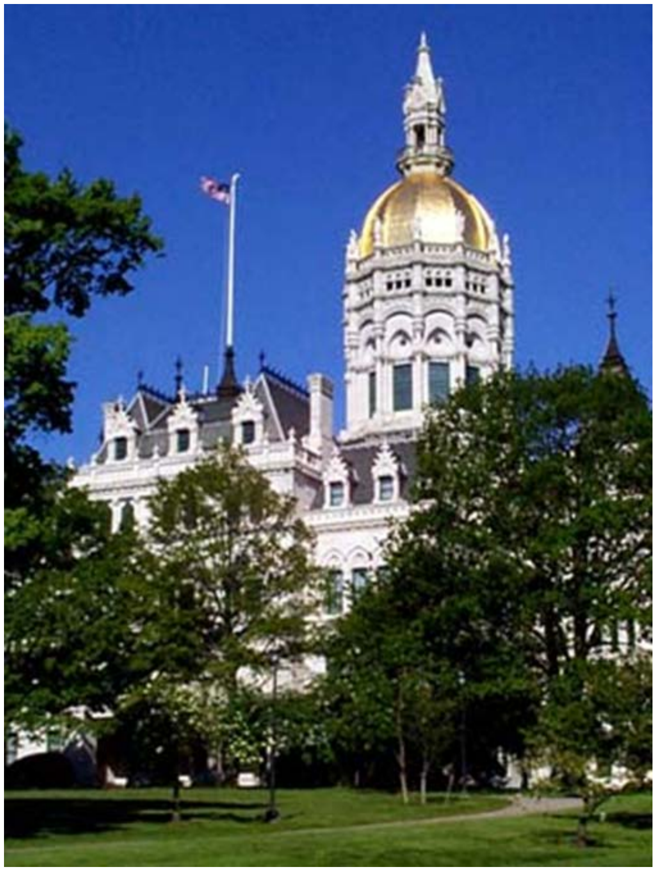
STATE OF CONNECTICUT



AUDITORS' REPORT
DEPARTMENT OF DEVELOPMENTAL SERVICES
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2018

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

Table of Contents

November 10, 2020

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Department of Developmental Services. The objectives of this review were to evaluate the department's internal controls, compliance with policies and procedures, as well as certain legal provisions, and management practices and operations for the fiscal years ended June 30, 2017, and 2018.

The key findings are presented below:

Page 15	DDS created a position outside the intent of the statutory language for the regional director position. The Department of Developmental Services should maintain documentation supporting newly created positions to verify that the department completed a thorough review and received proper approval. In addition, the department should request legislative review of the position to verify statutory compliance. (Recommendation 2.)
Page 25	DDS did not formally report a loss of approximately $3,337,856 in state funds to the State Comptroller and Auditors of Public Accounts as required by Section 4-33a of the General Statutes. The Department of Developmental Services should promptly report all unauthorized, illegal, irregular, or unsafe handling or expenditure of state funds to the State Comptroller and Auditors of Public Accounts in accordance with Section 4-33a of the General Statutes. (Recommendation 13.)
Page 33	DDS continued to provide and pay for approximately $1,569,480 in services to an individual who was no longer a state resident. The Department of Developmental Services should provide services only to eligible recipients as defined by the state regulations. (Recommendation 19.)

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

ROBERT J. KANE

November 10, 2020

AUDITORS' REPORT
DEPARTMENT OF DEVELOPMENTAL SERVICES
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 and 2018

We have audited certain operations of the Department of Developmental Services 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 years ended June 30, 2017 and 2018. 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 effectiveness, 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, as well as certain external parties; 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 various available sources, including, but not limited to, the department's management and the state's information systems, 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 the 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 Hartford, Tolland, and Windham counties. The regional office is in East Hartford and there are 3 satellite offices 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 in Wallingford and there are 2 satellite offices 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 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.

Commissioner Morna Murray resigned on January 19, 2017. Deputy Commissioner Jordan Scheff served as acting commissioner until his official appointment on April 21, 2017.

As of June 30, 2018, DDS had 2,179 full-time and 688 part-time filled General Fund positions and 14 filled federally-funded positions.

Consumer Census Statistics

A summary of consumer census statistics pertaining to the department's various services for the audited period, as compared to the period ended June 30, 2016, is summarized below:

	As of 6/30/16	**As of 6/30/17**	**As of 6/30/18**
Residential Supports:			
Consumers Living at Home	10,821	11,139	11,239
Consumers in Public Residential Settings	741	651	349
Consumers in Private Residential Settings	4,530	4,596	4,832
Consumers in Other Residential Settings	632	565	618
Total Consumers Receiving Residential Supports	**16,724**	**16,951**	**17,038**

Work and Day Supports:			
Consumers Receiving Public Work and Day Supports	287	259	239
Consumers Receiving Private Work and Day Supports	13,669	13,815	14,014
Consumers Self-Directing Work and Day Supports	442	523	595
Total Consumers Receiving Work and Day Supports	**14,398**	**14,597**	**14,848**
Total Consumers Utilizing Respite Centers	**2,005**	**969**	**921**
Total Individuals on Waiting and Planning Lists	**2,089**	**2,097**	**2,003**

The number of consumers in public residential settings and programs continued to decline during the audited period due to the agency's efforts to serve consumers in residential settings. Consequently, there were more consumers in private residential settings and programs. In addition, more consumers received services while living at home during the audited period.

Per Capita Costs

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

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

Fiscal Year Ended June 30, 2017

	Inpatient Daily	Inpatient Annual	Group Home Daily	Group Home Annual
North Region	$1,696	$619,040	$1,286	$469,390
South Region	$3,450	$1,259,250	$1,398	$510,270
West Region	$1,418	$517,570	$1,457	$531,805
Southbury Training School	$1,299	$474,135	N/A	N/A

Fiscal Year Ended June 30, 2018

	Inpatient Daily	Inpatient Annual	Group Home Daily	Group Home Annual
North Region	$1,432	$522,680	$1,224	$446,760
South Region	N/A	N/A	$1,084	$395,660
West Region	$974	$355,510	$509	$185,785
Southbury Training School	$1,009	$368,285	N/A	N/A

Due to the closure of intermediate care facilities (ICF) in the South Region during the fiscal year ended June 30, 2018, there are no inpatient rates included in the comparison.

