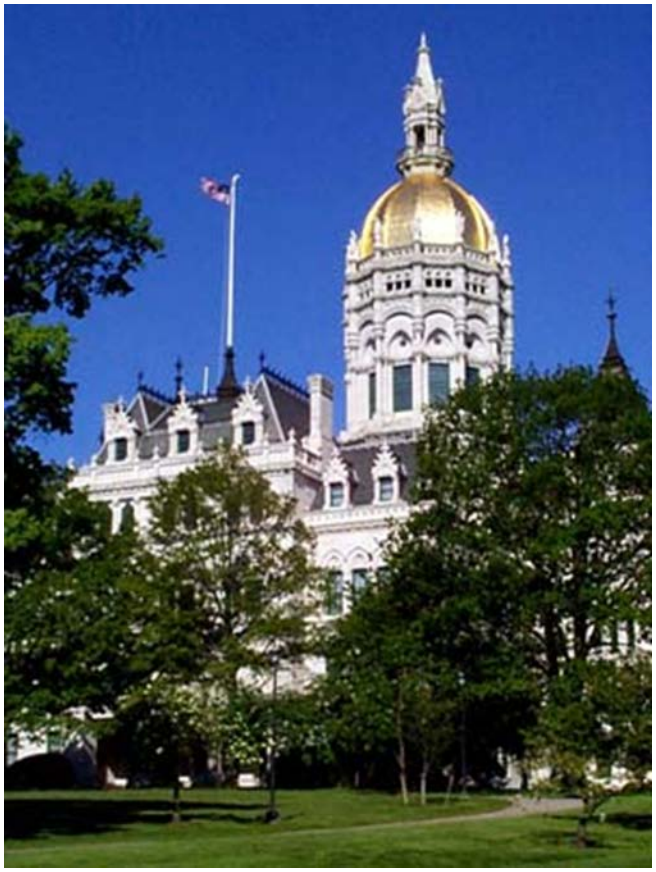
STATE OF CONNECTICUT



AUDITORS' REPORT
DEPARTMENT OF DEVELOPMENTAL SERVICES

FISCAL YEARS ENDED
JUNE 30, 2014, 2015, AND 2016

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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STATE OF CONNECTICUT

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November 15, 2018

AUDITORS' REPORT
DEPARTMENT OF DEVELOPMENTAL SERVICES
FOR THE FISCAL YEARS ENDED JUNE 30, 2014, 2015, and 2016

We have audited certain operations of the Department of Developmental Services (DDS) in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2014, 2015 and 2016. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions;

2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;

2. Apparent noncompliance with legal provisions; and

3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Department of Developmental Services.

COMMENTS

FOREWORD

The Department of Developmental Services (DDS) operates, generally, under Title 17a, Chapter 319b of the Connecticut General Statutes. The department is responsible for the planning, development, and administration of a complete, comprehensive, and integrated statewide program for persons with developmental disabilities. The department is under the supervision of a commissioner, who is appointed by the Governor. The department is responsible for the administration and operation of all state-operated community and residential facilities established for the diagnostic care and training for persons with developmental disabilities. The department provides an array of residential, day service, and family support programs. These programs may be provided directly by the regions, the Southbury Training School (STS), or through contracts with private provider organizations. In addition, certain consumers of the department self-direct the providers for the support services they need. Under this program, called Individual Supports, consumers have authority and responsibility for the funds they receive from the department. If their budget is over $5,000, consumers are required to use a fiscal intermediary. A fiscal intermediary is a private organization, under contract with the department, which provides administrative and fiscal assistance to consumers, such as completing employment forms, paying staff, ensuring tax compliance, paying vendors, and preparing year-end reports.

Organizational Structure

DDS is organized into 3 geographical regions and is administered out of the central office in Hartford. Each region is managed by a regional director, and Southbury Training School is managed by a director. Within each region, there are also assistant regional directors overseeing individual and family support, and public and private community living arrangements (CLA). The 3 geographical regions and their headquarters are as follows:

- **North Region:**

  The North Region provides support and services to individuals and their families in 57 towns and cities in the Hartford, Tolland, and Windham counties. The regional office is located in East Hartford and there are 3 satellite offices located in Newington, Putnam, and Willimantic.

- **South Region:**

  The South Region provides support and services to individuals and their families in 63 towns and cities in the New Haven, Middlesex, and New London counties. The regional office is located in Wallingford and there are 2 satellite offices located in Norwich and New Haven.

- **West Region:**

  The West Region provides support and services to individuals and their families in 49 towns and cities in Litchfield, Fairfield, and New Haven counties. The regional office is located in Waterbury and there are 5 satellite offices in Cheshire, Stratford, Torrington, Norwalk, and Danbury. There are also 4 residential campuses, including Northwest Center in Torrington, Ella Grasso Center in Stratford, Lower Fairfield Center in Norwalk, and Southbury Training School in Southbury.

Terrence W. Macy, Ph.D., was appointed commissioner in April 2011 and served in that capacity until February 2015. Morna Murray was appointed commissioner on February 9, 2015 and served in that capacity until she resigned on January 19, 2017. Jordan Scheff, former deputy commissioner, was appointed as acting commissioner on January 20, 2017 and as commissioner on April 21, 2017 and continues to serve in that capacity.

As of June 30, 2016, there were 2,598 full-time and 730 part-time filled General Fund positions and 14 filled federally funded positions.

Consumer Census Statistics

A summary of consumer census statistics pertaining to the various services provided by the department for the 3 fiscal years covered by this audit follows:

	As of 6/30/14	As of 6/30/15	As of 6/30/16
Residential Supports:			
Consumers Living at Home	10,305	10,380	10,821
Consumers in Public Residential Settings	861	798	741
Consumers in Private Residential Settings	4,422	4,507	4,530
Consumers in Other Residential Settings	686	643	632
Total Consumers Receiving Residential Supports	**16,274**	**16,328**	**16,724**
Work and Day Supports:			
Consumers Receiving Public Work and Day Supports	368	314	287
Consumers Receiving Private Work and Day Supports	13,395	13,492	13,669
Consumers Self-Directing Work and Day Supports	343	408	442
Total Consumers Receiving Work and Day Supports	**14,106**	**14,214**	**14,398**
Total Consumers Utilizing Respite Centers	**2,124**	**1,768**	**2,005**
Total Individuals on Waiting and Planning Lists	**2,331**	**2,102**	**2,089**

During the audited period, the number of consumers in public residential settings and programs declined, while the number of consumers in private residential settings and programs increased. Additionally, the number of consumers receiving services while living at home increased during the audited period. The shift in consumer census statistics is representative of the department's efforts to serve more consumers by private providers and offer more services to consumers in their home.

Per Capita Costs

Under the provisions of Section 17b-223 of the General Statutes, the State Comptroller is required to determine the per capita costs for the care of all persons in state institutions annually. Costs for the in-residence population for the audited period are summarized below:

Fiscal Year Ended June 30, 2014

	Inpatient Daily	Inpatient Annual	Group Home Daily	Group Home Annual
North Region	$1,457	$531,805	$933	$340,545
South Region	$2,390	$872,350	$1,031	$376,315
West Region	$1,047	$382,155	$1,162	$424,130
Southbury Training School	$1,109	$404,785	N/A	N/A

Fiscal Year Ended June 30, 2015

	Inpatient Daily	Inpatient Annual	Group Home Daily	Group Home Annual
North Region	$1,669	$609,185	$1,107	$404,055
South Region	$3,062	$1,117,630	$1,160	$423,400
West Region	$1,036	$378,140	$1,081	$394,565
Southbury Training School	$1,323	$482,895	N/A	N/A

Fiscal Year Ended June 30, 2016

	Inpatient Daily	Inpatient Annual	Group Home Daily	Group Home Annual
North Region	$2,006	$732,190	$1,068	$389,820
South Region	$3,714	$1,355,610	$1,256	$458,440
West Region	$1,247	$455,155	$1,710	$624,150
Southbury Training School	$1,116	$407,340	N/A	N/A

Significant Legislation

Public Act 14-143, effective October 1, 2014, made several changes to the Council on Developmental Services, Autism Spectrum Disorder (ASD) Advisory Council, and advisory and planning councils for state developmental services regions. It increases the membership of the Council on Developmental Services from 13 to 15. The first new member, appointed by the house majority leader, is a person with autism spectrum disorder who is a current or past recipient of services from the DDS Division of Autism Spectrum Disorder Services and the second new member is appointed by the senate majority leader. Prior law required 4 council members to be parents or guardians of individuals with an intellectual disability. The act allows other relatives, not just parents or guardians, to serve as members. The act also changes the schedule of council meetings from every other month to 6 times per year.

Public Act 15-5, Sections 259 through 261, of the June Special Session of the General Assembly, effective July 1, 2015, made the Office of Early Childhood (OEC), rather than DDS, the lead agency for the Birth-to-Three Program, which provides early intervention services to families with infants and toddlers who have developmental delays or disabilities. DDS remains a participating agency for the program.

Public Act 16-3, Sections 47 through 59, of the May Special Session of the General Assembly, effective July 1, 2016, made the Department of Social Services (DSS), rather than DDS, the lead agency for (1) coordinating functions of state agencies responsible for ASD services and (2) purposes of applying for funding associated with ASD responsibilities under federal law. The law also moves the Division of ASD Services from DDS to DSS, but the DDS commissioner retains the authority to investigate reports alleging abuse or neglect of an individual receiving division services. The division provides statewide services to individuals with an ASD diagnosis who do not have a concurring diagnosis of an intellectual disability.

