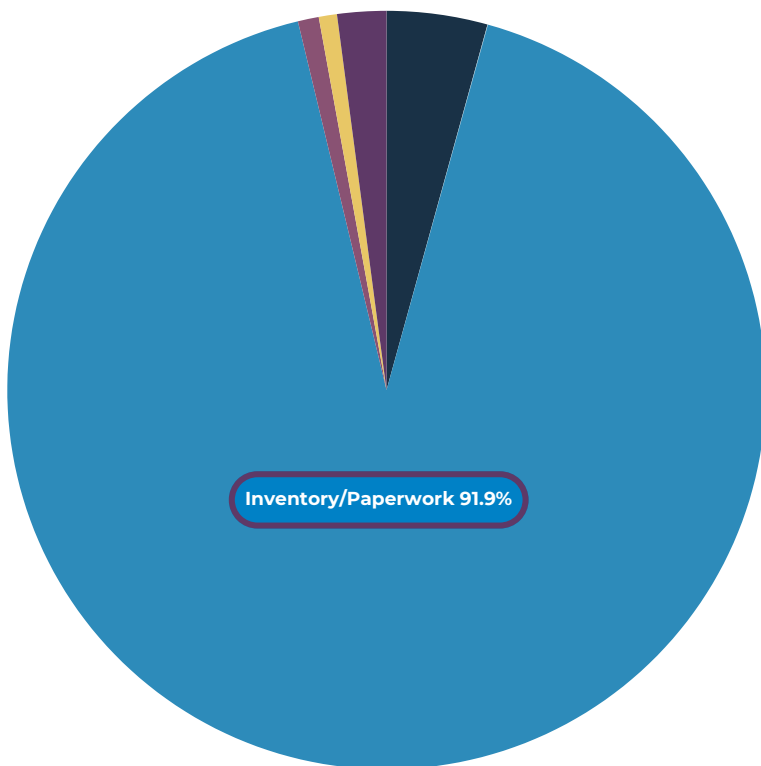
# ORIGINAL COST VS. ADJUSTED VALUE BY TYPE OF LOSS

The next series of graphs illustrates the types of loss. Because of the significant effort by agencies this period to clean up asset lists, Inventory/Paperwork is by far the most significant type of loss and correlates to Missing Property in the previous graphs. 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.

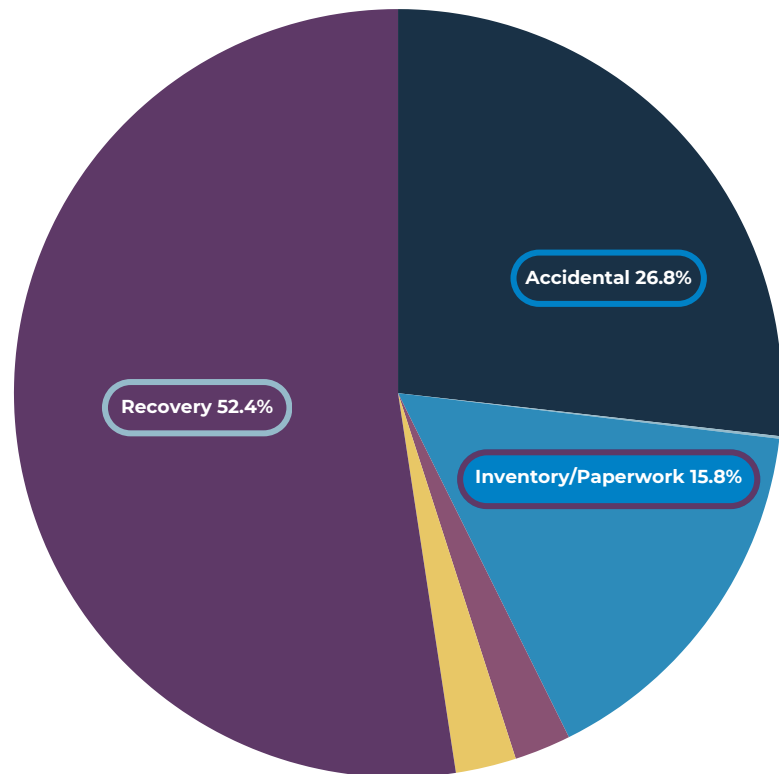
These graphs do not include the DPH Inventory/Paperwork category totaling \$5,082,800.94 in original cost with a current value of \$1,309,185.42 as discussed on the Executive Summary page.