Significant Legislation

Public Act 17-96, effective July 1, 2017, specified that the DDS commissioner, or a designee, may investigate reports of abuse or neglect of individuals ages 18 to 60 with autism spectrum disorder receiving services from the Department of Social Services' (DSS) Division of Autism Spectrum Disorder Services. The act requires DDS to provide DSS with an evaluation report of such investigations and modifies the circumstances in which information from the DDS abuse and neglect registry may be disclosed to DSS.

Public Act 17-2 (Section 87) of the June Special Session, effective October 31, 2017, transferred the Office of Protection and Advocacy's investigatory responsibilities for alleged abuse or neglect of individuals (1) with intellectual disability or (2) who receive funding or services under DSS's Division of Autism Spectrum Disorder Services, to DDS. In practice, DDS has been performing the investigations since March 2017 under a memorandum of understanding with the Department of Rehabilitation Services (DORS). The act requires the DDS commissioner to receive and investigate complaints from such individuals, their legal representatives, or other interested persons.

Public Act 17-2 (Section 222) of the June Special Session, effective October 31, 2017, allowed the DDS commissioner, in collaboration with the Secretary of the Office of Policy and Management (OPM) and the Department of Social Services (DSS) commissioner, to organize and participate in an Intellectual Disability Partnership. The partnership shall form an Intellectual Disability Partnership Advisory Committee, which shall include broad and diverse representation from families, providers, and advocates for persons with intellectual disabilities.

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 advises the director of Southbury Training School (STS) on general policies concerning its operation and administration, conducts annual inspections, and may recommend matters to the Council on Developmental Services, as it deems necessary. As of June 30, 2018, the board consisted of the following members:

Eileen Lemay, Chair
Ann Dougherty, Vice Chair
Mark A. R. Cooper
Eugene Harvey
Diana Mennone
Louis Richards
1 vacancy

Intellectual Disability Partnership Advisory Committee

Public Act 17-2, Section 222, of the June Special Session, effective October 31, 2017, created the Intellectual Disability Partnership Advisory Committee. As of June 30, 2018, the following individuals were members of the committee:

Jordan Scheff, DDS Commissioner
Peter Mason, DDS Deputy Commissioner
Andrea Barton-Reeves
Adrienne Benjamin
Barry Bosworth
Marina Derman
Judy Dowd
Andrea Ferrucci
Collette Langner
Kate McEvoy
Katie Rock-Burns
Richard Sebastian
Barry Simon
Lauren Traceski

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 one member appointed by the Southbury Training School Board of Trustees 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 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, 2018, the following individuals were members of the council:

Adrienne Benjamin, Chair
Kevin Zingler, Vice Chair
Pamela DonAroma
Joseph Duffy
Christine Hainsworth-Straus
Karen Hlavac
Jamie Lazaroff
Frederick Lenz, Jr.
Diana Mennone
Dawn Oduor
Arlene Reith
Rick Rothstein
Neil D. Stein, M.D.
Deborah Ullman
Lisa Weisinger-Roland

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. There are currently no members, as the council has not met since March 2017 due to the inability to meet a quorum.

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, 2018, the following were members of the councils:

North Region:

Donna Clauson	Andrew Selinger
Joe Duffy	Tammy Selinger
Collette Bement Langner	Annette Scully
Ron Langner	Kathleen Tetreault
Richard Rothstein	Elisa Velardo
Lori Sandora	

South Region:

Leslie Bridges-Parent	Heidi Earle
David Cassano	Britney Gudeahn
Carol Cooney	Lauralyn Lewis
Thomas Dailey	3 vacancies

West Region:

Sue Bastien	Roger McNealy
Chuck Bergamo	Karen Simon
Lori Chiappiniello	Cindy Stramandinoli
Marina Derman	3 vacancies

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 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, 2018, the committee consisted of the following members:

Shannon Aiello	Jackson Pierre-Louis
Betsie Danforth	Victoria Severin
Beverly Jackson	Stan Soby
Mary Ann Langdon	5 vacancies

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 council uses the remainder of its funds 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 appointed by the Governor to 3-year terms.

As of June 30, 2018, the following were members of the Connecticut Council on Developmental Disabilities:

Charles Bergamo
Chris Blake
April Burke
Kevin Daly
Ann Gionet
Gary Gross
James Hexter
Gretchen Knauff
Bryan Klimkiewicz
Alicia Kucharczyk
Joyce Lewis
Ellyn Little
Shelagh McClure
Margaret McDermott
Megan O'Neill
Antonio Orriola
Linda Rammler
Patricia Richardson
James Rosen
Michael Scanlon
Brenda Stenglein
Kathy Wolkner
Robin Wood
1 vacancy

RÉSUMÉ OF OPERATIONS

General Fund

Receipts:

The department's General Fund receipts for the audited period, as compared to the period ended June 30, 2016, are summarized below:

	2015-2016	2016-2017	2017-2018
Refunds of Expenditures	$258,508	$274,186	$476,559
Refunds of Salaries	53,149	18,765	23,604
Recoveries – General	1,345	448	7,884
Cottages or Residences	29,012	16,916	11,833
Facilities Licensure	22,450	20,700	16,100
Farms, Land and Buildings	12,603	12,604	13,652
All Other	9,660	4,319	2,056
Total Fund Receipts	**$386,727**	**$347,938**	**$551,688**

During the audited period, the Department of Social Services increased its efforts in performing audits of DDS providers. The result was an increase in recoupments in the refund of expenditures category. The cottages and residences category includes revenue received from employees residing on Southbury Training School grounds. The fluctuations are directly related to the number of employee leases.