Boards, Committees, and Councils

Southbury Training School Board of Trustees:

Section 17a-271 of the General Statutes established the Southbury Training School Board of Trustees. The board consists of 7 members appointed by the governor to 4-year terms. The board shall advise the director of Southbury Training School (STS) on general policies concerning its operation and administration, shall conduct annual inspections, and may recommend matters to the Council on Developmental Services, as it deems necessary. As of June 30, 2016, the board consisted of the following members:

Mark A. R. Cooper	Diana Mennone
Ann Dougherty	Louis Richards
Eileen Lemay	2 vacancies

Council on Developmental Services:

The Council on Developmental Services operates under the general provisions of Section 17a-270 of the General Statutes. The council consists of 15 appointed members; 8 appointed by the governor to 2-year terms, 6 appointed by legislative leaders to 2-year terms, and 1 member appointed by the Board of Trustees for STS to a 1-year term. The council was established to advise and consult with Connecticut residents with intellectual disabilities and their families on issues affecting DDS and its programs and services. In consultation with the commissioner, the council recommends legislation to the governor and the Connecticut General Assembly that would enhance and improve the quality of DDS programs and services. The council, with input from the public, advocates for all persons with developmental and intellectual disabilities in Connecticut. As of June 30, 2016, the following individuals were members of the council:

Adrienne Benjamin, Chair	Diana Mennone
Lisa Weisinger-Roland, Vice Chair	Patti Silva
Jennifer Carroll	Neil D. Stein, M.D.
John Frost	Deborah Ullman
David Hadden	Patrick Vingo
Jamie Lazaroff	Kevin Zingler
Frederick Lenz, Jr.	2 vacancies

Autism Spectrum Disorder Advisory Council:

Section 17a-215d of the General Statutes established the Autism Advisory Council, which is now the Autism Spectrum Disorders Advisory Council. The council consists of 24 members and advises the commissioner concerning policies and programs for persons with ASD, DDS services, and implementation of the recommendations resulting from the autism feasibility study. The council may recommend policy and program changes to the commissioner to improve support services for persons with ASD. As of June 30, 2016, the following were members of the advisory council:

Catherine Abercrombie	John Molteni
Wendy Campbell	Yana Razumnaya
Judy Dowd	Lynn Ricci
Marcia Eckerd	Nikki Richer
Ruth Eren	Isabelina Rodriguez
Ann Gionet	Lois Rosenwald
Bill Halsey	Carole Ryan-Hanlon
Zachary Laudano	Jordan Scheff
Beth Leslie	Robert Shea
Jim Loomis	Doriana Vicedomini
Sara Lourie	2 vacancies
Kathy Marchione	

We note that Public Act 16-3 transferred oversight of the council to DSS effective, July 1, 2016.

Connecticut Family Support Council:

Section 17a-219c of the General Statutes established the Family Support Council. The council consists of 27 members and assists DDS and other state agencies that administer or fund family support services to establish a comprehensive, coordinated system of family support services. As of June 30, 2016, the council consisted of the following members:

Annika Burney	Linda Mizzi
Laurie Cantwell	Allison Quirion
April Dipollina	Isabelina Rodriguez
Sylvia Gafford-Alexander	Jody Santoro
Ann Gionet	Lisa Sheppard
Mark Greenstein	Renee Toper
Steven Hernandez	Mona Tremblay
Sara Lourie	Robin Wood
	11 vacancies

Regional Advisory and Planning Councils:

Section 17a-273 of the General Statutes established the advisory and planning council for each DDS state developmental region. Each regional council shall consist of at least 10 appointed members who serve 3-year terms. The regional councils consult and advise each regional director on the needs of persons with developmental disabilities, the annual plan and budget of the region, and other matters it deems appropriate. As of June 30, 2016, the following were members of the councils:

North Region:

Nancy Bilyak
Donna Clauson
Joe Duffy
Collette Lagner
Richard Rothstein
Annette Scully
Tammy Selinger
Andrew Selinger
2 vacancies

South Region:

David Cassano
Carol Cooney
Jeff DePina
Heidi Earle
Susan Gardner
Brittney Gudeahn
Steve Harney
Lauralyn Lewis
Kathleen Stauffer
1 vacancy

West Region:

Chuck Bergamo
Trish Butler
Lori Chiappiniello
Marina Derman
Mickey Herbst
Alison Jacobson
Gil Kellersman
Cynthia Mancini
Laurette Shrage
Karen Simon
Cindy Stamandinoli
Arlene Steinfeld

State Interagency Birth-to-Three Coordinating Council:

Section 17a-248b of the General Statutes established the State Interagency Birth-to-Three Coordinating Council. The council consists of 24 members who are appointed by the governor to 3-year terms. The purpose of the council is to assist the lead department (DDS) in the effective performance of the lead agency's responsibilities, including identifying the sources of fiscal support for early intervention services and programs, assignment of financial responsibility to the appropriate agency, promotion of interagency agreements, preparing applications and amendments required by federal law, and advising and assisting the DDS commissioner and other participating agencies on various issues. As of June 30, 2015, the following were members of the council:

Elaine Balsley
Mary Beth Bruder
Ann Gionet
Anne Giordano
Dr. Mark Greenstein
Corrine Griffin
Lynn Johnson
Erin Lamb
Sharri Lungarini
Ginny Mahoney
Jennifer Miner
Kim Nilson
Carol Peltier
Lorna Quiros-Dilan
John Reily
Maria Synodi
Louis Tallarita
Elisabeth Teller
Alice Torres
Myra Watnick
Dr. Carol Weitzman
3 vacancies

We note that Public Act 15-5 of the June Special Session changed the lead agency from DDS to the Office of Early Childhood, effective July 1, 2015.

Camp Harkness Advisory Committee:

Section 17a-217a of the General Statutes established the Camp Harkness Advisory Committee. The committee consists of 12 appointed members who shall advise the commissioner with respect to the health and safety of persons who attend and utilize the facilities at Camp Harkness. The committee promotes communication regarding camp services and develops recommendations for the commissioner regarding the use of Camp Harkness. As of June 30, 2016, the committee consisted of the following members:

Shannon Aiello	Mary Ann Langdon
Thomas Daily	Jackson Pierre-Louis
Betsy Danforth	Ronald Rasi
April Dipollina	Victoria Severin
Virginia Hogan	Daniel Steward
Beverly Jackson	Stan Stoby

Connecticut Council on Developmental Disabilities:

The mission of the Connecticut Council on Developmental Disabilities is to promote the full inclusion of people with disabilities in community life. The council is 100% federally funded and is assigned to DDS for administrative purposes. The council uses approximately 70% of its funds for grants to various non-profit organizations for projects and studies that support its mission. The remainder of the council's funds is used for salaries and fringe benefits of a director, 2 staff members, and additional expenses. DDS provides the council office space at the DDS central office as an in-kind contribution.

While the council is mandated by the federal Developmental Disabilities Act of 2000 and has existed in Connecticut since 1971, it had not been officially established by executive order or state statute until July 2012, when Governor Malloy's Executive Order No. 19 formally established the Connecticut Council on Developmental Services as the successor to the Council on Developmental Services. The council consists of 24 members who are appointed by the Governor to 3-year terms.

As of June 30, 2016, the following were members of the Connecticut Council on Developmental Disabilities:

Chris Blake	Margaret McDermott
April Burke	Megan O'Neill
Michelle Chase	Tony Orriola
John Curtin	Patricia Richardson
Michelle Duprey	Isabellina Rodriguez
Ann Gionet	Jim Rosen
Gerri Hanna	Brenda Stenglein

Jackie Jamison	Ada Suarez
Michelle Johnson	Kathy Wolkner
Alicia Kucharczyk	Robin Wood
Joyce Lewis	2 vacancies
Shelagh McClure	

RÉSUMÉ OF OPERATIONS

General Fund

General Fund Receipts:

The department's General Fund receipts for the audited period, as compared to the period ended June 30, 2013, are summarized below:

	2012-2013	2013-2014	2014-2015	2015-2016
Refunds of Expenditures	$5,984,486	$143,412	$141,791	$258,508
Refunds of Salaries	33,018	9,235	21,593	53,149
Recoveries – General	7,873	279	707	1,345
Cottages or Residences	60,174	43,262	35,410	29,012
Facilities Licensure	17,350	17,600	17,800	22,450
Farms, Land and Buildings	17,074	11,604	12,603	12,603
All Other	11,331	3,747	14,979	9,660
Total Receipts	**$6,131,306**	**$229,139**	**$244,883**	**$386,727**

The large decrease in the refund of expenditures category from the 2012-2013 fiscal year to the 2013-2014 fiscal year was the result of a $5,795,594 refund from the Department of Revenue Services due to the recalculation of the immediate care facilities user fee.

General Fund Expenditures:

The department's General Fund expenditures for the audited period, as compared to the period ended June 30, 2013, are summarized below:

	2012-2013	2013-2014	2014-2015	2015-2016
Personal Services and Employee Benefits:				
Salaries and Wages	$242,783,269	$240,670,122	$250,080,143	$243,030,777
Workers' Compensation	15,866,912	15,317,509	15,099,162	14,659,718
All Other	679,450	648,202	743,137	742,110
Total Personal Services and Employee Benefits	259,329,631	256,635,833	265,922,442	258,432,605
Purchased and Contracted Services:				
Professional, Scientific and Technical Services	6,979,918	6,153,171	6,345,182	7,266,498
Consumer Services	706,832,795	750,711,348	779,420,068	765,165,889
Premises and Property Expenses	9,130,342	9,083,655	8,172,105	7,024,160
Purchased Commodities	6,652,548	6,935,263	5,959,932	5,297,072
Motor Vehicle Costs	3,424,385	3,305,988	2,961,528	3,040,435

Fixed Charges	9,083,479	9,449,912	9,326,692	8,818,178
All Other	4,298,769	3,725,184	4,051,175	4,183,892
OSC Adjusting Entries	-	8,596,531	15,428,249	-
Total Purchased and Contracted Services	746,402,236	797,961,052	831,664,931	800,796,124
Total Expenditures	**$1,005,731,867**	**$1,054,596,885**	**$1,097,587,373**	**$1,059,228,729**

Personal services expenditures decreased gradually during the audited period, which is consistent with the decline in the number of General Fund positions. Full and part-time position counts totaled 3,720, 3,666, and 3,328, as of June 30, 2014, 2015, and 2016, respectively. Additionally, effective July 1, 2015, 7 positions attributed to the Birth-to-Three Program transferred to the Office of Early Childhood in accordance with Public Act 15-5.

