



OFFICE *of the*
STATE COMPTROLLER

REPORT TO THE
GOVERNOR

*On Social Equity Council
Special Examination*

Comptroller Sean Scanlon

165 Capitol Avenue, Hartford, Connecticut 06106 | (860) 702-3300

Report to the Governor on SEC Special Examination

TABLE OF CONTENTS

Letter to the Governor.....	3
History of the Social Equity Council.....	4
Executive Summary.....	6
Recommendations.....	8
Legislative Recommendations.....	8
Organizational Recommendations.....	9
Summary of Procedures and Findings.....	10
Financial Management and Governance.....	10
Awarding Licenses, Grants, and Loans.....	11
Program Effectiveness.....	14
Conclusion.....	15

SEAN SCANLON
STATE COMPTROLLER



TARA DOWNES
DEPUTY COMPTROLLER



STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

September 17, 2024

The Honorable Ned Lamont
Governor of the State of Connecticut
State Capitol
Hartford, Connecticut

Dear Governor Lamont,

In response to your request, pursuant to Section 3-112(b) of the Connecticut General Statutes, my office has reviewed the activities of the Social Equity Council (Council) occurring in, but not limited to, the fiscal years ended June 30, 2023 and 2024. The focus of this examination was on the Council's financial management and governance practices, including adherence to relevant statutes and regulations; the process of awarding licenses, grants, and loans; and program effectiveness. The following report contains a brief history of the Council, a summary of findings noted, recommendations for improvement, and a summary of the procedures performed by my office.

Sincerely,



Sean Scanlon
State Comptroller

HISTORY OF THE SOCIAL EQUITY COUNCIL

The Connecticut Social Equity Council (Council) was established in 2021 as part of the State's adult-use cannabis legislation, Public Act 21-1, codified into Chapter 420h of the Connecticut General Statutes. The Council is housed within the Department of Economic and Community Development, for administrative purposes only, and was created to ensure that the adult-use cannabis program in Connecticut is grown equitably. The primary goals of the Council are to ensure that individuals and communities disproportionately affected by the “war on drugs” have equitable access to the cannabis industry and to support economic reinvestment in these communities. The Council's responsibilities include overseeing the social equity program, which aims to promote full participation in the cannabis industry by eligible individuals from underrepresented communities. The Council's creation and ongoing efforts represent a crucial step towards addressing historical inequities and fostering inclusive economic growth within Connecticut's cannabis sector.

We identified revenue totaling \$5,836,419 relating to the Council from fiscal year 2022 through 2024, excluding more than \$6,000,000 it received in fiscal year 2023 for community reinvestment. A summary of this revenue is as follows:

Revenue Description	Fiscal Year		
	2024	2023	2022
ARPA Admin Funds	-	\$308	-
Cannabis Abuse Prev & Recovery	\$4,912,638	-	-
Cannabis Regulatory - Interim	-	\$2,888	-
CT Statewide Planning	\$530,698	\$195,610	-
Economic Development Assistance	\$189,586	-	-
Other Expenses	\$2,953	-	-
Revenue Deposits	-	\$266	\$1,472
Total Revenues	\$5,635,875	\$199,072	\$1,472

Additionally, the Council has another \$34 million available that has been put on hold until this examination is completed.

During the fiscal years ended June 30, 2022 through 2024, the Council processed non-payroll expenditures totaling \$2,588,861. A summary of the Council's non-payroll expenditures is as follows:

Expenditure Description	Fiscal Year		
	2024	2023	2022
Professional Services (Training)	\$224,764	\$845,172	-
Consulting Services	\$213,775	\$730,697	\$98,721
Community Outreach	\$131,548	\$43,980	\$37,500
Community Reinvestment	\$54,209	-	-
Fees	\$16,150	\$7,101	\$941
Misc.	\$575	-	\$300
Supplies	\$279	\$7,779	-
Administrative Services	\$130	-	\$398
Professional Services (Lottery)	-	\$87,421	\$87,421
Total Non-Payroll Expenditures	\$641,430	\$1,722,150	\$225,281

The Council also disbursed \$6,000,000 evenly to six grant makers as part of its community reinvestment pilot program.