Expenditures:

The department's General Fund expenditures for the audited period, as compared to the period ended June 30, 2016, are summarized below:

	2015-2016	2016-2017	2017-2018
Personal Services and Employee Benefits:			
Salaries and Wages	$243,030,777	$214,904,437	$200,556,994
Workers' Compensation	14,646,756	14,434,194	13,649,274
All Other	742,111	604,142	565,661
Total Personal Services and Employee Benefits	258,419,644	229,942,773	214,771,929
Purchased and Contracted Services:			
Professional, Scientific, and Technical Services	7,266,498	4,649,437	4,372,703
Consumer Services	765,165,889	267,273,788	266,308,709
Premises and Property Expenses	7,024,160	6,753,607	6,656,796
Purchased Commodities	5,297,047	4,285,778	3,796,039
Motor Vehicle Costs	3,040,435	3,088,089	3,080,376
Fixed Charges	8,818,178	2,297,870	2,599,503
All Other	4,183,893	3,883,899	3,441,155
Total Purchased and Contracted Services	800,796,100	292,232,467	290,255,281
Total Fund Expenditures	**$1,059,215,744**	**$522,175,239**	**$505,027,210**

Personal service expenditures decreased during the audited period due to the decline in the number of positions. Full and part-time position counts totaled 2,991, and 2,245, respectively, for the fiscal years ended June 30, 2017 and 2018.

Beginning in fiscal year ended June 30, 2017, the department started transitioning individuals from DDS public facilities to private residential settings operated by private providers. This attributed to the decrease in expenditures in contracted services related to the individuals served by the department as well as consumer services. In addition, funding for the Community Residential Services Program, which accounts for residential support resources, was transferred to the Department of Social Services and transitioned from provider grants to fee-for service payments. This change was to ensure federal reimbursement on all eligible services through Medicaid, for which the state receives a 50% federal reimbursement that is deposited to the General Fund as revenue. This change accounts for the large decrease in the consumer services category, fixed charges, and other contracted services.

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, 2016, are summarized below:

	2015-2016	2016-2017	2017-2018
Federal Aid	$772,296	$803,577	$657,332
Federal Grant Transfers	-	728,648	1,059,020
Non-Federal Aid	52,105	49,091	36,200
Restricted Aid, Not Grant Transfer	32,284	530,516,282	541,861,859
Total Fund Receipts	**$856,685**	**$532,097,598**	**$543,614,411**

DDS receives federal aid for the Connecticut Council on Developmental Disabilities that is comprised of twenty-four citizens appointed by the Governor to undertake advocacy, capacity building, and systemic change activities consistent with the federal Developmental Disabilities Assistance and Bill of Rights Act of 2000.

The increase in the restricted aid, not grant transfer category, is attributed to the transfer of funding for the Community Residential Services to the Department of Social Services. Prior to fiscal year 2017, funds were allocated to the DDS budget and were expended out of the General Fund. Now, funds are appropriated to DSS and transferred to DDS's restricted fund accounts.

Expenditures:

The department's Federal and Other Restricted Accounts Fund expenditures for the audited period, as compared to the period ended June 30, 2016, are summarized below:

	2015-2016	2016-2017	2017-2018
Personal Services and Employee Benefits:			
Salaries and Wages	$246,627	$212,221	$177,108
Employee Benefits	172,781	159,588	128,599
All Other	11,839	12,813	5,742
Total Personal Services and Employee Benefits	431,247	384,622	311,449
Purchased and Contracted Services:			
Consumer Services	-	522,405,447	534,676,057
Professional, Scientific and Technical Services	6,897	1,850,903	1,286,369
Fixed Charges	374,638	7,178,680	7,005,462
All Other	226,852	254,515	216,575
Total Purchased and Contracted Services	608,387	531,689,545	543,184,463
Total Expenditures	**$1,039,634**	**$532,074,167**	**$543,495,912**

The department had a decrease in federal personal services and employee benefits, despite maintaining the same number of employees, due to reductions in overtime and employee travel.

The increase in the consumer services category relates to the transfer of the Community Residential Services program funding. Services are now expended from a restricted fund rather than the General Fund.

The professional, scientific, and technical services category increased by $1.8 million from the fiscal year ended June 30, 2016 and then decreased by $564,534, or approximately 31%, during the fiscal year ended June 30, 2018. The main reason for the increase was due to increases in accounting and auditing services related to the Community Residential Services program, where expenditures increased from $0 in the 2016 fiscal year to $1.1 million in the 2017 fiscal year. The decrease was due to the elimination of the autism spectrum disorder expenditures, which are now covered under Medicaid.

Capital Improvements

Capital improvement expenditures totaled $2,661,731 and $1,666,358 for the fiscal years ended June 30, 2017 and 2018. The decrease can be attributed to lower expenditures for premises and property maintenance, supplies, and services.

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 the department to provide loans for the construction, purchase, or renovation of community-based residential facilities. The department can issue loans, which bear interest at a rate of 6%, up to $350,000 for this purpose. The department can also issue loans up to $60,000 for the rehabilitation of community-based residential facilities.

As of June 30, 2018, the fund had an outstanding balance of $16,889,428 in loans for community residential facilities. New loans issued totaled $1,632,931 and $993,003, respectively, for the fiscal years ended June 30, 2017 and 2018.

Receipts of the fund, consisting primarily of principal repayments and interest income on residential community loans, totaled $1,841,487 and $2,111,085, for the fiscal years ended June 30, 2017 and 2018, respectively. The fund had a cash balance of $8,763,803, as of June 30, 2018.

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 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 $4,154,219 as of June 30, 2018.