Consumer services consist of payments to private providers for residential, employment, and day services provided to DDS consumers. The number of consumers living in private residential settings increased and the number residing in public settings decreased, due to the transition from and closure of state-owned group homes.

Premises and property expenses declined during the audited period due to the closing of state-owned group homes.

Federal and Other Restricted Accounts Fund

Federal and Other Restricted Accounts Fund Receipts:

The department's Federal and Other Restricted Accounts Fund receipts for the audited period, as compared to the period ended June 30, 2013, are summarized below:

	2012-2013	**2013-2014**	**2014-2015**	**2015-2016**
Federal Aid	$7,888,814	$5,556,444	$6,538,842	$772,296
Federal Grant Transfers	1,043,000	1,050,000	1,133,000	-
Non-Federal Aid	44,370	51,878	44,100	52,105
Non-Federal Grant Transfers	141,745	-	-	-
Restricted Aid, Non Grant Transfer	33,600	373,823	33,600	32,284
Total Receipts	**$9,151,529**	**$7,032,145**	**$7,749,542**	**$856,685**

DDS received federal aid for the Birth-to-Three Program and the Connecticut Council on Developmental Disabilities. The large decrease in federal funding from the 2014-2015 fiscal year to the 2015-2016 fiscal year was due to the enactment of Public Act 15-5, effective July 1, 2015, which transferred the Birth-to-Three Program to the Office of Childhood Education.

Connecticut Council on Developmental Disabilities revenue totaled $1,243,742, $822,120, and $772,296 for the fiscal years ended June 30, 2014, 2015, and 2016, respectively.

Federal and Other Restricted Accounts Fund Expenditures:

The department's Federal and Other Restricted Accounts Fund expenditures for the audited period, as compared to the period ended June 30, 2013, are summarized below:

	2012-2013	2013-2014	2014-2015	2015-2016
Personal Services and Employee Benefits:				
Salaries and Wages	$1,165,075	$915,845	$994,899	$246,627
Employee Benefits	681,806	671,532	721,281	172,781
All Other	34,167	17,578	17,280	11,839
Total Personal Services and Employee Benefits	1,881,048	1,604,955	1,733,460	431,247
Purchased and Contracted Services:				
Consumer Services	5,747,374	3,101,483	3,516,713	-
Professional, Scientific and Technical Services	157,546	236,252	313,041	6,897
Fixed Charges	250,147	376,670	381,845	374,639
All Other	261,568	575,408	484,090	226,851
Total Purchased and Contracted Services	6,416,635	4,4289,813	4,695,689	608,387
Total Expenditures	**$8,297,683**	**$5,894,768**	**$6,429,149**	**$1,039,634**

Federal fund expenditures consisted of operational costs for the Birth-to-Three Program and the Connecticut Council on Developmental Disabilities. The council provides grants for new initiatives in furthering their mission of promoting full inclusion for those with disabilities in the community.

Expenditures decreased proportionately during the audited period due to a decrease in federal funding. The large decrease from the 2014-2015 fiscal year to the 2015-2016 fiscal year was due to the transfer of the Birth-to-Three Program to the Office of Early Childhood, effective July 1, 2015.

Connecticut Council on Developmental Disabilities expenditures totaled $764,048, $862,275, and $785,641 for the fiscal years ended June 30, 2014, 2015, and 2016, respectively. Expenditures included funding to various community organizations to promote and support the council's mission. These initiatives included funding for training, emergency preparedness, employment opportunities, and projects for youth leadership and improving school climate for individuals with disabilities.

Capital Equipment Purchase Fund

Capital Equipment Purchase Fund expenditures totaled $1,316,281, $1,777,535, and $1,102,692 for the fiscal years ended June 30, 2014, 2015, and 2016, respectively. DDS purchased new controllable and capital equipment items for various DDS locations.

Capital Improvements

Capital improvement expenditures totaled $2,108,808, $1,820,685, and $3,332,001 for the fiscal years ended June 30, 2014, 2015, and 2016, respectively. During the audited period, DDS received bond funds for fire, safety, and environmental improvements to regional facilities.

State Aid Grants

State aid grants totaled $24,900 and $30,500 for the fiscal years ended June 30, 2014 and 2016, respectively. There were no grants-in-aid issued during the 2014-2015 fiscal year. Public Act 16-4 of the May Special Session, effective July 1, 2016, repealed sections 13 and 32 of Public Act 11-57 which provided grants-in-aid to private, nonprofit organizations for alterations and improvements to nonresidential facilities.

Community Residential Facility Revolving Loan Fund

The Community Residential Facility Revolving Loan Fund was established by Section 17a-221 of the General Statutes and allows DDS to make loans for the construction, purchase, or renovation of community-based residential facilities. The department can make these loans, at an interest rate of 6%, up to $350,000 for each loan. The department can also make loans up to $60,000 for the rehabilitation of community-based residential facilities.

As of June 30, 2016, the fund had an outstanding balance of $15,692,123 in loans for community residential facilities. New loans issued totaled $30,845, $1,222,787, and $1,932,913 for the fiscal years ended June 30, 2014, 2015, and 2016, respectively.

Receipts of the fund, consisting primarily of principal repayments and interest income on residential community loans, totaled $1,774,813, $1,913,181, and $1,859,987 for the fiscal years ended June 30, 2014, 2015, and 2016, respectively. The fund had a cash balance of $8,546,635 as of June 30, 2016.

Other Matters

Public Act 16-66, Section 49, abolished the Office of Protection and Advocacy for Persons with Disabilities (OPA). Section 50 of the public act transferred the OPA Abuse and Investigation Division (AID) to the Department of Rehabilitation Services (DORS), effective July 1, 2017 to constitute a successor department to OPA responsible for investigating allegations of abuse or neglect of individuals with intellectual disabilities. Former OPA investigators are to be part of DORS in accordance with the public act.

On March 17, 2017, the OPA investigators transferred to DDS in accordance with a memorandum of understanding (MOU) and confidentiality agreement outlining the arrangement and responsibilities of each unit prior to the July 1st transfer to DORS. A subsequent memorandum of agreement was signed on June 29, 2017 which renewed the arrangement to keep AID within DDS. Effective October 31, 2017, Public Act 17-2 of the June 2017 Special

Session, named DDS as the successor department to the OPA, with respect to investigations of allegations of abuse or neglect.

Trustee Accounts

In accordance with Section 4-52 of the General Statutes, the DDS trustee accounts derive revenue from vending machine commissions, consumer workshops, and fundraisers, which is to be used to benefit both DDS consumers and staff.

Consumer funds include any DDS account in which the revenue is derived from donations, gifts, or bequests restrictively designated for the benefit of DDS consumers. Consumer funds also include the custodial accounts for personal monies of those in the department's care.

The assets comprising the department's trustee accounts totaled $4,200,188 as of June 30, 2016.

Southbury Training School Foundation

The Southbury Training School (STS) has an affiliated foundation, the Southbury Training School Foundation, Inc. A financial statement audit of the STS foundation was performed by a public accounting firm for the fiscal years ended October 31, 2014, 2015, and 2016. The firm noted conditions considered to be significant deficiencies during the 2014 and 2015 audits as well as internal control and efficiency matters during both audits.

The audits for the fiscal years ended October 31, 2014 and 2015 noted that the foundation does not have a system of internal controls that would enable the STS Board of Directors to conclude that the financial statements and related disclosures are complete and presented in accordance with accounting principles generally accepted in the United States of America, a violation of Section 4-37f (7) of the General Statutes. Additionally, the audits found that the foundation did not reconcile monthly deposits to the monthly cash receipts ledger maintained by office personnel. The audit for the fiscal year ended October 31, 2015 also identified conditions relating to the foundation's bank reconciliations, cash disbursements, petty cash general ledger account, and investment account.

According to the foundation's financial statements for the fiscal year ended October 31, 2016, revenues and expenses for the fiscal year were approximately $23,851 and $204,069, respectively. Net assets as of October 31, 2016 totaled $501,368, consisting mainly of $354,789 in investments.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the records of the Department of Developmental Services disclosed certain matters requiring attention.

Lack of Approval for Carryover of Vacation

Criteria:	According to the New England Health Care Employee Union (1199) contract, no employee can carry over more than 10 days of vacation leave to the next year. In rare circumstances, the department may grant permission to carry over more than 10 days, which shall not be unreasonably denied.
Condition:	Of the 40 employees reviewed, we noted that 1 employee carried over 19 vacation days from the 2015 to the 2016 calendar year without the necessary approval on file.
Effect:	DDS did not comply with bargaining unit contract guidelines requiring approval for carryover of vacation.
Cause:	It appears as though the department was unaware of the contract requirements regarding the carryover of vacation time.
Recommendation:	The Department of Developmental Services should institute procedures to ensure that carryover of vacation leave is monitored and approved in accordance with employee bargaining unit contract requirements. (See Recommendation 1.)
Agency Response:	"The department agrees with this finding. DDS Human Resources is currently working to develop a streamlined approval process with the bargaining unit."

Lack of Flexible Work Schedule Approval

Criteria:	The Social and Human Services (AFSCME) bargaining unit contract states that, upon request of an employee, and by mutual agreement amongst the employee, the union, and an appropriate management designee, an employee's work schedule may be rearranged to accommodate personal needs. The DDS Employee Handbook states that employees may work a variety of schedules, but lacks a formal flexible work schedule policy.
Condition:	One of the 40 employees in our review worked a varied schedule without documentation supporting the necessary approvals. In addition, DDS does not have a formal flexible work schedule policy in place.

Effect: Without the necessary approvals or a formal departmental policy regarding a flexible work schedule, the availability of department personnel is uncertain and may lead to inconsistent practices.