The Council is composed of 15 members: seven appointed by legislators, four by the governor, and four ex-officio members. As of August 1, 2024, Council members included:

- Andrea Comer, Chair, Office of the State Treasurer Designee
- Kevin Walton, Sr., Governor's Appointee
- Kelli Vallieres, Ph.D., Governor's Appointee
- Subira Gordon, Speaker of the House Appointee
- Michael A. Jefferson, Esq., Senate President Appointee
- Edwin Shirley, Senate Majority Leader Appointee
- Corrie Betts, House Minority Leader Appointee
- Avery Gaddis, Senate Minority Leader Appointee
- Ojala Naeem, House Majority Leader Appointee
- Andrea K. Hawkins, Office of the Governor Appointee
- Fanita Borges, Office of the Governor Appointee
- Melvin Medina, Black and Puerto Rican Caucus Chair Appointee
- Kyle Abercrombie, Department of Economic and Community Development Designee
- Daniel Karpowitz, Office of Policy and Management Designee
- Shirley Skyers-Thomas, Department of Consumer Protection Designee

The Council also has a staff of six overseen by an Executive Director.

EXECUTIVE SUMMARY

In May of this year, my office began conducting an examination of the operations and records of the Social Equity Council (Council) pursuant to a request from the Office of the Governor. The purpose of this examination was to investigate concerns expressed by legislators and social equity applicants about the financial management and decision-making processes of the Council.

Over the last four months, my office dedicated significant time and resources to this investigation. The primary focus of this examination covered activity occurring in, but not limited to, fiscal years 2023 and 2024, and various aspects of the Council's management and financial activity. During this examination, the Council produced – and my office reviewed – more than one thousand documents.

Additionally, we requested voluntary interviews with applicants and licensees who came before the Council. Between June and August, 58 of the 134 applicants/licensees submitted to interviews. A breakdown of the make-up of the application types interviewed is as follows:

License Type	Total Interviewed	Total Applications*	% of Total Interviewed
Cultivator/Micro-Cultivator	9	56	16%
Medical/Hybrid Retailer	20	29	69%
Retailer	24	28	86%
Delivery/Transportation	5	21	24%
Total	58	134	43%

**Count is of unique entities (a single entity may file multiple applications).*

These interviews revealed common and concerning issues with the license application process, and the Council's management of it, including:

- Lack of communication from the Council;
- Unclear or contradicting guidance provided by Council staff;
- Frequent changes to the social equity plan criteria without sufficient notice;
- Delays in the review process, resulting in additional costs to applicants; and
- Lack of transparency and ambiguity in the evaluation process, leaving requirements open to interpretation and subjectivity by Council staff.

Several of the applicants indicated that the Council took advantage of the ambiguity, describing instances where Council staff stated that donation amounts were not enough, strongly suggested that applicants work with churches, denied plans because Council staff didn't agree with what the Disproportionately Impacted Area (DIA) community was asking for, and showed preference towards helping or working solely with black and brown individuals rather than including other communities also impacted by the war on drugs in general.

My office also interviewed Council members and staff during the examination. These interviews disclosed a stressed relationship between Council members and the staff, confusion, lack of guidance, and a sense of uncertainty and dysfunction among Council staff. We also noted a lack of formal policies and procedures as well as a formal strategic plan. Overall, these issues seemed to be creating an unhealthy work environment within the Council.

Furthermore, my office interviewed the grant makers who took part in the Council's pilot program disbursing funds into DIAs. The overall feeling in these discussions was that the Council could have communicated more with the grant makers. Additionally, there were several indications that the Council made changes to reporting requirements with little notification, creating additional burdens for grantors and grantees because of the short notice of the changes.

While reviewing the financial activity of the Council, my office found two instances where the Council was unable to provide us with all bid documentation and evaluations for community outreach service contracts totaling \$90,575. We were unable to determine whether evaluations of all bids were performed, or that the vendors selected were based on those evaluations.

My office also found issues with the administration of the Canna-Business Revolving Loan Program, which was set up as a financial resource for social equity applicants. Council staff performed initial reviews of the 19 applications submitted, with an aggregate requested amount of \$8,550,000, between 16 days and nine months after the applications were received. For the three applicants that received final approval, as of August 1, 2024, between six and eight months have passed since receiving approval and funds have still not been disbursed.

While we found no evidence of criminal wrongdoing that warranted a referral to law enforcement during our examination, it is important to note that the Office of the State Comptroller does not possess subpoena power. All documents described throughout were given on a voluntary basis and all interviews were conducted on a voluntary basis. Most of the interviewees confirmed that Council staff communicated with them via telephone, rather than in writing. We did not have access to those records during this examination.