Frequently, as agencies submit items to go through the surplus process, they do not accurately document the disposal. Other scenarios include moving locations and leaving behind items to be disposed of that were particular to that location, such as workstations or cubicle systems. When annual inventories are conducted, the items are discovered missing and reported.

## Original Cost by Type of Loss



## Adjusted Value by Type of Loss



# RECOMMENDATIONS:

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Based on the results from this year's reporting, we believe that state agencies need to focus their efforts on two key fronts going forward:

1. The proper budgeting for and staffing of asset and inventory related roles within their agency.
2. Training, oversight, communication, and internal auditing related specifically to increasing the ability of their staff to recognize and report deviations from procedure, good accounting practices, and proper internal controls.

Many agencies have had to absorb budget cuts in the past, and sometimes the asset and inventory functions have had to bear more than their fair share of those reductions. Some very large institutions run on a skeleton crew of staff, sometimes just barely enough to maintain segregation of duties as mandated by GAAP and state guidelines. The focus on these results has caused agencies to realize that they may have reduced to a point that is detrimental to their overall organizational health. Bringing the fiscal impact of these decisions to light will hopefully help agency heads realize that a realignment of budget goals can actually pay for itself and help them have a more effective and responsible agency.

Agencies have recognized the importance of maintaining accurate asset and inventory lists and have made some efforts within this fiscal year to clean up reports and finalize the adjustment of their asset accounts. Expanding on that effort by reinvesting in their staff, through education and ongoing guidance, will help them to maintain the benefits of this year through better stewardship of state assets. Employees who are able to understand how small deviations from procedures can have large impacts on state programs are better able to monitor and safeguard state assets which ultimately will prevent loss.

# GLOSSARY: DEFINITIONS

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## 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 on 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 2023 Asset Adjustment Summary Report

Sorted by State Agency - Major Category - Type of Loss

	Original Cost	Adjusted Cost
<b>Central Connecticut State University</b>	<b>\$ 61,134.49</b>	<b>\$ (15,085.04)</b>
<b>Impairment</b>	<b>\$ 60,158.66</b>	<b>\$ -</b>
Accidental	\$ 40,130.63	\$ -
Malicious	\$ 802.00	\$ -
Other	\$ 19,226.03	\$ -
<b>Missing Property</b>	<b>\$ 10,814.14</b>	<b>\$ 2,329.35</b>
Accidental	\$ 810.00	\$ -
Inventory/Paperwork	\$ 7,182.14	\$ -
Malicious	\$ 75.00	\$ -
Other	\$ 2,747.00	\$ 2,329.35
<b>Recovery</b>	<b>\$ (17,414.39)</b>	<b>\$ (17,414.39)</b>
Other	\$ (17,414.39)	\$ (17,414.39)
<b>Unlawful Damage</b>	<b>\$ 7,576.08</b>	<b>\$ -</b>
Malicious	\$ 7,576.08	\$ -
<b>Connecticut Insurance Department</b>	<b>\$ 906.83</b>	<b>\$ -</b>
<b>Missing Property</b>	<b>\$ 906.83</b>	<b>\$ -</b>
Inventory/Paperwork	\$ 906.83	\$ -
<b>Connecticut State University System</b>	<b>\$ 1,500.00</b>	<b>\$ 400.00</b>
<b>Missing Property</b>	<b>\$ 1,500.00</b>	<b>\$ 400.00</b>
Malicious	\$ 1,500.00	\$ 400.00
<b>Department of Administrative Services</b>	<b>\$ 1,590,679.00</b>	<b>\$ -</b>
<b>Missing Property</b>	<b>\$ 1,590,679.00</b>	<b>\$ -</b>
Inventory/Paperwork	\$ 1,590,679.00	\$ -
<b>Department of Children &amp; Families</b>	<b>\$ 11,298.76</b>	<b>\$ 1,198.13</b>
<b>Missing Funds</b>	<b>\$ 950.76</b>	<b>\$ -</b>
Other	\$ 950.76	\$ -
<b>Missing Property</b>	<b>\$ 10,948.00</b>	<b>\$ 1,798.13</b>
Accidental	\$ 9,920.00	\$ 1,010.00
Malicious	\$ 1,028.00	\$ 788.13
<b>Recovery</b>	<b>\$ (600.00)</b>	<b>\$ (600.00)</b>
Other	\$ (600.00)	\$ (600.00)
<b>Department of Correction</b>	<b>\$ 1,113,661.99</b>	<b>\$ (6,816.18)</b>
<b>Impairment</b>	<b>\$ 58,965.00</b>	<b>\$ -</b>
Accidental	\$ 58,080.00	\$ -
Inventory/Paperwork	\$ 885.00	\$ -
<b>Missing Funds</b>	<b>\$ 2.41</b>	<b>\$ -</b>
Accidental	\$ 2.41	\$ -
<b>Missing Property</b>	<b>\$ 1,078,441.38</b>	<b>\$ 16,930.62</b>
Data Breach/Fraud	\$ 1,668.67	\$ 361.55
Inventory/Paperwork	\$ 1,076,772.71	\$ 16,569.07
<b>Recovery</b>	<b>\$ (23,746.80)</b>	<b>\$ (23,746.80)</b>