Cause: DDS does not have a flexible work schedule policy and appears to be verbally approving varied schedules rather than formally documenting the flexible work schedule and supervisory approval.

Recommendation: The Department of Developmental Services should establish a flexible work schedule policy to ensure varied schedules are documented, properly approved, and accessible to all department staff. (See Recommendation 2.)

Agency Response: "The department disagrees with this finding. DDS is a 24/7 healthcare agency that requires staff to be available to address workforce matters at any time. Both direct and non-direct staff is frequently required to make themselves available at nonstandard work hours and on varied schedules. Varied work schedules are reviewed and approved by supervisors via Core-CT, ensuring that they are properly documented and approved. This ensures an accurate reflection of hours worked by staff. DDS is currently working with sister agencies to consider development and implementation of a flexible work schedule policy."

Incomplete and Questionable Promotion Practices

Criteria: Pursuant to section D of DDS procedure II.D.PO.020, the DDS Equal Employment Opportunity Office requires DDS supervisors or managers who have been authorized to fill a position vacancy, to complete the Employee Selection Report (ESR) Form, which includes an Applicant Tracking Form. The form must be completed whether a position is filled via hire, promotion, transfer, layoff list, or any other employment selection process. The form must also include any disciplinary action taken against the applicant.

Condition: During our review of 20 employees hired or promoted within the audited period, we noted that 4 lacked documentation. For 2 employees, the employee selection reports, which include worksheets to track the interview and hiring process, were incomplete. For the other 2, DDS did not have applications and résumés on file.

Additionally, we noted that a candidate who was not initially selected for an interview received the promotion. The employee had a history of disciplinary issues and unsatisfactory performance evaluations. However, DDS interviewed and promoted this employee when the first choice candidate declined the position and the Department of Administrative Services (DAS) declined to repost the position.

Effect: DDS did not adequately document its hiring and promotions. Additionally, the ESR form for the promoted employee did not accurately reflect recent disciplinary action, which may have impacted the selection process.

Cause: The incomplete promotion documentation appears to be the result of management oversight. While Human Resources assists in completing the employee selection reports and applicant tracking forms, it is the appropriate supervisor's responsibility to complete the forms.

DDS management decided to promote a candidate with disciplinary and performance issues rather than lose the opportunity to fill the position.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure documentation adequately supports the hiring and promotion process. Additionally, only qualified candidates should be eligible for promotion to ensure the best level of care for DDS consumers. (See Recommendation 3.)

Agency Response: "The department agrees with this finding. DDS will strengthen internal controls to ensure that documentation adequately supports the hiring and promotion process. The department's shift to a centralized Recruitment Division will ensure that the process is streamlined and consistent throughout the agency. DDS Training Division will work with Human Resources and with Equal Employment Opportunity/Affirmative Action (EEOC/AA) on the development of supervisory recruitment training."

Lack of Compensatory Time Policy

Criteria: Sound internal controls dictate that adequate controls and policies should be in place to ensure compensatory time is properly approved and documented.

Condition: DDS has a form to document the request and approval of compensatory time, which must be completed prior to the employee working the additional hours. The form is then attached to the employee's timesheet to document approval. During our review, we found that the form was not used consistently throughout the various regions, and there is no formal policy in the department's employee handbook addressing compensatory time.

Effect: Compensatory time may lack proper prior approval.

Cause: DDS does not have a formal policy regarding compensatory time to ensure consistent application throughout the various DDS regions.

Recommendation: The Department of Developmental Services should create a formal policy regarding the earning and approval of compensatory time to ensure department-wide compliance. (See Recommendation 4.)

Agency Response: "The department agrees with this finding. In June 2017, DDS Payroll again distributed the DDS Compensatory Time Form, reminding management that in accordance with the Management Personnel Policy 06-02, authorization to work extra hours and earn compensatory time must be requested and authorized in advance (form was provided with communication). There may be instances in which an emergency arises or a meeting runs late and it is not possible to have the form completed in advance. In those situations, staff members are required to communicate with their supervisors as soon as possible regarding the necessity to work extra hours and complete the form by the close of the next business day.

DDS communicated the requirement that the completed form must be retained by the authorizing supervisor and be readily available to DDS Payroll and the State Auditors of Public Accounts."

Compensatory Time for Managerial Employees

Criteria: DAS Management Personnel Policy 06-02 extends compensatory time to managerial and confidential employees for unique situations, but does not include the extra hour or two a manager may work to complete normal assignments. The policy requires the employee to receive advance written authorization and requires that the amount of extra time be significant in terms of sum and duration.

DDS utilizes an authorization form to document preapproval of compensatory time for managerial and confidential employees. The form is either attached to hard copy timesheets or maintained by the supervisor to support time earned for employees who file electronically.

Condition: We noted that 7 managerial and confidential employees earned 97.75 hours of compensatory time in increments ranging from 1 to 4 hours. There was no documentation on file to indicate that management approved the time prior to the employee working the additional hours. In addition, there was no documentation to support the reason for the additional hours.

Effect: DDS provided compensatory time to managers and confidential employees without prior approval on file and was in violation of DAS policy.

Cause: Compensatory time was often verbally approved. We also noted an inconsistent application of compensatory time for certain meetings. Some employees who attended were allowed to flex their schedules to accommodate the additional time while others earned compensatory time.

Recommendation: The Department of Developmental Services should ensure compensatory time for managerial and confidential employees is earned and documented in accordance with DAS policy 06-02 and DDS internal policies. (See Recommendation 5.)

Agency Response: "The department disagrees with this finding in part. The DAS policy states that a criterion for accrual of compensatory time for managerial and confidential employees "does not include the extra hour or two a manager might work…" According to this criterion, 3 to 4 hours earned on a single day would be considered significant, and is not a violation of the policy. Therefore, the agency will work with supervisors to ensure that compensatory time is approved only for significant increments of 3 hours or more. In addition, DDS will re-issue Management Personnel Policy 07-01 (previously named MPP06-02) and the DDS Authorization for Compensatory Time Form, which requires proof of pre-authorization to work compensatory time be maintained in the employee's personnel file."

Lack of Separation Documentation

Criteria: According to the DDS Employee Handbook, employees eligible for retirement must provide their local human resources office with notice of intent to retire to assist in the timely completion of necessary paperwork.

Prior to separation, Human Resources requests that employees complete the DDS Separation Data Form, which identifies any state property in an employee's possession. The form is used as a tool to properly account for and collect state property.

Condition: During our review of 20 employees who separated from DDS, we noted that 11 did not have a Separation Data Form on file to document whether they returned state property to the department. We also noted 5 of the 11 retired employees did not have a letter documenting their intent to retire on file.

Effect: We were unable to determine whether 11 employees returned state property and if DDS properly accounted for it. In addition, we could not verify the effective date of retirement for 3 employees.

Cause: The DDS regions inconsistently processed and documented employee separations.

Recommendation: The Department of Developmental Services should review current separation procedures to ensure consistent practice amongst the regional offices. (See Recommendation 6.)

Agency Response: "The department agrees with this finding. DDS centralized the processing of retirements in March of 2017, which will ensure consistent practices of obtaining written notice of intent to retire and appropriate separation documentation."

Inadequate Documentation Supporting Medical Leave

Criteria: According to Section 5-247-11 of the state personnel regulations and most collective bargaining agreements, a medical certificate is to be submitted to substantiate a period of sick leave consisting of more than 5 consecutive working days. The statewide Family and Medical Leave Policy sets forth procedures for requesting a leave under the Family and Medical Leave Act (FMLA). The policy outlines the required forms and submission deadlines.

Condition: During our review of 20 medical leaves of absence, of which 6 were for FMLA, we identified the following instances of inadequate documentation:

- DDS could not locate documentation to support medical leave for 6 leaves of absence. The missing documentation included medical certificates and required FMLA forms. Additionally, for 1 of the employees, an FMLA form was incomplete.

- DDS did not timely complete documentation to support FMLA leave for 2 leaves of absence. DDS completed the documentation 7 and 16 days late. Additionally, we noted that 1 of the employees returned to work prior to submitting a medical certificate and fitness for duty form.

Effect: DDS does not adequately support or administer medical leave in accordance with FMLA guidelines.

Cause: The instances of inadequate medical leave documentation appear to be the result of management oversight.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure that medical leave is administered in accordance with collective bargaining agreements and FMLA guidelines. (See Recommendation 7.)

Agency Response: "The department agrees with this finding. DDS centralized the processing of its medical leave management functions in March of 2017 and is in the process of implementing consistent practices of obtaining appropriate medical documentation and the processing of FMLA leaves. FMLA may be granted upon receipt of a sufficient medical note although it may not be on the P-33A Medical Certificate form."

Inadequate Workers' Compensation Claim Documentation

Criteria: Workers' compensation is a statutory program designed to provide benefits to Connecticut workers in the event of occupational injury or illness. The DAS Workers' Compensation Manual requires the use of the DAS Workers' Compensation Claim Reporting Packet to document the facts of reported claims. The manual outlines the required forms and submission deadlines.

Condition: We reviewed 10 workers' compensation claims filed during the audited period. We identified 6 claims, resulting in charges totaling $822,101, with inadequate documentation. Six forms were missing, 6 forms were incomplete, and 2 forms were submitted 15 business days late. Additionally, for 1 claim, DDS did not have medical certificates covering a 56-day period on file.

Effect: When workers' compensation payments are not adequately supported, there is increased risk for errors or unjustified payments.

Cause: The inadequate documentation supporting workers' compensation claims appears to be the result of management oversight.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure that workers' compensation claims are supported by adequate documentation. (See Recommendation 8.)

Agency Response: "The department agrees with this finding. DDS centralized the processing of all workers' compensation claims and claim management functions in March of 2017 and is in the process of implementing consistent practices of obtaining appropriate documentation to ensure appropriate claim processing. DDS makes every effort to obtain all required documentation; however, employee/claimants are not always compliant in the submission of the same."