Southbury Training School Foundation

The Southbury Training School (STS) has an affiliated foundation, the Southbury Training School Foundation, Inc. A public accounting firm performed a financial statement audit of the foundation for the fiscal years ended October 31, 2017 and 2018. The firm noted internal control and efficiency matters during the 2017 audit.

The audit for the fiscal year ended October 31, 2017 revealed that monthly deposits were not reconciled to the monthly cash receipts ledger maintained by office personnel, and bank and investment reconciliations were not reviewed by the Treasurer. The audit for the fiscal year ended October 31, 2016 also reported that deposits were not reconciled.

According to the foundation's financial statements for the fiscal year, ended October 31, 2018, revenues and expenses for the fiscal year were approximately $511,209 and $192,407, respectively. Net assets as of October 31, 2018 totaled $710,165, consisting primarily of a trust for $447,527 from a donor received in 2018.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

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

Incomplete Promotion and Hiring Documentation

Criteria: A DDS supervisor or manager authorized to fill a position vacancy must complete the employee selection report, which includes an applicant tracking form. The supervisor or manager must complete the form whether the position is filled via hire, promotion, transfer, layoff list, or any other employment selection process. Other documentation to support new hires includes resumes, applications, and interview notes for all who were interviewed, and justification for the selected candidate.

The Department of Administrative Services' (DAS) General Letter 226 provides guidance to state agencies concerning the documentation that is required when requesting a promotion by reclassification, as well as instructions for entering approvals in Core-CT.

Condition: Our review of new hires and promotions identified the following conditions:

- Required documentation was missing for one new hire. Missing documentation included the employee selection report, applicant tracking form, resumes and applications for other applicants, and justification for the candidate selected.

- Required documentation was missing for 3 promotions to vacancies. Missing documentation for one employee included the employee selection report, applicant-tracking form, resumes and applications for other applicants, and interview panel notes. Additionally, it was unclear whether the position was posted to the DAS website. Documentation from the interview panel's selection decision discussion was not on file for all 3 promotions.

- Required documentation was missing for 11 promotions by reclassification. Missing documentation included approval notes in Core-CT for 7 instances, applications for 2 instances, duties questionnaires for one instance, organization charts for 3 instances, and justifications for the promotions in 2 instances.

Context: During the audited period, there were 217 new hires and 91 promotions, of which 32 (or 35%) were promotions by reclassification. We selected

4 new hires, 3 promotions, and 11 promotions by reclassification for testing.

Effect: Without the required documentation, it is difficult to determine whether the department selected the most appropriate candidates for hire or promotion.

Cause: The incomplete promotion documentation appears to be the result of management and Human Resources oversight.

Prior Audit Finding: This finding was previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2016.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure the hiring and promotion process is adequately supported in accordance with DDS and Department of Administrative Services procedures. (See Recommendation 1.)

Agency Response: "The agency agrees in part with this finding. The agency possesses, and provided as requested, appropriate documentation for several of the identified transactions. This includes providing documentation, as appropriate, by type of position; at least one position did not require some types of documentation that were requested. In addition, most documentation was available for each individual candidate; the characterization in the condition could be interpreted to mean that every category of documentation listed was missing for each of the identified transactions, which is inaccurate. The most commonly found missing documentation was Core-CT notes from the DAS HR consultant who approved. DDS does not have the ability to ensure compliance on this, however, documentation was provided showing approval by email in most instances. To address missing documentation in the remaining transactions, DDS will strengthen internal controls to ensure that documentation is properly filed and stored. The transition to a centralized statewide Human Resources structure will help to ensure that workflow and processes are streamlined and consistent."

Auditors' Concluding Comment: We provided DDS with a detailed list of missing documentation, but the department supplied only one document in response to the finding. We also note that per DAS General Letter 226, Promotion by Reclassification, the department's human resources professional is responsible for entering the approval in Core-CT notepad. The general letter also provides guidance on the required information.

Questionable Regional Director Position

Criteria: Section 17a-272 of the General Statutes states that the Commissioner of Developmental Services shall appoint and remove directors of the training school or state developmental services regions. Each director shall be a trained administrator of services and facilities engaged in the care, custody, treatment, and training of persons with intellectual disability. Each director shall be subject to the direction of the DDS commissioner, and shall be responsible for the operation and administration of the training school or state developmental services region. Regional directors may appoint or remove four assistant directors with the approval of the DDS commissioner.

Section 17a-273 requires the appointment of at least one advisory and planning council for each DDS developmental services region, which shall consult with the director of the region.

DAS has formal procedures for establishing a new class that requires a thorough review of the position, consultation with the agency's DAS Human Resources Liaison, and submission of required documents.

Condition: The department appears to have created a position that is outside the intent of the statutory language of the regional director position. DDS has 3 regional director positions, each presiding over a geographic region, and created an additional director position, which presides over a type of DDS program. Although approved by the necessary parties, there is no evidence that DAS reviewed the position, as required, to document the impact to the DDS organizational structure.

Effect: The new regional director position appears to be in conflict with the statutory language, as the position is over a program rather than a geographical location.

Cause: With the changes to Public Programs within the agency, the position was created to have one administrator oversee all activity, which the agency believes conforms to the legislative intent.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should maintain documentation to support newly created positions to verify that the department completed a thorough review and received proper approval. In addition, the department should request legislative review of the position to verify statutory compliance. (See Recommendation 2.)

Agency Response: "The agency disagrees with the finding. State statute does not define what shall constitute a region. The organizational structure was reviewed and agreed to by the appropriate bodies, as evidenced by the position approval in Core-CT by DAS and OPM."

Auditors' Concluding Comment: Although the necessary parties approved the regional director position in Core-CT, further inquiry revealed that OPM approval only relates to funding and DAS was responsible for reviewing and approving the position. We requested documentation supporting the DAS analysis of the new position, but DDS did not provide any.

Lack of Separation Documentation

Criteria: Prior to separation, Human Resources requests that employees complete the DDS Separation Data Form that identifies any state property in their possession. DDS uses the form to properly account for and collect state property.

