

For Immediate Release

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Governor Lamont and the Department of Economic and Community Development Release Forensic Audit of Blue Hills Civic Association

(HARTFORD, CT) – Governor Ned Lamont and Commissioner Daniel O’Keefe today released a [forensic audit](#) of the Blue Hills Civic Association (BHCA). The audit details material operational and managerial shortcomings at BHCA, including poor or missing recordkeeping, deficiencies in sub-recipient due diligence and monitoring, a lack of transparency and communication to the board of directors, limited board oversight, and weak financial reporting practices.

DECD initiated the audit after BHCA reported the loss of \$300,000 in state funds due to a fraudulently intercepted wire transfer. The department also reported the incident to relevant authorities, demanded the return of undisbursed funds, and froze all future funding to BHCA.

“This forensic audit is a strong reminder that when taxpayer dollars are involved, we have zero tolerance for fraud, waste, or mismanagement,” said Governor Lamont. “The findings at Blue Hills Civic Association are deeply troubling and underscore why we need stronger guardrails around legislatively directed funding. My administration has steadily tightened controls across state government, from strengthening procurement rules, to expanding risk-based monitoring of grants, modernizing financial systems and improving transparency in how public dollars are spent. We will continue to root out fraud wherever it exists, hold bad actors accountable, and ensure that appropriated state funding reaches the communities it is intended to serve, while helping those in need. At the same time, we

remain committed to supporting legitimate community organizations, but that support must be grounded in strong oversight, clear accountability, and rigorous safeguards that protect Connecticut taxpayers.”

Between FY22 and FY25, the state legislature directed approximately \$15.6 million through a variety of grant programs and line items to BHCA. According to the report, BHCA, as well as some of its subgrantees, exhibited “pervasive governance failures, systemic internal control weaknesses, and patterns of conduct that strongly suggest potential fraud and misappropriation of public funds.”

Conducted by CliftonLarsonAllen LLP (CLA), the audit analyzes the fact patterns leading to the lost funds, as well as assesses BHCA’s reporting, policies, and procedures. Auditors relied on information gathered through interviews with BHCA staff members and an in-depth examination of financial statements, emails, contracts, and other documents.

“This report makes it clear that these earmarks require greater scrutiny,” said Commissioner O’Keefe. “As a result, and at the Governor’s direction, DECD will immediately expand staff capacity in financial review and compliance to conduct diligence and grant recipient monitoring activities over legislatively-directed funds the same way we do our other programs.”

Concurrently, the Office of Policy and Management has implemented a new statewide policy specifically focused on the management and administration of legislative earmarks. This policy establishes a standardized, statewide framework for the administration of legislatively directed funds. Some of the features of the new policy include requiring additional pre-award due diligence and documentation provided by the grant recipient, conducting a risk assessment, and outlining a process through which a state agency can withhold funding if deemed in the best interest of state taxpayers.

In addition, DECD has directed CLA to expand its audit to include all BHCA’s subrecipients, per CLA’s recommendation. That subsequent report will be shared once it is completed. DECD recognizes that the funding freeze has had a substantial impact on community organizations that were funded through BHCA and its subrecipients. However, the allegations of fraud and misappropriation of public funds set forth in the audit do not permit the agency to continue such funding without additional due diligence.

Links to the audit and the attachment/exhibits are as follows:

[Audit](#)

[Attachment 1](#)

[Exhibits 1-10](#)

Exhibits 11-20

Exhibits 21-30

Exhibits 31-40

Exhibits 41-60

Exhibits 61-63

Exhibits 64-73

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