In his letter to me requesting this examination, the Governor asked my office to perform a comprehensive review of the Council focused on their governance practices, decision-making processes, financial management, program effectiveness, criteria used in awarding grants and contracts, stakeholder engagement, and adherence to relevant statutes and regulations.

In summary, my office found numerous and consistent examples of concerning practices in each of those areas since the Council's inception.

RECOMMENDATIONS

Legislative Recommendations:

Based on our review of the Social Equity Council's financial management, application process and operations, we recommend that Chapter 420h of the Connecticut General Statutes be revised to address the following shortfalls:

- 1. Eliminate subjectivity and establish objective and clear criteria and consistent procedures to evaluate applicants.**
 - a. Statutorily define a finite list of equity goals (e.g. homelessness, re-entry) based on the existing definition of equity in the SEC statute that applicants may target for their equity program requirements to eliminate ambiguity.
 - b. Eliminate donation amounts from the application rubric for social equity plans.
 - c. Define eligibility requirements for community organizations to guide applicants toward potential recipients and partners approved by the Council.
- 2. Strengthen internal controls.** In consultation with the Comptroller's Office, the Council (and all quasi-public agencies) should develop a written policy concerning proper internal controls and financial management integrity. Such policy shall include: (i) the establishment of responsibility for maintaining effective internal controls, (ii) tools and timelines the Council will use to evaluate its internal control structure, and (iii) a mechanism for improving internal control deficiencies. Furthermore, Council members should be required to complete regular, comprehensive training on financial and grantmaking best practices.
- 3. Require annual ethics training for council members and staff & establish an ethics code.** In consultation with the Office of State Ethics, statutorily require that Council members receive targeted ethics training with a focus on DIA and the cannabis industry. Require the development of an ethical code of conduct for Council members and staff. Prohibit council and staff members from being financially associated with any businesses or actively engaging with applicants during application phase to prevent steering funds and programs where conflicts may exist.
- 4. Drafting a strategic plan.** No later than July 1, 2025, the Social Equity Council shall draft a strategic plan that provides a vision for the Council, licensees, other stakeholders, and the general public. The plan should identify actionable and measurable outcomes potentially achieved from the Council's activity and develop benchmarks or other such targets that the Council and regulatory agencies can use to evaluate program effectiveness and community impact. Require the report be delivered to the legislative committees of cognizance by July 1, 2025.
- 5. Statutorily define how the Council shall use appropriated funds.** The February 2023 UCONN IMRP Report required by PA 21-1 concluded that community reinvestment funds should be informed by community and stakeholder engagement and should strive for community change rather than commercial growth. The legislature should statutorily specify what forms of reinvestment are eligible for reinvestment and create standards by which the SEC solicits community feedback to drive DIA reinvestment.
- 6. Create a review timeframe for the Canna-business Revolving Loan Program.** Establish a sixty-day review deadline between submission and approval or denial of application for funds.

Organizational Recommendations:

Based on our review of the Social Equity Council's financial management, application process, and operations, we recommend that the Council implement the following changes to its business process to address the shortfalls noted in our examination:

1. The Social Equity Council needs to increase transparency and remove ambiguity in its review processes by formalizing the process as well as providing sufficient training and guidance to staff to ensure uniformity in the decision-making process of the reviews. The Council must also put proper oversight in place to ensure subjectivity is eliminated and develop a monitoring process that requires the review process and all related documentation to be stored and tracked in a central repository.
2. The Social Equity Council needs to address its working environment by increasing communication throughout the organization, ensuring that staff and council members know their roles, setting clear expectations that are consistent across the organization, and ensuring that the core values and purpose of the Council are understood by both staff and council members. Developing and implementing a strategic management plan will help the Council with this process. Different than a strategic plan, a strategic management plan is a dynamic process that includes the creation, implementation, and continuous improvement of the management process. It is an action-oriented process that focuses on achieving results.
3. The Social Equity Council needs to retain all supporting documentation related to the contracting process to support its compliance with the purchasing and contracting requirements set forth in the Connecticut General Statutes.
4. The Social Equity Council needs to increase its communication with external stakeholders to reduce confusion, increase awareness of the services and benefits offered by the Council, and obtain feedback to improve its processes and programs.

SUMMARY OF PROCEDURES AND FINDINGS

Financial Management and Governance

Revenues

During our examination, we identified revenues related to the Council totaling \$5,836,419 from fiscal year 2022 through 2024, with \$5,635,875 related to fiscal year 2024. We performed an analysis of these revenues from the Council's inception through June of 2024, looking for irregularities and areas of higher risk to focus on. The results of our analysis were in-line with expectations.