Condition: DDS did not have a completed DDS Separation Data Form on file for 7 terminated employees to document whether they returned state property to the department.

Context: During the audited period, there were 724 employee terminations. We selected 20 employee terminations for review.

Effect: The lack of DDS Separation Data Forms increases the risk that state property will not be returned to the department upon an employee's separation.

Cause: It appears that employee separations are processed and documented inconsistently within the various DDS regions.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2016.

Recommendation: The Department of Developmental Services should review current separation procedures to ensure that it consistently obtains completed separation documentation. (See Recommendation 3.)

Agency Response: "The agency agrees with this finding. The transition to a centralized statewide Human Resources structure will help to ensure that workflow and processes are streamlined and consistent."

Inadequate Documentation Supporting Medical Leave

Criteria:	According to Section 5-247-11 of the state personnel regulations and most collective bargaining agreements, employees must submit a medical certificate to substantiate a period of sick leave 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:	Required medical certificates and FMLA forms were missing for 10 employees on medical leave, totaling 760 days.
Context:	During the audited period, 1,000 employees were on medical leave for more than 5 consecutive days, totaling 219,777 hours. We selected 20 employees on medical leave, totaling 4,940 hours, 13 of which were taken under FMLA.
Effect:	Lack of required documentation increases the risk that medical leave and use of accruals may be unsubstantiated.
Cause:	The instances of inadequate documentation to support medical leave appear to be the result of management oversight.
Prior Audit Finding:	This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2016.
Recommendation:	The Department of Developmental Services should strengthen internal controls to ensure that medical leave is administered in accordance with collective bargaining agreements and Family and Medical Leave Act guidelines. (See Recommendation 4.)
Agency Response:	"The agency agrees in part with this finding. Per policy, physician certification may be accepted via medical notes on the letterhead of the practice in place of the agency form. DDS has implemented new processes since 2018 regarding leave processing. All current processes are in line with the FMLA Manual distributed in 2018, which the agency expects to support increased accuracy of files going forward. The transition to a centralized statewide Human Resources structure will help to ensure that workflow and processes are streamlined and consistent."

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: Our review of workers' compensation claims noted the following discrepancies:

- Ten claims had incomplete, missing, or untimely documentation; 11 forms were missing; 4 forms were not signed by the supervisor; 15 forms were not completed in a timely manner; 2 forms were incomplete; 5 forms were not dated; and 2 medical certificates to support the leave times were missing.

- Three claims were not promptly reported to employees' supervisors, the Workers' Compensation Unit, and/or the third-party administrator.

- Two claims had incorrect information entered into Core-CT, including filing statuses and claim dates. This resulted in underpayments of $2,361.

Context: During the audited period, 1,018 workers' compensation claims were filed that resulted in payments of $6,703,603. We selected 10 workers' compensation claims for testing that resulted in charges totaling $408,745.

Effect: There is an increased risk for unsupported payments.

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

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2016.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure that workers' compensation claims are supported by adequate documentation. (See Recommendation 5.)

Agency Response: "The agency agrees in part with this finding. DDS disagrees with one citation of a missing medical certification and contends that it is within the file. DDS disagrees with one citation of an undated form, as the form asks for the signature of the supervisor, not the date. DDS disagrees with the cause listed for the citations of underpayment. In one case, an employee reported one filing status to DDS and another to TPA, resulting in payment discrepancy. In the second case, a system glitch caused an error in wage audit reports, resulting in underpayments, which were corrected upon discovery.

The agency continues to work toward greater compliance regarding timeliness of reporting by workers to supervisors, and supervisors to Human Resources. Required paperwork and processes have been continually sent as reminders via email and hard copy to work sites. The transition to a centralized statewide Human Resources structure will help to ensure that workflow and processes are streamlined and consistent."

Auditors' Concluding Comment: After multiple requests, the department did not supply additional support to address our finding.

Lack of Purchasing Card Documentation

Criteria: The State of Connecticut Purchasing Card (P-Card) Cardholder Work Rules requires cardholders to maintain purchase logs of all transactions as well as supporting receipts and invoices. Cardholders are required to reconcile their monthly statements with the purchase log and forward the statement and supporting documentation to the Business Office by the last day of each month.

Condition: Our review of P-Cards revealed that one cardholder did not adequately maintain or promptly submit supporting documentation. There was partial support for 5 transactions totaling $671, no support for 5 transactions totaling $2,396, and support was not promptly completed for 5 transactions totaling $2,830.

Context: During the audited period, there were 1,982 P-Card transactions, totaling $6,930,759. As of June 30, 2018, DDS had 165 active P-Cards. We selected 10 active P-Cards and 25 monthly statements. For the 25 monthly statements selected, there were 133 transactions, totaling $47,491.

Effect: Noncompliance with P-Card Cardholder Work Rules weakens controls over P-Card transactions and increases the likelihood that inappropriate or erroneous expenditures may be made but not promptly detected.

Cause: Existing controls did not prevent these conditions from occurring.

Prior Audit Finding:	This finding has not been previously reported.
Recommendation:	The Department of Developmental Services should strengthen internal controls to ensure that purchasing cardholders adhere to the Purchasing Card Cardholder Work Rules. (See Recommendation 6.)
Agency Response:	"The agency agrees with this finding and will continue to work with the cardholder to ensure proper documentation is maintained."