Untimely Purchase Orders

Criteria: In accordance with Section 4-98 of the General Statutes, except for emergency purchases, no state agency shall incur any obligation except by the issuance of a purchase order or any other documentation approved by the State Comptroller.

Condition: Our review of 30 expenditure transactions, totaling $73,811, identified 4 transactions, totaling $7,614, that were not supported by valid purchase orders. The purchase orders were issued 16, 19, 38, and 316 days after DDS incurred the obligations.

Effect: There is decreased assurance that funds will be available for payment when purchase orders are not properly issued.

Cause: The lack of timely purchase orders appears to be an oversight by management.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure that purchase orders are issued in accordance with Section 4-98 of the General Statutes. (See Recommendation 9.)

Agency Response: "The department agrees with the audit findings on these 4 purchase orders. Requestors have been reminded that all purchase requisitions and purchase orders (if required) must be approved and/or created prior to goods/services are ordered. Purchase order processors have been instructed to ensure that all purchase orders are created prior to goods/services being ordered, and they have been instructed on the use of the proper receipt date."

Lack of Competitive Procurement

Criteria: Section 4a-57 of the General Statutes requires purchases of goods and services to be based, when possible, on competitive bids or negotiation. The Department of Administrative Services is responsible for contracting for all supplies, materials, equipment, and services required by any state agency. DAS General Letter 71 permits agencies to make minor recurring purchases of goods and services costing less than $50,000 without prior DAS approval.

Condition: We reviewed 30 expenditure transactions, totaling $73,811. One of the transactions was a $710 payment for pharmaceutical services provided to the department's North Region by a vendor that was not on state contract. The department paid this vendor a total of $75,558, $63,901, and $60,299 during the fiscal years ended June 30, 2014, 2015, and 2016, respectively. DDS had a recurring need and expended more than the $50,000 permitted annually by DAS General Letter 71, and which DDS should have competitively procured.

Effect: The lack of competitive procurement may result in the department overpaying for pharmaceutical services.

Cause: After the DDS contract for pharmaceutical services was terminated in 2006 due to poor vendor performance, the department reverted to using local pharmacies and failed to competitively procure the services through DAS.

Recommendation: The Department of Developmental Services should strengthen internal controls and improve oversight regarding the use of state contracts to ensure that contracts meet the needs of the department and are used efficiently. (See Recommendation 10.)

Agency Response: "DDS was copied on an 11/29/2006 email from Susan M. Thomas, DAS Contract Specialist, to Familymeds, Inc., (formerly Arrow Pharmacy & Nutrition Center) informing Familymeds that their contract, #04PSX0153AA, was terminated effective 12/1/2006. Familymeds was the only vendor on the DAS contract. At that time, all of DDS reverted to using the local pharmacies that had been used prior to the DAS contract #04PSX0153AA.

DAS contracted for pharmaceutical services on behalf of DDS (only Southbury Training School, South Region, and West Region locations were included in this contract bid), for the period of September 15, 2014 through July 31, 2017 (Contract

#14PSX0112). North Region locations were not included in the contract bid, and continued using the local pharmacies.

The North Region will be included on a new DAS contract being prepared for bid - the new contract was originally expected to be in place 10/1/17 per DAS. However, at this time, DAS is anticipating an 11/1/17 start date for the new DAS pharmacy contract that will include all of DDS sites. A vendor(s) will be awarded by county. This may eliminate the issues with the original pharmacy contract #04PSX0153AA that only had one vendor servicing all DDS homes statewide.

In addition, DDS will strengthen our internal controls and improve oversight regarding the use of state contracts to ensure that contracts are used efficiently and meet the needs of the department."

Inefficient Use of a State Contract

Criteria: DAS entered into a statewide contract for a full service linen rental and laundry services program to provide various products and services for the award period of August 1, 2013 through May 31, 2018. According to the contract, the state reserves the right to revisit the program's pricing should the linen volume fluctuate dramatically from the estimated level at the start of the contract period. Per the contract, if a department does not meet the established weekly linen volumes, it will be charged for 50% of the circulating inventory and incur an additional $30 delivery charge. The delivery schedule is weekly, or as requested.

Sound business practice dictates that the use of a state contract for procurement needs should be regularly evaluated to ensure continued efficiency and cost savings.

Condition: Our initial testing included a $103 expenditure to a vendor contracted with the state to provide linen rental and laundry services. Our testing revealed that since DDS did not meet the 2,000 pound weekly linen volume established by the contract, it was to be charged a minimum of 50% of the circulating inventory and incur an additional $30 delivery charge. For the expenditure tested, 6 pillowcases and 31 flat sheets were sent to the vendor. However, DDS had to pay for 80 pillowcases and 150 flat sheets, along with a $30 delivery charge.

We expanded our testing to include all 56 expenditures made to the vendor during the fiscal year ended June 30, 2016, which totaled

$5,598. Our testing revealed that the department did not meet the minimum quantities for 53 of the 56 expenditures, or 95%. As a result, the vendor charged the department for 4,480 pillowcases and 7,910 flat sheets while the department only sent 497 pillowcases and 2,145 flat sheets to the vendor. Also, the department incurred an additional $30 delivery charge for all 56 expenditures. The delivery charges totaled $1,680. We noted that, during the audit period of July 1, 2013 through June 30, 2016, the department paid a total of $40,654 to the vendor.

Effect: The DDS use of the state contract for linen rental and laundry services appears to be inefficient.

Cause: There appears to have been a lack of communication between the DDS business office and Southbury Training School regarding the department's need for linen rental and laundry services. Additionally, there appears to have been oversight over the payment of vendor invoices.

Recommendation: The Department of Developmental Services should reevaluate its linen rental and laundry services needs and procure them in the most efficient manner possible. (See Recommendation 11.)

Agency Response: "The department agrees with this finding. DAS entered into a statewide contract for a full service linen rental and laundry services program to provide various linen products and laundry services for the period of August 1, 2013 through May 31, 2018 (Contract #13PSX0036). Southbury Training School (STS) was using this DAS contract vendor.

DDS Business Office staff contacted the appropriate manager at STS in FY17 to reevaluate the need for linen rental and laundry services. The STS manager determined that the services were no longer necessary given the number of individuals currently residing at STS. DDS purchased linens to replace the rental linens. Arrangements were made with the contract vendor to return the linens that were on-site at STS. On 5/23/2017, DDS cancelled the linen rental/laundry service for Southbury Training School."

Residential School Contracts

Criteria: Section 4-70b (a)(5) of the General Statutes defines a private provider organization as a non-state entity that is either a nonprofit or proprietary corporation or partnership that receives funds from the state to provide direct health or human services to agency clients. Subsection (f) prohibits state agencies from hiring a private provider organization to provide direct health or human services to agency clients without executing a purchase of service (POS) contract.

Condition: The DDS Behavioral Services Program provides emotional, behavioral, and mental health support services to consumers. Most of these residential treatment facilities and schools are located outside of Connecticut and meet the definition of a private provider organization. During the fiscal years ended June 30, 2014, 2015, and 2016, DDS expended $9,269,761, $7,903,674, and $8,273,428 for out-of-state residential schools, respectively. The vendor contracts are a DDS-produced agreement to provide care that does not contain the same contract language as the standard POS contract.

Cause: DDS believes converting the residential school agreements to a POS contract would have a negative effect on the consumers living at those schools. DDS also believes that imposing boilerplate contract language and the state's educational and approval requirements for one consumer in an out-of-state placement would not be worth the school's effort.

Effect: DDS is not in compliance with Section 4-70b (f) of the General Statutes. The current agreement does not contain the required language in the standard Office of Policy and Management POS agreement.

Recommendation: The Department of Developmental Services should convert to purchase of service (POS) contracts or obtain a formal opinion from the Office of the Attorney General regarding the appropriate state contracting approach to use for residential school contracts. (See Recommendation 12.)

Agency Response: "The department disagrees with this finding. A residential school is an approved/licensed 24-hour special education program operated in accordance with the regulations and requirements adopted by the State Board of Education in which the school resides. These programs are specifically exempted from licensure by the Department of Children and Families because they are an educational institution (Sec. 10-8a. Adoption of regulations to exempt educational institutions from licensing requirements by Department of Children and Families). Residential Schools are an approved program of the state in which they reside and have an approved per diem rate set by that state for each school year. As such, DDS has and will continue to follow § 17a-151aa. (Child placed in residential facility. Written agreement re: care and treatment. Out-of-state residential placements by Department of Children and Families). § 17a-151aa states that "(a) Any state agency that places a child, as defined in section 17a-93, in a residential facility shall enter into a written agreement with the facility at the time of the placement. Such written agreement shall establish clear standards for the child's care and treatment…" DDS has established such a standard written agreement, known as the Residential School Agreement.*"*

Auditors' Concluding Comment: Obtaining a formal opinion from the Office of the Attorney General would clarify which procurement standards are applicable to the unique situation related to residential schools and would alleviate any further comment from outside parties.

Deposit Timeliness and Documentation

Criteria: Section 4-32 of the General Statutes requires each state agency receiving revenue to deposit and account for the funds within 24 hours of receipt if the total received is $500 or more. Receipts of less than $500 may be held until they total $500, but not for a period of more than 7 calendar days.

Sound internal controls dictate that documentation should be maintained to support deposits, including copies of checks, deposit slips, and bank transaction receipts. Additionally, the department should date stamp receipts when they are received.

Condition: Our review of 40 deposits, totaling $129,743, revealed the following conditions:

- DDS failed to make 4 deposits totaling $19,653, in a timely manner. The deposits were between 2 and 11 days late.
- DDS could not locate supporting documentation for 3 deposits, totaling $4,994.
- DDS did not date stamp 6 deposits that included 12 receipts, totaling $13,236.

Effect: Untimely deposits deprive the use of state revenue and increases the opportunity for loss or misappropriation of funds.

Without supporting documentation, we were unable to verify that the deposits were complete, and that DDS accurately accounted for and deposited them in a timely manner. Additionally, without receipts being date stamped when received by the department, we could not verify that DDS deposited the receipts in a timely manner.