Other	\$	(23,746.80)	\$	(23,746.80)
<b>Department of Developmental Services</b>	<b>\$</b>	<b>24,746.67</b>	<b>\$</b>	<b>1,056.79</b>
<b>Impairment</b>	<b>\$</b>	<b>2,423.25</b>	<b>\$</b>	<b>227.24</b>
Accidental	\$	649.26	\$	227.24
Other	\$	1,773.99	\$	-
<b>Missing Funds</b>	<b>\$</b>	<b>749.79</b>	<b>\$</b>	<b>-</b>
Accidental	\$	718.68	\$	-
Other	\$	31.11	\$	-
<b>Missing Property</b>	<b>\$</b>	<b>20,475.63</b>	<b>\$</b>	<b>829.55</b>
Accidental	\$	299.95	\$	-
Inventory/Paperwork	\$	19,116.68	\$	-
Malicious	\$	1,059.00	\$	829.55
<b>Surplus</b>	<b>\$</b>	<b>1,098.00</b>	<b>\$</b>	<b>-</b>
Other	\$	1,098.00	\$	-
<b>Department of Energy and Environmental Protection</b>	<b>\$</b>	<b>1,486,511.02</b>	<b>\$</b>	<b>14,937.08</b>
<b>Impairment</b>	<b>\$</b>	<b>26,593.48</b>	<b>\$</b>	<b>3,666.67</b>
Accidental	\$	9,000.00	\$	-
Other	\$	17,593.48	\$	3,666.67
<b>Missing Property</b>	<b>\$</b>	<b>1,459,917.54</b>	<b>\$</b>	<b>11,270.41</b>
Inventory/Paperwork	\$	1,458,655.54	\$	11,270.41
Malicious	\$	1,262.00	\$	-
<b>Department of Housing</b>	<b>\$</b>	<b>1.00</b>	<b>\$</b>	<b>0.33</b>
<b>Missing Property</b>	<b>\$</b>	<b>1.00</b>	<b>\$</b>	<b>0.33</b>
Accidental	\$	1.00	\$	0.33
<b>Department of Labor</b>	<b>\$</b>	<b>838.95</b>	<b>\$</b>	<b>601.25</b>
<b>Missing Funds</b>	<b>\$</b>	<b>838.95</b>	<b>\$</b>	<b>601.25</b>
Malicious	\$	838.95	\$	601.25
<b>Department of Mental Health &amp; Addiction Services</b>	<b>\$</b>	<b>104,511.04</b>	<b>\$</b>	<b>(17,298.90)</b>
<b>Missing Property</b>	<b>\$</b>	<b>124,722.39</b>	<b>\$</b>	<b>2,912.45</b>
Accidental	\$	5.00	\$	4.42
Inventory/Paperwork	\$	123,780.39	\$	2,748.56
Malicious	\$	937.00	\$	159.47
<b>Recovery</b>	<b>\$</b>	<b>(20,211.35)</b>	<b>\$</b>	<b>(20,211.35)</b>
Inventory/Paperwork	\$	(2,050.00)	\$	(2,050.00)
Other	\$	(18,161.35)	\$	(18,161.35)
<b>Department of Motor Vehicles</b>	<b>\$</b>	<b>1,729.42</b>	<b>\$</b>	<b>-</b>
<b>Missing Funds</b>	<b>\$</b>	<b>1,510.52</b>	<b>\$</b>	<b>-</b>
Accidental	\$	1,310.68	\$	-
Other	\$	199.84	\$	-
<b>Missing Property</b>	<b>\$</b>	<b>218.90</b>	<b>\$</b>	<b>-</b>
Accidental	\$	218.90	\$	-
<b>Department of Public Health</b>	<b>\$</b>	<b>5,082,800.94</b>	<b>\$</b>	<b>1,309,185.42</b>
<b>Missing Property</b>	<b>\$</b>	<b>5,082,800.94</b>	<b>\$</b>	<b>1,309,185.42</b>
Inventory/Paperwork	\$	5,082,800.94	\$	1,309,185.42