Incomplete Contract Documentation

Criteria:	Section 4-252a of the General Statutes states that no state agency shall enter into a large state contract with any entity that has failed to submit a written certification indicating whether such entity has made a direct investment of twenty million dollars or more in the energy sector of Iran on or after October 1, 2013. The Office of Policy and Management created Form 7, Iran Certification to assist agencies in complying with contracting requirements. For any large state contract, Form 7 must be submitted with the contract bid or proposal, or if there was no bid process, with the resulting contract.
Condition:	We reviewed 6 purchase of service (POS) contracts totaling $301,805,903, which required Form 7. DDS did not obtain a Form 7 for 4 contracts, totaling $128,876,695.
Context:	Expenditures for personal services agreements and purchase of service contracts included 5,348 vouchers, totaling $1,414,366,000, for the fiscal years ended June 30, 2017 and 2018.
Effect:	The agency did not comply with Section 4-252a of the General Statutes.
Cause:	There appears to be inadequate oversight regarding this certification requirement.
Prior Audit Finding:	This finding has not been previously reported.
Recommendation:	The Department of Developmental Services should ensure it obtains the required certification for large state contracts in accordance with Section 4-252a of the General Statutes. (See Recommendation 7.)
Agency Response:	"The agency agrees with this finding. DDS will ensure that all required Ethics Forms related to the POS Contract are signed by the provider, downloaded from the ethics form database on Biznet, and stored at the same location as the purchase of service contract files on the network."

Untimely Posting and Incorrect Coding of Deposits

Criteria: The Office of the State Comptroller State Accounting Manual requires each agency to post deposits in Core-CT the same day the deposit information is available in Core-CT.

Coding assigned to receipt transactions should most accurately identify the type of receipt.

Condition: Our review of 20 deposits revealed that DDS posted 14 deposits, totaling $113,394, to Core-CT between 1 and 13 days late. In addition, the department coded 2 deposits, totaling $650, to incorrect Core-CT accounts.

Context: During the audited period, there were 863 deposits, totaling $4,368,553. We selected 20 deposits, totaling $159,754, for review.

Effect: Funds were not accounted for accurately and in accordance with the State Comptroller's State Accounting Manual.

Cause: The untimely posting and incorrect coding of deposits appear to be an oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure it promptly posts and accurately records deposits. (See Recommendation 8.)

Agency Response: "The agency agrees with this finding. DDS has increased the number of staff posting Treasurer deposits and provided additional training to ensure accurate coding."

Inappropriate Use of Capital Equipment Purchase Fund

Criteria: Section 4a-9 of the General Statutes grants the Office of Policy and Management (OPM) permission to administer the Capital Equipment Purchase Fund. Agencies can use these funds to purchase assets over $1,000 or data processing equipment less than $1,000 with a useful life of not less than 5 years. Grouping of individual assets to reach the $1,000 threshold is prohibited.

According to the State Property Control Manual, personal property acquired after July 1, 2015, will have a capitalization threshold of $5,000. The manual also allows for grouping of assets for a single asset containing multiple parts, which cannot operate independently.

Condition: The department used the Capital Equipment Purchase Fund to purchase 5 furniture items, 3 of which were under the $1,000 funding threshold. In addition, the department combined the individual items under one asset in the Core-CT asset management module, even though each item could operate independently.

Effect: The department misused the Capital Equipment Purchase Fund, as the purchases did not meet the capitalization threshold. In addition, grouping individual items resulted in the assets being improperly included on the CO-59 report, thus overstating the equipment category by $5,494.

Cause: The department inappropriately grouped individual pieces of furniture together to qualify for use of the Capital Equipment Purchase Funds.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should strengthen internal controls over the use of Capital Equipment Purchase Funds and reporting of assets to comply with the General Statutes and State Property Control Manual. (See Recommendation 9.)

Agency Response: "The agency agrees with this finding. DDS will no longer group assets which are not component parts of a unit of equipment that cannot be used independently of the remaining equipment or is physically connected to the major asset."

Lack of Oversight Regarding Asset Management

Criteria: Section 4-36 of the General Statutes requires each state agency to establish and maintain inventory records in the form prescribed by the Office of the State Comptroller.

The State Property Control Manual provides guidance to state agencies on the requirements and internal controls to be implemented, including capitalization thresholds for personal property and licensed software, use of the Core-CT Asset Management Module, maintaining a controllable asset listing for theft prone assets, and completing physical inventories.

Condition: We performed various inventory tests, which identified the following:

- Three assets totaling $8,809 had incorrect location information in the department's inventory records.

- One controllable asset was not included in the department's inventory records.

- We were unable to determine whether the department should have tagged one asset and included it in its inventory records due to missing acquisition records.

- Two licensed software items were incorrectly included on the department's CO-59 report for the fiscal year ended June 30, 2018, overstating licensed software by $8,350.

Context: As of February 25, 2019, DDS had 5,401 capital and controllable assets, totaling $12,353,390. We selected 40 assets for testing, totaling $326,208, and 2 new licensed software purchases, totaling $8,350.

Effect: Noncompliance with the State Property Control Manual guidelines may lead to inaccurate recording and reporting of state property, misstatement of asset balances, and a decreased ability to safeguard assets.

Cause: The issues noted appear to be the result of management oversight and inadequate internal controls over the recording and reporting of assets. We also noted that one employee is responsible for the department's assets, which are located at numerous locations.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should strengthen internal controls over the recording, reporting, and processing of assets to ensure compliance with the State Property Control Manual. (See Recommendation 10.)

Agency Response: "The agency agrees with this finding. DDS will improve its asset management process."

Outdated Department Policies and Procedures

Criteria: Sound internal controls dictate that departmental policies and procedures should reflect current practices. They should be available to all users and 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 are current, and DDS has not posted the administration section on its website. Many of the policies and procedures continue to refer to the department as the

Department of Mental Retardation, despite the department's name change in October 2007.

Effect: Internal controls are weakened when policies and procedures are not made available to users and are not promptly updated to reflect current practices and changes in laws and regulations. Significant time lags in finalizing revisions to procedures may also lead to improper actions by employees.

Cause: DDS has not prioritized updating its policies and procedures and making them available to all users. The department allocated insufficient resources to this project. DDS only charged one employee with the responsibility for contacting numerous parties to update the content, edit, and incorporate revised policies into the manual.