Cause: The untimely deposits and lack of date stamps appear to be due to management oversight. DDS may have misplaced or misfiled the deposit documentation.

Recommendation: The Department of Developmental Services should deposit funds in a timely manner in accordance with the General Statutes and strengthen internal controls to ensure that documentation is on file to support deposits. DDS should date stamp receipts when they are received. (See Recommendation 13.)

Agency Response: "The agency agrees with these findings. DDS Business Office staff responsible for preparing State Petty Cash checks were not all aware that any State Petty Cash check to be deposited to the State Treasurer must be written, signed, and deposited with the State Treasurer on the same day. All Business Office staff involved with this type of transaction were made aware of this deposit regulation after the two business offices were consolidated in October 2016. All State Petty Cash checks payable to the State Treasurer, are now written, signed and deposited to the State Treasurer on the same day.

Supporting documentation for 3 FY14 Treasurer deposits totaling $4,994 were misplaced. Business Office staff were able to get check copies for deposit #6688, $711.69, and staff attached the check copies to a reprinted CORE-CT deposit entry. These records may have been misplaced during the Business Office relocation.

DDS Business Office staff were not all aware that deposits must be date stamped as soon as the deposits arrived in the Business Office. This made it difficult to determine if the items were deposited in a timely manner. The only documentation available remaining was the check date. For example, as cited in this finding, the time from the check date to the deposit date in one instance was 11 days; however, it may not have been 11 days between receipt of the check by DDS and deposit. On March 29, 2017, an email was sent out to all Business Office staff to make them aware that all deposits need to be date stamped when received."

Department Policies and Procedures

Criteria: Sound internal controls dictate that departmental policies and procedures should reflect current practices, be made available to all users, and be presented and organized in a user-friendly manner.

Condition: The DDS policies and procedures are comprised of 2 distinct sections, service delivery and administration. Neither of the sections is up-to-date. Additionally, the administration section is not posted on the department's website. Many of the policies and procedures continue to refer to the agency as the Department of Mental Retardation, despite the agency's name change to the Department of Developmental Services, effective October 1, 2007.

Effect: Internal controls are weakened when policies and procedures are not made available to users and are not updated in a timely manner to reflect current practices and changes in laws and regulations.

Cause: Updating the DDS policies and procedures and making them available to all users does not appear to be a priority of the department. Inefficient resources have been allocated to this project with only 1 employee responsible for contacting numerous parties to update the content and editing and incorporating them into the manual. Additionally, DDS does not have a formal, streamlined process in place for approving its policies and procedures.

Recommendation: The Department of Developmental Services should develop procedures to ensure that its policies and procedures are complete and up-to-date, available to all users, and presented and organized in a user-friendly manner. (See Recommendation 14.)

Agency Response: "The department agrees with the recommendation that all agency policies and procedures should be up-to-date and available on the department's website. DDS is currently in the process of reviewing all policies and procedures in the Administration section of the DDS Manual, revising those that are outdated and developing a webpage on which these procedures will be posted. DDS is continuing its efforts to update the procedures in the Service Delivery section of the DDS Manual. While DDS is committed to the updating of its policies and procedures, there will continue to be an issue of timely revision because of ongoing reductions in staff who have the experience and expertise to review, revise and draft procedures in accordance with state and federal requirements."

Documentation Supporting Disbursements of Consumer Funds

Criteria: Pursuant to section D of DDS procedure I.F.PR.007, in order for consumers to withdraw money from their accounts, the residential staff supporting the consumer completes a Consumer Funds Withdrawal Form on behalf of the consumer. Instructions for completing the form will be on file in each consumer residence. Except for emergency situations, requests must be submitted to the business office 5 days prior to the date the check will be picked up. The business office retains the original form and a copy of it accompanies the check.

The DDS procedure requires all money spent by a consumer to be supported by acceptable documentation in the form of an actual receipt. Receipts are any documents supplied at the point in which money is spent that show the date and amount of money spent. If the item purchased, store name, or date of purchase is not preprinted on the receipt, the information should be written on the receipt. In cases in which a receipt is unavailable or impractical to obtain, a personal funds tracking voucher should be completed and used as an alternate and accepted means of accounting for expenditures.

Condition: During the audited period, there were 23,231 consumer disbursements totaling $4,270,095. We reviewed 30 consumer account disbursements, totaling $37,769, and found that 28 disbursements, totaling $36,519, were not supported by adequate documentation. All 28 disbursements were supported by incomplete Consumer Fund Withdrawal Forms. Additionally, 5 of the disbursements, totaling $6,221, were supported by inadequate receipts. The inadequate documentation included missing receipts and receipts that did not identify the vendor, goods or services purchased, total amount paid, or form of payment.

Effect: Without adequate documentation on file to support the disbursement of consumer funds, there is increased risk that they are not being used appropriately and in accordance with DDS procedures.

Cause: The incomplete consumer fund withdrawal forms and inadequate receipts appear to be the result of management oversight. We noted that the business office has also experienced difficulty in obtaining proper receipts from case managers and consumer families.

Recommendation: The Department of Developmental Services should strengthen internal controls over consumer accounts to ensure that disbursements are adequately supported by consumer fund withdrawal forms and receipts. (See Recommendation 15.)

Agency Response: "The department understands why this finding was made, but disagrees in part with the effect. Processing changes have occurred that make portions of the Funds Withdrawal form obsolete; however, the information found to be "missing" in the sample cited above does not affect the department's ability to ensure that consumer funds are being used appropriately and in accordance with department procedures.

In the past, it was necessary to require that the individual's DDS number was on the Funds Withdrawal Form because the computer software was set up to post by the DDS number. Our current computer software is set up to post by each individual's name. DDS staff no longer needs a DDS number when processing Consumer Fund transactions. In the past, it was also necessary to have the staff member picking up the checks from the Business Office sign for the checks. This line on the Funds Withdrawal Form is used infrequently now because the bulk of the checks are sent via courier or U.S. mail.

DDS will update the Funds Withdrawal Form to reflect the processing changes that have occurred in the agency.

The Business Office staff will continue to work with Residential Managers and Residential staff to obtain proper receipts."

Return of Unspent Consumer Funds and Supporting Receipts

Criteria: Section D.3. of DDS procedure I.F.PR.007 requires checks from consumer funds to be cashed and spent, and any change and receipts returned to the business office within 10 calendar days. If a check is not cashed and spent within the 10 calendar days, it must be returned to the business office and voided.

Condition: We reviewed 30 consumer account disbursements from the audited period, totaling $37,769, and identified the following issues with the return of unused consumer funds and supporting receipts for 24 of the disbursements, totaling $21,576.

- DDS recorded the inaccurate return date for unspent consumer funds and supporting receipts for 14 disbursements, totaling $12,016.

- The unspent funds and supporting receipts were returned to the business office between 1 and 170 days late for 16 disbursements, totaling $14,330.

- Due to a lack of documentation and date stamps, we could not verify that unspent consumer funds and supporting receipts were returned to the business office in a timely manner for 5 disbursements, totaling $4,121.

Effect: The lack of oversight regarding the return of unspent consumer funds and supporting receipts increases the risk that consumer funds will not be expended appropriately or returned in accordance with DDS procedures.

Cause: The inaccurate return dates, the lack of documentation supporting return dates, and the untimely return of unspent funds and supporting receipts appear to be the result of management oversight. We note that the business office has also experienced difficulty in obtaining unspent funds and supporting receipts from case managers and consumer families.

Recommendation: The Department of Developmental Services should strengthen internal controls over unspent consumer funds and supporting receipts to ensure that the return date is accurately determined, the actual return date is adequately documented, and that unspent funds and supporting receipts are returned in a timely manner. (See Recommendation 16.)

Agency Response: "The inaccurate return dates occurred because 1 Business Office continued using the existing form (with a due date of 10 calendar days), and the other Business Office started using the revised form (with a due date of 10 business days). Following consolidation into one agency-wide Business Office, on May 5, 2017, an email was sent out to all Business Office staff to make sure that all the regions would begin using the correct Funds Withdrawal Request Form (10 calendar days).

Since FY13, DDS has annually received an exemption from the Office of the Treasurer on the 24-hour deposit rule due to the distances between CLAs and the Business Office. These exemptions are in addition to the time already granted by C.G.S. 4-32—an additional two days for homes within 25 miles of their Business Office, an additional four days for homes between 25 to 40 miles, and an additional nine days for homes located 41 miles or more from their Business Office. DDS applies this exemption as an extension to the 10 calendar days listed on the Funds Withdrawal Form.

A Client Fund policy revision was submitted in FY16, but it has not yet been approved.

The Business Office continues to work with Regional Managers and Regional staff to obtain unspent funds and adequate supporting receipts in a timely manner."

Lack of Evidence that Consumer Purchases of Unusual or Expensive Items were the Result of Team Decisions

Criteria: According to DDS procedure I.F.PR.007, attachment J, consumer accounts disbursements for expensive or unusual items should be the result of a team decision. Sound internal controls dictate that team decisions should be adequately documented to ensure that disbursements were authorized.

Condition: We reviewed 30 consumer account disbursements from the audited period, totaling $37,769. We revealed that there was a lack of evidence that 7 consumer purchases of expensive or unusual items, totaling $11,612, were the result of team decisions.

The consumer purchases included:

- $1,350 for a weekly vacation rental;
- $1,600 for shopping, meals, and leisure activities;
- $2,500 for a trip to visit family;
- $1,962 for furniture;
- $1,000 for a trip to visit family;
- $2,000 for a bike and accessories; and
- $1,200 for a tablet and accessories.

Effect: Without evidence that consumer purchases of unusual or expensive items were the result of team decisions, we could not verify that purchases were properly authorized.

Cause: It appears that DDS does not have formal procedures in place for documenting and verifying that purchases of unusual or expensive items were the result of a team decision.

