



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

TO: Jenny Samuelson, Secretary, Agency of Human Services (AHS)
CC: Sarah Clark, Secretary, Agency of Administration
Deb Damore, Director, Office of Purchasing and Contracting, Department of Buildings and General Services
FROM: Doug Hoffer, State Auditor
DATE: 1/14/2025
SUBJECT: Results of State Auditor's Office Review of AHS Contract Amendments

In response to a whistleblower allegation that an AHS department instructed staff not to follow Bulletin 3.5 requirements for approval of contract amendments by the Secretary of Administration (SOA), our office reviewed a sample of amendments to 27 contracts which had an amendment recorded in April-June 2024 (shortly before and after the date of the whistleblower complaint) from AHS departments and central office.

This review was not an audit and was not conducted in accordance with generally accepted government auditing standards.

Findings

We found three instances where the SOA's approval was required because an amendment, not exempted as a renewal, exceeded \$500,000 or 50 percent of the maximum payable and was not obtained:

- a) One AHS Central Office contract for \$1,457,406 with amendments increasing the cost to \$7,152,624. AHS stated that the reason they did not think SOA approval was required was a misunderstanding of Bulletin 3.5 related to the fact that the funding for the contract is set each year by the legislature.
- b) One Department for Children & Families (DCF) contract originally for \$3,851,400 with an amendment increasing the cost to \$4,482,501. DCF stated "We were hyper focused on the 50% increase and didn't take into consideration the \$500K threshold. I have since highlighted this threshold to the team and will take both the dollar threshold and cumulative change into consideration when determining who needs to review/approve."
- c) One Department of Disabilities, Aging and Independent Living (DAIL) contract originally for \$721,086. An amendment in 2023 increased the cost to \$1,357,259 and was approved by the SOA. An amendment in 2024 increased the cost by a further \$13,000, so that the cumulative increase was \$649,173 or 90 percent, and was not approved by the SOA. Our contact at DAIL stated this amendment was processed before she worked there but her understanding was that SOA approval would not have been required. Bulletin 3.5 does not state this clearly, but the Office of Purchasing and Contracting clarified that after contract amendments surpass the threshold requiring SOA approval, subsequent amendments also require approval even if small.

Conclusions

1. We did not observe evidence of widespread or systematic evasion of the requirement for SOA approval of contract amendments.
2. We found evidence of uncertainty as to exactly what amendments require approval by the SOA.

Recommendation

We recommend that AHS obtain clarification from the Office of Purchasing and Contracting for areas that AHS workers who process contracts and amendments find unclear, and incorporate those clarifications into internal guidance.