<b>Department of Revenue Services</b>	<b>\$</b>	<b>502,031.63</b>	<b>\$</b>	<b>1,489.20</b>
<b>Missing Property</b>	<b>\$</b>	<b>504,440.43</b>	<b>\$</b>	<b>3,898.00</b>
Inventory/Paperwork	\$	504,440.43	\$	3,898.00
<b>Recovery</b>	<b>\$</b>	<b>(2,408.80)</b>	<b>\$</b>	<b>(2,408.80)</b>
Other	\$	(2,408.80)	\$	(2,408.80)
<b>Department of Social Services</b>	<b>\$</b>	<b>6,095.00</b>	<b>\$</b>	<b>111.40</b>
<b>Missing Property</b>	<b>\$</b>	<b>5,036.00</b>	<b>\$</b>	<b>111.40</b>
Inventory/Paperwork	\$	2,547.00	\$	-
Malicious	\$	2,489.00	\$	111.40
<b>Unlawful Damage</b>	<b>\$</b>	<b>1,059.00</b>	<b>\$</b>	<b>-</b>
Malicious	\$	1,059.00	\$	-
<b>Department of Transportation</b>	<b>\$</b>	<b>85,066.93</b>	<b>\$</b>	<b>9,952.43</b>
<b>Missing Funds</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
Other	\$	-	\$	-
<b>Missing Property</b>	<b>\$</b>	<b>85,066.93</b>	<b>\$</b>	<b>9,952.43</b>
Inventory/Paperwork	\$	84,026.94	\$	9,952.43
Malicious	\$	1,039.99	\$	-
<b>Dept. of Emergency Services and Public Safety</b>	<b>\$</b>	<b>169,877.33</b>	<b>\$</b>	<b>77,501.98</b>
<b>Impairment</b>	<b>\$</b>	<b>172,476.33</b>	<b>\$</b>	<b>80,100.98</b>
Accidental	\$	172,476.33	\$	80,100.98
<b>Recovery</b>	<b>\$</b>	<b>(2,599.00)</b>	<b>\$</b>	<b>(2,599.00)</b>
Other	\$	(2,599.00)	\$	(2,599.00)
<b>Eastern Connecticut State University</b>	<b>\$</b>	<b>10,869.89</b>	<b>\$</b>	<b>7.92</b>
<b>Missing Property</b>	<b>\$</b>	<b>10,869.89</b>	<b>\$</b>	<b>7.92</b>
Inventory/Paperwork	\$	10,869.89	\$	7.92
<b>Judicial Department</b>	<b>\$</b>	<b>288,381.30</b>	<b>\$</b>	<b>(84,252.92)</b>
<b>Impairment</b>	<b>\$</b>	<b>8,815.91</b>	<b>\$</b>	<b>2,650.71</b>
Accidental	\$	7,346.96	\$	2,464.73
Malicious	\$	619.95	\$	185.99
Other	\$	849.00	\$	-
<b>Missing Funds</b>	<b>\$</b>	<b>3,036.35</b>	<b>\$</b>	<b>75.05</b>
Accidental	\$	1,907.00	\$	-
Inventory/Paperwork	\$	409.35	\$	75.05
Malicious	\$	460.00	\$	-
Other	\$	260.00	\$	-
<b>Missing Property</b>	<b>\$</b>	<b>367,365.56</b>	<b>\$</b>	<b>4,298.97</b>
Accidental	\$	490.00	\$	-
Inventory/Paperwork	\$	362,543.64	\$	2,842.24
Malicious	\$	3,841.92	\$	1,391.40
Other	\$	490.00	\$	65.33
<b>Recovery</b>	<b>\$</b>	<b>(91,006.47)</b>	<b>\$</b>	<b>(91,331.47)</b>
Inventory/Paperwork	\$	(19,715.32)	\$	(20,040.32)
Other	\$	(71,291.15)	\$	(71,291.15)
<b>Unlawful Damage</b>	<b>\$</b>	<b>169.95</b>	<b>\$</b>	<b>53.82</b>