Recommendation: The Department of Developmental Services should develop procedures to ensure that consumer purchases of unusual or expensive items are the result of team decisions and that such decisions are adequately documented. (See Recommendation 17.)

Agency Response: "The department agrees with the finding that there is no formal procedure in place for documenting that purchases of unusual or expensive items are the result of a team decision. DDS has drafted a procedure to ensure that such documentation exists, and will implement upon approval."

Consumer Account Balances Exceeding Medicaid Limits

Criteria: In order to receive most DDS services, consumers must be eligible for one of the Home and Community Based Services (HCBS) waivers offered under Medicaid. To qualify for Medicaid, which is operated by the Department of Social Services (DSS), the consumer's income and assets must be below certain limits. During the audited period, the business office made monthly balance reports available to residential and case management staff. If a consumer was approaching the Medicaid limit, residential or case management staff would submit a spending request to ensure that consumer account balances were within the established limits.

Condition: From the 30 consumer disbursements tested, we reviewed 44 consumer account balances and found 20 account balances that exceeded the established Medicaid limits during the audited period. The accounts were between $84 and $15,277 over the Medicaid limit and were over the established limit from 21 to 874 days.

Effect: If consumer account balances exceed the established Medicaid limits, consumers may become ineligible for DDS services. DDS may be required to reimburse the federal government for unallowable expenses.

Cause: There appears to be a lack of monitoring of consumer account balances by business office, residential, and case management staff.

Recommendation: The Department of Developmental Services should strengthen internal controls over the monitoring of consumer account balances to ensure they are within Medicaid limits. (See Recommendation 18.)

Agency Response: "The department agrees with this finding. DDS Waiver Operations will in-service DDS public staff and case management on existing procedures regarding the process to ensure account balances are within Medicaid limits to ensure Medicaid eligibility. DDS may also consider revising or updating the current procedures to ensure accuracy."

Inadequate Documentation Supporting Trustee Fund Disbursements

Criteria: In accordance with the Accounting Procedures Manual (APM) for Trustee Accounts issued by the State Comptroller, management is responsible for adhering to the prescribed accounting policies and procedures in the State Accounting Manual and the APM. Purchases should be made at the best prices obtainable, utilizing state contracts or obtaining competitive bids, and using a purchase order system.

According to the DDS Policy and Procedures Manual for Trustee Funds, payments for goods or services are to be initiated by preparing a purchase requisition. Staff requesting funds are to use the DDS Funds Withdrawal Request Form. All payments for goods and services should be substantiated by vendor invoices or receipts from individuals. Payments should also be supported by a purchase order or contract, when applicable.

Condition: During the audited period, there were 4,119 trustee disbursements, totaling $1,632,898. We reviewed 20 trustee fund disbursements, totaling $134,547, and noted documentation was lacking for all 20, as follows:

- Fund withdrawal forms were incomplete for 12 out of 20 disbursements; forms were missing the transaction type, fund type, date requested and/or approved, and 1 was missing an approver's signature. We also noted that approvals on 2 forms were dated as 2011 for 2015-2016 fiscal year disbursements.
- Purchase requisitions and accompanying documentation was incomplete for 12 out of 20 disbursements; 5 did not state the purchasing authority used, 2 were not completed timely, 4 were not on file, and 9 purchase requisition justification forms were blank or incomplete.
- DDS did not complete purchase orders for 9 out of 20 disbursements. Additionally, the DDS form does not include a field for an approving signature and date.

Effect: Documentation on file does not adequately support trustee fund disbursements as required by DDS and state policies and procedures.

Cause: The issues appear to be the result of management oversight and inconsistencies in how disbursements were processed between the various DDS regional offices.

Recommendation: The Department of Developmental Services should review current practices related to the disbursement of trustee funds to ensure accurate and consistent processing in accordance with DDS and state policies and procedures. (See Recommendation 19.)

Agency Response: "The department agrees with this finding. There were inconsistencies in how disbursements were processed between the various DDS regional offices. DDS will review the current practices related to Trustee Fund disbursements and make the necessary changes to be in compliance with department and state policies and procedures."

Inadequate Staffing at Lower Fairfield Regional Center

Background: The Department of Developmental Services operates 4 campuses with 20 Intermediate Care Facilities (ICF) for individuals with intellectual disabilities. These facilities have a capacity of 409 residents and provide 24-hour residential care. Funding for these services is provided by a combination of federal Medicaid and state funds, in which the states receive 50% federal reimbursement for such services.

Criteria: According to the New England Health Care Employees Union (1199) contract, employees shall not be mandated to work overtime except in an emergency. The contract defines an emergency as, "a weather emergency or other event where the governor closes state offices, a lockdown in a correctional institution, or when the number of actual staff reporting to work is below minimum safe levels or legal requirements." If such a mandate takes place, affected employees shall be compensated at a rate double their regular hourly rate. The employer is obligated to schedule staff at or above minimum safe levels.

Condition: Our examination consisted of reviewing staff assignments for the Lower Fairfield Regional Center for the fiscal years ended June 30, 2016 and 2017. We reviewed 730 days and noted that 675 days, or 93%, were staffed utilizing mandatory overtime. There were only 55 days that did not require mandatory overtime in order to maintain the minimum safe levels. Consistent use of mandatory overtime to maintain staffing levels appears to conflict with the intent of the emergency guidelines stipulated in the contract.

Cause: Management has not been able to fill the need for minimum staff, despite knowing that at least 50% of the cost of these positions would qualify for federal reimbursement.

Effect:	Mandating overtime, which is paid at double time, in order to maintain minimum staffing levels increases personal services costs. Additionally, employees are regularly required to work longer shifts, which may result in a decreased level of care due to fatigue.
Recommendation:	The Department of Developmental Services should maintain staffing levels at the Lower Fairfield Regional Center at an adequate level to ensure coverage at the minimum safe levels without resorting to mandatory overtime. (See Recommendation 20.)
Agency Response:	"The department agrees with this finding. The department delayed hiring in the fiscal year ended June 30, 2017 because the budget included the conversion of 30 group homes from public to private operation. The staff impacted by the conversion were to be transferred to fill direct care vacancies to reduce overtime. However, the conversions were placed on hold during negotiations with the bargaining units. The department is working on a hiring plan to reduce the use of mandatory overtime and has received approval to hire 130 part-time developmental service workers."

RECOMMENDATIONS

Our prior report on the Department of Developmental Services contained 14 recommendations, of which 9 were resolved and 5 have been modified and repeated.

Status of Prior Audit Recommendations

- **The Department of Developmental Services should use the standard Office of Policy and Management (OPM) purchase of services agreement form when contracting with residential treatment facilities and schools. Management should approve the daily rates used in contracts through the publication of an official rate sheet. Evidence of attendance should be obtained to support the payments. The department should comply with the competitive procurement statutes or seek a waiver from the Secretary of OPM. The department should comply with all policies and procedures pertaining to purchase of services agreements.** DDS has taken corrective action regarding the attendance records; however, we will recommend that DDS seek an attorney general opinion to address the form of the residential contracts. (See Recommendation 12.)

- **The Department of Developmental Services should improve controls over the monitoring of individual and family grant program funds. Noncompliance with grant fund requirements should result in action to recover funds that were misspent or lacked proper supporting documentation. Misuse or other material noncompliance with program rules should result in a denial of future grant funds.** DDS submitted all required internal audit reports for the individual and family grant program for the fiscal years ended June 30, 2014, 2015, and 2016. The internal audit unit submits their annual reports to each regional office to obtain responses and ensures appropriate corrective action is taken. The department appears to have addressed the issues previously noted; therefore, this recommendation will not be repeated.

- **The Department of Developmental Services should promulgate regulations for the Division of Autism Spectrum Disorder Services in accordance with Section 17a-215c (b) of the General Statutes.** Section 47-59 of Public Act 16-3, May Special Session, makes DSS rather than DDS the lead agency for the Division of Autism Spectrum Disorder Services, effective July 1, 2016. Therefore, this recommendation will not be repeated.

- **The Department of Developmental Services internal audit unit should be organized independently of the rate-setting function or any other line function of the department.** The DDS internal audit unit has not functioned as a true internal audit unit since 2012. Its focus is to ensure consumer funds and federal reimbursements are protected. This recommendation will not be repeated.

- **The Department of Developmental Services should comply with Management Personnel Policy 06-02. DDS should only grant compensatory time for extra time worked that is significant in terms of sum and duration.** We continued to note issues with compensatory time earned by managers and confidential employees; therefore, this recommendation will be modified and repeated. (See Recommendation 5.)

- **The Birth-to-Three program should work with its billing agent to correct any errors in the monthly accounts receivables report to determine the true outstanding receivables balance. Once this has been done, the program should continue to monitor these reports to determine whether they correctly reflect the receivables fees due to the program.** Section 259 of Public Act 15-5, June Special Session, makes the Office of Early Childhood, rather than DDS, the lead agency for the Birth-to-Three program. This recommendation will not be repeated.

- **The Department of Developmental Services should strengthen internal controls over the recording and reporting of its inventory to ensure accuracy and completeness.** We did not note any issues regarding the recording and reporting of inventory; therefore, this recommendation will not be repeated.

- **The Department of Developmental Services (North Region) business office should strengthen internal controls to ensure that unspent client fund disbursements are returned within the required 10 calendar days.** The current audit revealed that unused consumer funds were returned to the business office in an untimely manner. Therefore, this recommendation will be modified and repeated. (See Recommendation 16.)

- **The Department of Developmental Services should comply with state personnel regulations when placing employees on administrative leave with pay.** It appears as though DDS has adequate controls in place regarding administrative leaves with pay. Therefore, this recommendation will not be repeated.