The Council also received \$6,000,000 in funds during fiscal year 2023 for community reinvestment. These funds were distributed as part of its pilot program, which we reviewed during our examination of the grant awarding process. Details of the procedures performed and related findings are contained in later sections of this report.

Expenditures

The Social Equity Council processed non-payroll expenditures, excluding grants, totaling \$2,588,861 from fiscal year 2022 through 2024. We reviewed 19 of those expenditures, totaling \$766,176. Our review of these transactions focused on compliance with relevant state regulations, proper approval, maintenance of sufficient support, and that expenditures were for appropriate business purposes. No exceptions were identified during this review.

In addition, 10 of the expenditure transactions we tested related to five contracts entered into by the Council during the same time period with a total maximum value of \$2,668,373. We performed additional testing on those five contracts to ensure the Council complied with the various state regulations over contracting. Our testing found two instances where the Council was unable to provide us with all bid documentation and evaluations for community outreach service contracts, totaling \$90,575. Without such documentation, we were unable to determine whether evaluations of all bids submitted for these services were performed or that the vendors selected were based on those evaluations. In effect, we were unable to determine whether the Council fully complied with the contracting requirements set forth in the Connecticut General Statutes.

Strategic Plan

The Social Equity Council was established in state legislation effective on July 1, 2021. The purpose of and duties charged to the Council are outlined in the legislation, but it is good business practice to have a formal strategic plan in place. A strategic plan is considered crucial to an organization as it provides a clear roadmap for achieving long-term objectives, helps to prioritize efforts, and ensures that all stakeholders are working towards a common goal. Although the Council has started the process of creating a formal strategic plan, one was not in place as of August 1, 2024.

Formal Policies and Procedures

Upon the start of our examination, we had requested the Council's formal policies and procedures with respect to its operations and how its employees were to process transactions. We were not provided with those policies and procedures and were later informed through various interviews that formal policies and procedures did not exist. Not only is it good business practice to have formal policies and procedures in place for operations, but it is a key internal control that ensures business processes are being performed in a uniform manner.

Working Environment

Based on interactions and discussions with internal and external stakeholders, there appears to be a stressed relationships between Social Equity Council members and staff, as well as a general feeling of confusion and lack of guidance. There is also a sense of uncertainty, dysfunction and stress among Council staff. These issues seem to be creating an unhealthy work environment, which will eventually lead to increased turn-over and difficulties attracting and retaining talented staff. The Social Equity Council must ensure that communication is clear throughout the organization, ensure that staff and council members know their roles, set clear expectations that are consistent across the organization, and ensure that the core values and purpose of the Council are understood by both staff and council members.

Awarding Licenses, Grants, and Loans

License Application Review

Public Act 21-1 charged the Social Equity Council with, among other tasks, establishing criteria for a social equity plan for any cannabis establishment licensed on or after January 1, 2022, to further the principles of equity. The same regulations dictate that, as part of receiving a final license, applicants must receive approval on their social equity plans by the Council. At the time of our examination, we identified 134 applications, excluding lottery submissions, within the categories of cultivator/micro-cultivator, medical/hybrid retailer, retailer, transportation, and delivery licenses. Of those 134 applications, 35 had received final approval.

As part of our examination, we interviewed several applicants that had submitted 58 of the 134 applications identified in our pool (43%), which contained 27 of the 35 applications (77%) that had received final approval. The results of these interviews revealed a common theme in the application process for licensing. There was significant confusion and complications surrounding the social equity plan piece of the licensing process. Common issues noted during this process appeared to be lack of guidance provided by the Council in relation to requirements/criteria of the plans, as well as a lack of communication from the Council in general. When the Council did respond to questions or provide guidance, applicants felt that the information was unclear or contradicted guidance previously provided. Additionally, applicants felt that the Council's criteria for the plans would change often and without sufficient notice or explanation, resulting in additional work and delays in the licensing process.

Regarding the requirements/criteria themselves, applicants felt that there was a lot of ambiguity, leaving things open to interpretation and subjectivity, which many felt the Council took advantage of. Some of the more reoccurring examples include:

- Insinuating or stating that donation amounts listed on applications were not enough and that the application had to be resubmitted with larger amounts;
- Strongly suggesting that applicants work with religious organizations, specifically churches; and
- Showing a preference towards or stating that the program wanted to focus on black and brown individuals, rather than including additional communities also impacted by the war on drugs in general.