Prior Audit Finding: This finding has been previously reported in the audit reports covering the fiscal years ending June 30, 2012 through 2016.

Recommendation: The Department of Developmental Services should ensure that its policies and procedures are current, available to all users, and presented and organized in a user-friendly manner. (See Recommendation 11.)

Agency Response: "The agency agrees in part with this finding. DDS disagrees with the supposition that policy updates are not a priority of the department; based on the assumption that only one employee is responsible for conducting this work. Multiple employees continue to work on revisions to the agency's numerous service delivery and administration policies and procedures.

The agency agrees with the recommendation that agency policies and procedures should be current and available to users. DDS is committed to an ongoing process of reviewing all policies and procedures for necessary changes. DDS also makes regular revisions to policies and procedures in response to changing external conditions. DDS will continue to devote resources to these reviews and revisions."

Lack of Required Reporting by the Office of the Ombudsperson

Criteria: Section 17a-210a (d) of the Connecticut General Statutes requires the director of the Office of the Ombudsperson to report annually to the Joint Standing Committee of the General Assembly having cognizance of matters relating to public health.

Condition: The director of the Office of the Ombudsperson did not file the Ombudsperson's annual report to the Public Health Committee of the General Assembly for the fiscal years ended June 30, 2017 and 2018.

The last annual report submission was for the fiscal year ended June 30, 2014.

Effect: The lack of required reporting diminishes legislative oversight.

Cause: The reports were not completed by the necessary parties due to managerial oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should complete the Ombudsperson's annual report in accordance with Section 17a-210a (d) of the General Statutes. (See Recommendation 12.)

Agency Response: "The agency agrees with this finding. Mitigating circumstances caused a delay in report filing. Additional supports have been implemented to ensure timely filing moving forward."

Lack of Required Reporting – Loss of State Funds

Criteria: Section 4-33a of the General Statutes requires agencies to promptly notify the Auditors of Public Accounts and the Office of the State Comptroller of any unauthorized, illegal, irregular, or unsafe handling or expenditure of state funds; breakdowns in the safekeeping of any other resources of state agencies; breach of security; or contemplated action to commit one of the acts.

Condition: DDS performed an internal review of 96 case management files for two case managers and found that they did not properly maintain 67 files. The files did not contain documentation necessary to support billings for Medicaid waiver claims, resulting in $1,283,209 in unsupported paid Medicaid claims and lost billing revenue of $2,054,647. DDS reported the matter to our on-site audit staff, but never formally reported it to the Office of the State Comptroller or the Auditors of Public Accounts.

Effect: The lack of timely reporting increases the risk that losses will go unreported and unaccounted for. In addition, the state may need to refund the federal Centers for Medicare and Medicaid Services (CMS) for ineligible claims.

Cause: DDS did not report the matter in accordance with Section 4-33a of the General Statutes, because the department does not feel as though it involves a loss of state funds.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should promptly report all unauthorized, illegal, irregular, or unsafe handling or expenditure of state funds to the State Comptroller and Auditors of Public Accounts in accordance with Section 4-33a of the General Statutes. (See Recommendation 13.)

Agency Response: "The agency disagrees with this finding. The finding did not involve the handling or expenditure of state funds, so it does not meet the criteria of 4-33a. The "loss of state funds" refers to erroneous collection of Medicaid revenue from the Federal government. Medicaid revenue is not guaranteed and there are multiple criteria that need to be met in order to collect reimbursement on an individual Medicaid claim. The department's discovery related to documentation that led to erroneous or lost Medicaid billing, not direct handling or expenditure of state funds by the employees involved."

Auditors' Concluding Comment: The agency is required to notify the Auditors of Public Accounts and the Office of the State Comptroller of all losses of any value, regardless of funding source, including losses due to employee misconduct and a breakdown in the safekeeping of resources. Because of this breakdown, DDS may be required to repay Medicaid reimbursed claims and may have missed additional Medicaid claim revenue that the department did not process.

Consumer Account Balances Exceeding Medicaid Limits

Criteria: To qualify for Medicaid, which is operated by the Department of Social Services (DSS), individual income and assets must be below certain limits. Those limits are $1,600 for single individuals or $10,000 for employed people with disabilities. DDS attempts to maintain individual account balances of $1,600 or less so that Medicaid eligibility is not jeopardized. A report of each individual's balance is supplied each month to Case Management, Program Managers, and Supervising Developmental Services Workers so they can monitor the individual balances. Currently, this monthly report is posted online so that staff can review and print any ledger they need for reporting purposes.

Condition: During our review of DDS individual account balances, we noted that 22 out of 71 exceeded the established Medicaid limits. The accounts were between $12 and $37,537 over the limit ranging from 1 to 728 days.

Context: There were 567 and 461 accounts for DDS individuals, totaling $528,957 and $413,190, for the fiscal years ended June 30, 2017 and

2018, respectively. We selected 30 disbursements involving 71 DDS individuals, totaling $97,092, for testing.

Effect: Medicaid eligibility may be compromised if an individual's account balance exceeds the established limits. Without Medicaid, individuals would not be eligible to receive DDS services, and the department may be required to reimburse the federal government for unallowed expenditures.

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

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2016.

Recommendation: The Department of Developmental Services should strengthen internal controls over the monitoring of consumer account balances to ensure they are within established Medicaid limits. (See Recommendation 14.)

Agency Response: "The agency agrees in part with this finding. Of the 22 accounts cited as exceeding established Medicaid limits, six are within appropriate limits. These six individuals are enrolled in the Medicaid program for people with disabilities who are employed, Med-Connect. This program allows an individual to retain assets up to $10,000 without loss of Medicaid eligibility.

DDS agrees with the finding for the remaining 16 accounts. A committee has been formed to identify and monitor high account balances and appropriately manage individuals' assets."

Auditors' Concluding Comment: We worked extensively with the department during our testing and provided a summary of the accounts in question. DDS did not supply additional documentation to address our finding.