Malicious	\$	169.95	\$	53.82
<b>Naugatuck Valley Community College</b>	<b>\$</b>	<b>2,669.67</b>	<b>\$</b>	<b>44.49</b>
<b>Missing Property</b>	<b>\$</b>	<b>2,669.67</b>	<b>\$</b>	<b>44.49</b>
Malicious	\$	2,669.67	\$	44.49
<b>Norwalk Community College</b>	<b>\$</b>	<b>1,796,918.35</b>	<b>\$</b>	<b>-</b>
<b>Missing Property</b>	<b>\$</b>	<b>1,796,918.35</b>	<b>\$</b>	<b>-</b>
Accidental	\$	1,049.00	\$	-
Inventory/Paperwork	\$	1,795,869.35	\$	-
<b>Public Defender Services Commission</b>	<b>\$</b>	<b>3,169.60</b>	<b>\$</b>	<b>999.62</b>
<b>Missing Property</b>	<b>\$</b>	<b>1,548.60</b>	<b>\$</b>	<b>-</b>
Accidental	\$	1,548.60	\$	-
<b>Unlawful Damage</b>	<b>\$</b>	<b>1,621.00</b>	<b>\$</b>	<b>999.62</b>
Malicious	\$	1,621.00	\$	999.62
<b>Secretary of the State</b>	<b>\$</b>	<b>400,737.31</b>	<b>\$</b>	<b>-</b>
<b>Missing Property</b>	<b>\$</b>	<b>400,737.31</b>	<b>\$</b>	<b>-</b>
Inventory/Paperwork	\$	400,737.31	\$	-
<b>Southern Connecticut State University</b>	<b>\$</b>	<b>(5,006.82)</b>	<b>\$</b>	<b>(10,974.62)</b>
<b>Missing Property</b>	<b>\$</b>	<b>9,302.49</b>	<b>\$</b>	<b>3,334.69</b>
Accidental	\$	3,328.00	\$	1,557.32
Inventory/Paperwork	\$	2,497.49	\$	511.82
Malicious	\$	3,477.00	\$	1,265.55
<b>Recovery</b>	<b>\$</b>	<b>(14,309.31)</b>	<b>\$</b>	<b>(14,309.31)</b>
Other	\$	(14,309.31)	\$	(14,309.31)
<b>Technical Education and Career System</b>	<b>\$</b>	<b>33,980.48</b>	<b>\$</b>	<b>-</b>
<b>Data Breach</b>	<b>\$</b>	<b>33,300.80</b>	<b>\$</b>	<b>-</b>
Malicious	\$	33,300.80	\$	-
<b>Impairment</b>	<b>\$</b>	<b>679.68</b>	<b>\$</b>	<b>-</b>
Accidental	\$	679.68	\$	-
<b>University of Connecticut</b>	<b>\$</b>	<b>95,642.92</b>	<b>\$</b>	<b>8,457.63</b>
<b>Data Breach</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
Accidental	\$	-	\$	-
<b>Impairment</b>	<b>\$</b>	<b>5,729.08</b>	<b>\$</b>	<b>-</b>
Accidental	\$	2,900.00	\$	-
Other	\$	2,829.08	\$	-
<b>Missing Property</b>	<b>\$</b>	<b>85,913.84</b>	<b>\$</b>	<b>8,457.63</b>
Accidental	\$	24,909.00	\$	2,858.50
Inventory/Paperwork	\$	41,120.84	\$	4,053.26
Malicious	\$	7,764.00	\$	1,007.63
Other	\$	12,120.00	\$	538.23
<b>Unlawful Damage</b>	<b>\$</b>	<b>4,000.00</b>	<b>\$</b>	<b>-</b>
Accidental	\$	4,000.00	\$	-
<b>University of Connecticut Health Center</b>	<b>\$</b>	<b>116,680.64</b>	<b>\$</b>	<b>1,800.30</b>
<b>Impairment</b>	<b>\$</b>	<b>15,072.83</b>	<b>\$</b>	<b>1,800.30</b>
Accidental	\$	11,348.07	\$	-

Other	\$	3,724.76	\$	1,800.30
<b>Missing Funds</b>	\$	<b>10.00</b>	\$	-
Other	\$	10.00	\$	-
<b>Missing Property</b>	\$	<b>48,237.33</b>	\$	-
Inventory/Paperwork	\$	48,237.33	\$	-
<b>Surplus</b>	\$	<b>53,360.48</b>	\$	-
Inventory/Paperwork	\$	53,360.48	\$	-
<b>Western Connecticut State University</b>	\$	<b>919.96</b>	\$	-
<b>Missing Property</b>	\$	<b>919.96</b>	\$	-
Accidental	\$	919.96	\$	-
<b>Grand Total</b>	\$	<b>12,988,354.30</b>	\$	<b>1,293,316.30</b>