However, we noted that the applicants did not always follow the Council's suggestions and were still able to get their plans approved despite some pushback from the Council. Furthermore, based on our discussions and information available, there were no specific suggestions made as far as amounts to donate or persons/organizations to donate to or work with.

Many of the applicants also had an issue with the criteria used to determine who they were allowed to partner with or donate funds to. Like other criteria, they felt this area was vague and subjective. What made this worse was that organizations were already reluctant to accept donations

derived from the sale of cannabis because of the stigma associated with it. The applicants would spend a significant amount of time finding organizations willing to work with them and building relationships only to have their plans denied because the Council did not approve of the organization. Many of the applicants felt that the Council would only tell them who they could not work with, but not provide guidance on who they could.

Additionally, feedback from the communities on what they wanted from the applicants was not always accepted by the Council. Several of the applicants noted that they developed parts of their social equity plans based on feedback from the DIA community they were going to be located in or close to. However, even though it was what the community wanted, if the Council didn't like the service to be performed or paid for, it would deny the plan. Many of the applicants felt that this was confusing because it was what the DIA community wanted yet still was not good enough to get approved by the Council.

There seemed to be similar issues with the social equity plan review process as well. In addition to the lack of communication between the Council and the applicants, there appeared to be a lack of communication between staff. Many of the applicants we spoke with indicated that they would be told different information depending on who they spoke with at the Council, making it difficult to put a plan together that would get approved. In addition, many of the applicants felt that this process lacked transparency and consistency, as a social equity plan could get approved for one location but then denied in another with no explanation provided, even though the plan was the same.

Moreover, while obtaining an understanding of the Council's review process and gathering documentation, we noted that the Council did not seem to have a formal application review process in place where all documentation and reviews are stored in a central location. Instead, documentation is stored on various staff computers and emails outside of a network drive. In addition, when communication did occur with applicants to discuss issues or make suggestions related to the social equity plans submitted, the communication was always verbal and not formally documented in writing. This increases the risk of documents going missing, loss of electronic data, security threats, and inconsistencies in guidance provided, as well as the review process in general. Some of these issues have already started to occur, as a couple of the applicants we interviewed indicated that they had to resubmit their applications because the Council had lost them.

A culmination of the issues noted above was a driving factor for the delays in the review process, which many of the applicants mentioned in our interviews. While waiting for the review process to be completed and licenses to be approved, many of the applicants were already paying employee salaries and other costs associated with running their business but were unable to open and earn revenue because they did not have their approved licenses. In some cases, we were told that the costs incurred by the applicants was significant, and in one case, an applicant stated that they almost lost their business because the cost was too much to bear without revenue coming in. Although this issue seems to have been addressed with recent legislation requiring a review to be performed within 30 days of receipt, the Council should continue to work on its processes to ensure that it complies with this timeline.

Grant Awarding

One of the Social Equity Council's responsibilities is to ensure that the state's adult-use cannabis program is grown equitably and that funds from the program are reinvested in the communities hardest hit by the "war on drugs." The Council created a pilot reinvestment program where it solicited applications from third-party grant managers to administer reinvestment funds derived from the state's adult-use cannabis industry. The result of this program was the even distribution of \$6,000,000 to six third-party grant makers who would distribute the funds within the DIA they

were located in. All funds were to be used for reentry/reintegration programs, youth education, recreation, and arts. Additionally, community grant awardees were required to spend all funds by June 30, 2024, and submit quarterly reports to the grant manager on spending, progress, and outcomes. The grant makers were then required to submit an annual report to the Council summarizing this information for the year.

As part of our examination, we reviewed all six of the Council's third-party grant maker selections to determine if the selection process in place for the pilot program was followed, the selections appeared reasonable, agreements were entered into prior to the disbursement of funds, and the process was sufficiently documented. We did not identify any exceptions during our review.

