For Immediate Release

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State of Connecticut Announces Findings of Forensic Audit of Blue Hills Civic Association Subrecipient Grant Expenditures

(Hartford, CT) - The Connecticut Department of Economic and Community Development ("DECD") today released the findings of a comprehensive audit of the Blue Hills Civic Association's ("BHCA") grant administration activities. The audit, conducted by CliftonLarsonAllen LLP (CLA), was initiated after an earlier January 2026 audit identified "pervasive governance failures, significant internal control deficiencies, and weaknesses in BHCA's grant awarding, monitoring, and reporting processes."

BHCA returned $1.6 million in unspent state and federal funds before the initial audit in May 2025.

"Ensuring transparency and accountability is a top priority for this administration. These audits make clear that there was a failure of oversight, and that legislatively directed funds must go through the same process as the other programs we administer," said DECD Commissioner Daniel O'Keefe.

The passage of new legislation (Public Act 26-27) during the most recent legislative session addresses CLA's recommendations to improve fiscal oversight of legislatively directed funds ("earmarks"). DECD has moved forward with new and modified grant administration procedures, including risk assessments conducted prior to entities receiving state funds and a new grants management software system that will help both the agency and grant recipients with monitoring and reporting. The department has also hired additional staff to bolster its grant oversight efforts.

The forensic audit examined over $6.7 million in grants across over 30 organizations and included a review of financial records, documentation, expenditures, and reporting to BHCA.

As outlined in the audit report, “the results of subrecipient testing indicate significant variability in documentation quality, financial reporting practices, and adherence to standard grant administration requirements.” The report also states that while some “subrecipients provided sufficient documentation demonstrating that funds were used for activities generally aligned with program intent,” others "exhibited deficiencies, including incomplete or missing supporting documentation, expenditures incurred outside defined periods of performance, inconsistent financial reporting, and limited ability to reconcile reported expenditures to underlying financial records.”

“These latest findings clearly underscore areas for improvement both for recipients of state funding and the state agencies administering these funds. This case triggered swift, bipartisan action this legislative session, and I am confident the new reforms passed will result in stronger oversight, clearer requirements, and improved monitoring to safeguard taxpayer dollars,” noted O’Keefe.

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