



STATE OF VERMONT  
OFFICE OF THE STATE AUDITOR

To: Senator Robert Starr

Date: 4 February 2020

Re: Potential savings and cost recovery from audits and other reports from the State Auditor

During my testimony last week, you asked if we have data on savings from our work. The updated figures are shown below. To be clear, identifying cost overruns, improper payments, and unnecessary expenditures does not guarantee recovery. The administration needs to implement our recommendations and, when possible, aggressively pursue any savings. The relevant reports are linked.

|   |              |  |
|---|--------------|--|
| <a href="#">BGS Capital</a>   | \$24,600,000 | Cost overruns for 9 projects over 5 years.   |
| Employee misconduct:<br><a href="#">DHR</a> and <a href="#">AHS</a> | \$7,100,000  | Total spent for State employees on relief from duty 2014 – 2018 (a type of paid leave). Evidence suggests some portion could be saved.     |
| <a href="#">Dr. Dynasaur</a> : DVHA                                 | \$4,300,000  | \$2.4m paid for Medicaid health care claims from a sample of 297 ineligible households + \$1.9m for two failed attempts to fix the problem |
| <a href="#">Judiciary - Def. General</a>                            | \$2,181,371  | Uncollected assessments over three years. Unrealistic to expect that all could be collected, but improvement is possible.                  |
| <a href="#">Beneficiary fraud</a> : DCF                             | \$1,800,000  | Improper payments identified by DCF over 3 years. Limited effort to collect.   |
| <a href="#">Cell phones</a> : ANR, AOT, DCF and DPS                 | \$675,000    | BGS contractor estimated annual savings from better management and better contracts with providers.  |
| PBM – ESI: HR   | \$500,000    | AG settlement with ESI (State's PBM). Issue raised by SAO.   |
| <a href="#">CCS -Health Care Services</a> : DOC                     | \$450,000    | Actual drug reimbursement for returned medications over 15 months + additional savings on bridge medications.                              |
| <a href="#">Choices for Care</a> : DAIL                             | \$150,000    | Improper Medicaid payments over 15 months. Most of it recovered.   |
| <a href="#">Designated Agencies</a> : DAIL & DMH                    | \$66,000     | Duplicate payments for Medicaid claims.  |

In addition to cost overruns, improper payments, and unnecessary expenditures, we sometimes find that programs cannot be audited for cost-effectiveness. This is intended to inform legislative debates about resource allocation. Here are a few examples.

|   |             |   |
|---|-------------|---|
| VEGI: ACCD  | \$3,600,000 | Average annual cost: Unable to determine cost-effectiveness.  |
| <a href="#">Best Management Practices</a> : AAFM                    | ???         | \$3m in grants awarded in FY16 and FY17. Phosphorus reduction impact of grants not calculated by AAFM or DEC. |
| Tourism & Marketing: ACCD   | \$3,000,000 | Annual appropriation: Unable to determine cost-effectiveness.   |
| <a href="#">Vermont Training Program</a> : ACCD                     | \$1,200,000 | Annual appropriation: Compliance issues and weak internal controls. Likely waste.                             |
| <a href="#">Remote Worker Grant Program</a> : ACCD                  | \$500,000   | Unable to determine cost-effectiveness.   |
| <a href="#">Ski industry leases of state land</a> : ANR - FPR       | ???         | Outdated leases not providing taxpayers a fair return.  |
| <a href="#">Lake Clean-Up</a> : ANR                                 | ???         | Millions spent with little or no measurable phosphorus reduction.   |
| <a href="#">Sole Source contracts</a> : AOE, AHS, BGS, DCF and DVHA | ???         | \$68m in non-competitive sole-source contracts in FY15 (27% of total). Many not justified.                    |