In addition, we interviewed four of the six third-party grant makers to gain a sense of how well the pilot program worked from the grant makers' perspective. The consensus was that this was a valuable program that will go a long way in helping those impacted by the war on drugs. However, our discussions identified a few opportunities for improvement. One topic that came up consistently was communication between the Council and the grant makers. There appeared to be an overall feeling that the Council should have communicated more with the grant makers and made more of an effort to get feedback from them to help improve the program going forward. Another topic that came up was creating templates and standardizing the reporting requirements, as these seemed to change without prior notification and sometimes after initial requests for information had been made to the grant awardee, resulting in additional work and time spent gathering information that was not initially required. Finally, there was a sense that the Council should focus more on what is needed in each community rather than focusing on certain services for all DIAs. The feeling was that this would help disburse the money in a timelier manner, as organizations that are receiving federal funds, or considering applying for federal funds, typically would not be interested in funds from this program because it would likely have a negative impact on the federal funding of that entity.

We also obtained and reviewed a draft of the annual report to the Council on the impact of the pilot program. While the draft report indicates that, although rushed, the program achieved much success in the six DIAs, it also notes that extensions were granted to some of the grantees because they were unable to disburse all funds as of August 2024, roughly two months past the original deadline.

Canna-Business Revolving Loan (CBRLF) Program

Public Act 21-1 authorized up to \$50 million in general obligation bonds for the Department of Economic and Community Development and the Social Equity Council to jointly use for 1) low-interest loans to social equity applicants, municipalities, or nonprofits to rehabilitate, renovate, or develop unused or underused real property for use as a cannabis establishment; 2) capital to social equity applicants seeking to start or maintain a cannabis establishment; 3) development funds or ongoing CBRLF for the cannabis business accelerator program; and 4) development funds or ongoing expenses for the workforce training programs developed by the Social Equity Council.

We reviewed the CBRLF log as of August 2024 and noted that it contained 19 applicants with an aggregate requested amount of \$8,550,000. These applications were submitted between November 2023 and July 2024, requesting amounts between \$200,000 and \$500,000. Of the applications submitted, 10 had gone through a financial review, which occurred between 16 days and nine months after submission. Of the 10, three passed the financial review, while the other applications were put on hold with additional information needed. As of August 1, 2024, between six and eight months after receiving financial review approval, none of the three applicants has received funding.

In reviewing the guidance and FAQs in relation to the CBRLF posted on the Council's website, there is no specific timeline given for the review process. Instead, the information indicates that the Council's decisions will be issued "within a reasonable time." Based on the information in the log we reviewed, initial reviews for eight of the 10 occurred between two and nine months after the applications were received, with only two occurring within a month. For the three applications that passed the financial review, roughly nine months have passed since their applications were initially submitted. The length of time between when applications are being submitted and when they are reviewed and receiving final approval appear to be much longer than "within a reasonable time."

In addition, we noted that the log used to track the applications lacked various details that would help a user or reviewer determine exactly what was outstanding for the different applications. For example, if an application was on hold an explanatory note would be added that additional documentation is required. However, it does not indicate what that documentation is, which would make it difficult to look at that log and determine what is needed to complete the process. These general notes were identified in all review stages of the log.

Program Effectiveness

The establishment of the Social Equity Council was a critical step in the state's commitment to ensuring equal opportunities and addressing disparities in our communities, particularly those hit hardest by the war on drugs. The Council's role is vital in providing support to social equity applicants, developing grant programs, offering training and technical assistance, and engaging with communities.

As with any new organization, there is an expectation of growing pains. This is true for the Council and is evidenced in the preceding sections of this report. The Council has been able to initiate and put in place many of the tasks and programs it has been charged with; however, there were several opportunities identified to help improve business processes and strengthen internal controls. The Social Equity Council should learn from the findings noted in this report and implement the recommendations made to improve its business processes and program effectiveness.

CONCLUSION

The Social Equity Council has been given the difficult task of navigating the fledgling cannabis industry and its potentially transformative impact on Connecticut's underserved communities. While the Council has initiated the various programs and grants it oversees in a relatively short amount of time, our review has revealed significant deficiencies in its business processes, application guidelines, and work culture. Discovering these shortcomings provides an opportunity to improve the Council's business practices and strengthen internal controls to ensure that stakeholders and the public continue to trust the significant authority and resources it has been given.

With the recent appointment of a new Executive Director and changes to Council membership, the Social Equity Council should take this opportunity to make the improvements laid out in this report to set itself, and the industry, up for future success. My office is committed to supporting the Council in implementing these recommendations.

Further, the legislature should act in a potential upcoming special session or in the next regular session to update the original cannabis legislation statutes as recommended within this report.

The Comptroller's Office would like to express our appreciation and thanks to the license applicants, grant makers, Social Equity Council members and staff for their cooperation, time, and help during this examination.

Any questions in relation to the information contained in this report can be directed to my office.