- **The Department of Developmental Services should conduct a comprehensive review of all out-of-state placements. The department should exhaust all available means to bring these consumers back to Connecticut and place them into a person-driven, long-term support system closer to their families and support network, and into a service reimbursed by Medicaid. Parents or legal guardians should be advised that, if an in-state option is available and the family refuses that option, then they have the right to independently fund their child in the out-of-state facility and funding will no longer be the responsibility of the department.** DDS continues to work with families to make in-state referrals for those individuals living out-of-state. In 2012, there were 33 children living out of state, which was reduced to 14 as of June 30, 2016. Since DDS has taken corrective action to reduce out-of-state placements, this recommendation will not be repeated.

- **The Department of Developmental Services should establish a standing manual committee comprised of representatives from each region and the central office, and that committee should include subject matter experts as needed.**

The committee should review and update existing policies and procedures. They should also review them as often as necessary to address changes in federal and state laws, regulations and policies.

The committee should establish a formal process whereby draft revisions are returned to the committee after editing, reviewed by the committee for accuracy, and then submitted to the commissioner for final approval.

The entire DDS Manual should be made accessible via the internet and intranet. While progress has been made on the project to update the DDS manual, it is not yet complete. Therefore, this recommendation will be modified and repeated. (See Recommendation 14.)

- **The Department of Developmental Services should continue to review old abuse and neglect cases to determine their status, take appropriate action, modernize and consolidate its abuse and neglect database information systems, and strengthen its internal organization and processes to ensure investigations are completed within the timeframes established by the memorandum of understanding and departmental policy.** DDS has eliminated the backlog of cases and regularly monitors the status of existing cases to ensure required timeframes are met. It appears that the department has taken corrective action; therefore, this recommendation will not be repeated.

- **The Department of Developmental Services should review its procedures for Medicaid billings to provide reasonable assurance that all legitimate billings are submitted timely. Procedures should be in place to review all held billings to determine the reasons they were not submitted, and timely corrective action taken to fix billing errors. The Department of Developmental Services should inquire as to whether these older held billings can still be corrected and submitted for federal reimbursement.** DDS identified and corrected the issue responsible for the large number of held billings. Additionally, the department was able to submit and receive Medicaid reimbursement for outstanding claims. Since the department took corrective action, the recommendation will not be repeated.

- **The Department of Developmental Services should use the correct procurement method when purchasing goods or services. When purchasing services under a DAS contract award, DDS should adhere to the terms of the contract award pertaining to the specific goods and services, contract prices, and payment terms as strictly specified in the price schedule.**

  As it pertains to Phase 3 of the agreement (already signed by both parties), DDS should seek guidance from the Department of Administrative Services, Office of Policy and Management, and Office of the Attorney General, on how best to proceed with this agreement.

When seeking to obtain personal services for which there is not a specific DAS contract award, DDS should follow the requirements of Chapter 55a of the General Statutes. In addition, the Department should specifically follow Section 4-216 (a) as it relates to competitive bids. Our current review of expenditures found a lack of competitive purchase and an inefficient use of a state contract; therefore, this recommendation will be modified and repeated. (See Recommendations 10 and 11.)

Current Audit Recommendations

1. **The Department of Developmental Services should institute procedures to ensure that carryover of vacation leave is monitored and approved in accordance with employee bargaining unit contract requirements.**

   Comment:

   Of 40 employees reviewed, we noted that 1 employee carried over 19 days of vacation from the 2015 to the 2016 calendar year without the necessary approval on file.

2. **The Department of Developmental Services should establish a flexible work schedule policy to ensure varied schedules are documented, properly approved, and accessible to all department staff.**

   Comment:

   One of the 40 employees in our review worked a varied schedule without documentation supporting that the necessary approvals were received. Additionally, DDS does not have a formal flexible work schedule policy.

3. **The Department of Developmental Services should strengthen internal controls to ensure documentation adequately supports the hiring and promotion process. Additionally, only qualified candidates should be eligible for promotion to ensure the best level of care for DDS consumers.**

   Comment:

   We reviewed 20 employees hired or promoted within the audited period and noted documentation was lacking for 4. Additionally, 1 employee’s promotion appears questionable.

4. **The Department of Developmental Services should create a formal policy regarding the earning and approval of compensatory time to ensure department-wide compliance.**

   Comment:

   DDS has a form to document the request and approval of compensatory time, which must be completed prior to the employee working the additional hours. During our review, we found that the form was not used consistently throughout the various regions, and there is no formal policy in the department's employee handbook addressing compensatory time.

5. **The Department of Developmental Services should ensure compensatory time for managerial and confidential employees is earned and documented in accordance with DAS policy 06-02 and DDS internal policies.**

   Comment:

   We continued to note issues with compensatory time earned by managers and confidential employees. Additionally, approvals were not consistently on file for the time earned.

6. **The Department of Developmental Services should review current separation procedures to ensure consistent practice amongst the regional offices.**

   Comment:

   Eleven out of 20 employees who separated during the audited period did not have adequate documentation on file to verify that they returned state property to DDS. We also noted that DDS did not have documentation on file supporting the employee's intent to retire for 5 out of the 11 employees.

7. **The Department of Developmental Services should strengthen internal controls to ensure that medical leave is administered in accordance with collective bargaining agreements and FMLA guidelines.**

   Comment:

   We reviewed 20 medical leaves and noted documentation was missing for 6 employees. DDS did not timely complete documentation to support FMLA leave for 2 leaves of absence. Additionally, 1 employee returned to work without adequate documentation in place certifying fitness for duty.

8. **The Department of Developmental Services should strengthen internal controls to ensure that workers' compensation claims are supported by adequate documentation.**

   Comment:

   DDS had inadequate documentation for 6 out of 10 workers' compensation claims reviewed, including 1 claim in which medical certificates covering the period of absence were not on file.

9. **The Department of Developmental Services should strengthen internal controls to ensure that purchase orders are issued in accordance with Section 4-98 of the General Statutes.**

   Comment:

   DDS did not issue purchase orders for 4 out of 30 expenditure transactions reviewed prior to incurring obligations.

10. **The Department of Developmental Services should strengthen internal controls and improve oversight regarding the use of state contracts to ensure that contracts meet the needs of the department and are used efficiently.**

    Comment:

    DDS did not competitively procure 1 out of 30 expenditure transactions for pharmaceutical services.

11. **The Department of Developmental Services should reevaluate its linen rental and laundry services needs and procure them in the most efficient manner possible.**

    Comment:

    The contract in place for 1 out of 30 expenditure transactions reviewed appears to be inefficient and does not provide cost savings to the state.

12. **The Department of Developmental Services should convert to purchase of service (POS) contracts or obtain a formal opinion from the Office of the Attorney General regarding appropriate state contracting approach to use for residential school contracts.**

    Comment:

    DDS uses an "agreement to provide care" for contracts with out-of-state residential schools rather than the OPM recommended standard format for purchase of service contracts.

13. **The Department of Developmental Services should deposit funds in a timely manner in accordance with the General Statutes and should strengthen internal controls to ensure that documentation is on file to support deposits. DDS should date stamp receipts when they are received.**

    Comment:

    DDS did not deposit 4 of 40 deposits tested in a timely manner in accordance with Section 4-32 of the General Statutes; delays ranged between 2 and 11 days late. Additionally, documentation for 9 out of 40 deposits tested was inadequate; support was missing for 3 deposits, and 6 deposits were not date stamped when received.

14. **The Department of Developmental Services should develop procedures to ensure that its policies and procedures are complete and up-to-date, available to all users, and presented and organized in a user-friendly manner.**

    Comment:

    The DDS policies and procedures manual has not been updated to reflect current practices and the administration section is not accessible on the department's website.

15. **The Department of Developmental Services should strengthen internal controls over consumer accounts to ensure that disbursements are adequately supported by consumer fund withdrawal forms and receipts.**

    Comment:

    From our review of 30 consumer fund disbursements, we noted 28 were not adequately supported, including incomplete forms; missing receipts; and receipts that did not identify the vendor, goods or services purchased, total amount paid, or form of payment.

16. **The Department of Developmental Services should strengthen internal controls over unspent consumer funds and supporting receipts to ensure that the return date is accurately determined, the actual return date is adequately documented, and that unspent funds and supporting receipts are returned in a timely manner.**

    Comment:

    From our review of 30 consumer disbursements, we noted that DDS recorded an inaccurate return date for remaining funds and receipts for 14; unspent funds and receipts for 16 disbursements were returned between 1 and 170 days late; and we were unable to determine timeliness for 5 due to a lack of date stamp.

17. **The Department of Developmental Services should develop procedures to ensure that consumer purchases of unusual or expensive items are the result of team decisions and that such decisions are adequately documented.**

    Comment:

    There was no documentation on file to determine whether the purchase of expensive or unusual items for 7 out of 30 consumer purchases was the result of a team decision, as required by DDS policy.

18. **The Department of Developmental Services should strengthen internal controls over the monitoring of consumer account balances to ensure they are within Medicaid limits.**

    Comment:

    Twenty out of 44 consumer account balances reviewed exceeded the established Medicaid limits during the audited period.

19. **The Department of Developmental Services should review current practices related to the disbursement of trustee funds to ensure accurate and consistent processing in accordance with DDS and state policies and procedures.**

    Comment:

    We reviewed 20 trustee fund disbursements and noted incomplete Fund Withdrawal Forms for 12 transactions, incomplete purchase requisition and accompanying support for 12 transactions, and a lack of purchase orders for 9 transactions. Additionally, the DDS purchase orders do not include an approval field.

20. **The Department of Developmental Services should maintain staffing levels at the Lower Fairfield Regional Center at an adequate level to ensure coverage at the minimum safe levels without resorting to mandatory overtime.**

    Comment:

    We reviewed 730 days and noted that 675 days, or 93%, were staffed utilizing mandatory overtime. There were only 55 days that did not require mandatory overtime in order to maintain minimum staffing levels.

ACKNOWLEDGEMENT

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

Rebecca M. Balkun
Audrey F. Kelliher
Brandon Martin

CONCLUSION

We wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Developmental Services during the course of our examination.

Rebecca M. Balkun
Principal Auditor

Approved:

John C. Geragosian
State Auditor

Robert J. Kane
State Auditor