Untimely Return of Excess Consumer and Trustee Funds

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

DDS receives an annual waiver extension from the Office of the State Treasurer to deposit funds beyond the 24-hour rule required by Section 4-32 of the General Statutes. The additional days are based upon group home location. The extension grants an additional two days for residences located within 25 miles of the Hartford Central Business Office, four days for residences within 25 to 40 miles, and nine days for residences over 41 miles away.

Section D.3. of the DDS Service Delivery Procedure No. I.F.PR.007, effective February 1, 2007, 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: Our review of consumer fund and trustee account disbursements identified the following conditions:

- For 10 consumer account disbursements totaling $9,945, $715 in unspent cash was returned to the Business Office between 2 and 467 days late.

- For 4 trustee account disbursements totaling $6,246, $715 in unspent cash was returned to the Business Office between 1 and 71 days late.

- During our review of consumer account disbursements, we noted a conflict between the statutory requirements regarding the deposit of funds and DDS policy. Statutory requirements, including the granted deposit extensions, require unspent funds to be deposited within 3 to 16 days. The DDS policy requires unspent funds to be returned to the Business Office for deposit within 10 days.

Context: During the audited period, DDS made 10,184 disbursements, totaling $2,261,338, from consumers' accounts. We selected 30 disbursements involving 71 DDS individuals, totaling $97,092, for testing. Of the 30 disbursements, 13 had unspent cash of $9,945 that was returned to the Business Office.

During the audited period, DDS made 1,811 disbursements, totaling $730,850, from trustee accounts. We selected 33 disbursements, totaling $81,156, for testing. Of the 33 disbursements, 6 had unspent cash of $6,246 that was returned to the Business Office.

Effect: The late return of consumer and trustee funds increases the risk of loss of funds. In addition, conflicting deposit policies may lead to increased noncompliance with statutory requirements.

Cause: The untimely return of excess funds appears to be the result of management oversight. We note that the Business Office has also experienced difficulty in obtaining excess funds and supporting documentation from group home staff, case managers, and individuals' families.

DDS did not update its policy and accompanying forms to reflect the annual deposit waivers and extensions.

Prior Audit Finding: This finding regarding the disbursements was previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2016. The finding regarding the conflicting policy has not been previously reported.

Recommendation: The Department of Developmental Services should strengthen internal controls over consumer and trustee funds to ensure that excess cash is promptly returned. In addition, the department should update its consumer fund policies and forms to ensure compliance with statutes and applicable waivers. (See Recommendation 15.)

Agency Response: "The agency agrees with this finding. A supervisor has been hired to oversee trustee funds and to ensure excess funds are returned in a timely manner. Staff have been trained to track outstanding receipts and generate weekly notifications until the receipts or excess funds are returned. Additionally, the internal policy and accompanying forms will be updated."

Inadequate Support for Trustee Fund Disbursements:

Criteria: In accordance with the Accounting Procedures Manual for Trustee Accounts issued by the State Comptroller, 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 our review of trustee fund disbursements, we noted the following:

- Withdrawal request forms were incomplete for 23 disbursements totaling $31,693. Missing information included transaction and fund types, approval signatures and dates, and reasons for the requests. In addition, for 5 of the forms, supervisory approval was preprinted and dated in 2011; however, the supervisor did not give blanket approval to be included on the forms.

- Purchase requisitions and justification forms were missing or incomplete for 22 disbursements totaling $33,835.

- Vendor invoices and receipts were not on file to support 3 disbursements totaling $7,725.

- Approvals were obtained between one day and 11 months after purchases were made for 5 disbursements totaling $9,963.

- For one trustee account disbursement totaling $480, sales tax of $28 was paid when the purchase should have been tax-exempt.

Context: During the audited period, DDS made 1,811 disbursements, totaling $730,850, from trustee accounts. We selected 33 disbursements, totaling $81,156, for testing.

Effect: Lack of required documentation to support trustee fund disbursements increases the risk of the misuse of funds.

Cause: The issues noted appear to be the result of management oversight, inconsistencies in disbursement procedures, and staff turnover.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2016.

Recommendation: The Department of Developmental Services should review current trustee fund disbursement practices to ensure accurate and consistent processing in accordance with department and state policies and procedures. (See Recommendation 16.)

Agency Response: "The agency agrees with this finding. A supervisor has been hired to oversee trustee funds and staff have been trained to ensure documentation includes prior approval and receipt dates. DDS has trained staff on the Accounting Procedures Manual for Trustee Accounts."

Lack of Procedure for Private Provider Employee Complaints

Background:	The Department of Developmental Services contracts with a network of private providers that administer residential, day, and a variety of other services for DDS individuals. Employees of private providers who have concerns that may not be addressed by their employer can file complaints with DDS through direct reporting to the Abuse and Neglect Investigations Division, Quality and Systems Improvement, or the Operations Center.
Criteria:	Sound business practice dictates that a centralized system should be in place to document, evaluate, and address private provider employee complaints.
Condition:	The department does not have a formal centralized system in place to document, evaluate, and address complaints received from employees of private providers.
Effect:	There is an increased risk for the department to inconsistently handle or inadequately address complaints.
Cause:	Complaints are received by various divisions within the agency. If it is not received by the appropriate party, it is transferred. There is no centralized location to ensure all concerns have been addressed once received.
Prior Audit Finding:	This finding has not been previously reported.
Recommendation:	The Department of Developmental Services should implement a formal centralized process for private provider employee complaints to encourage reporting and ensure consistent treatment. (See Recommendation 17.)
Agency Response:	"The agency disagrees with this finding. DDS maintains a robust system of ongoing communication with providers, which is centrally advised by the Operations Center. In addition, formal policies regarding alleged abuse, neglect, and incidents exist to ensure that all appropriate parties, specifically including employees of private providers, report concerns to protect the vulnerable population the department serves."

Lack of Monitoring Private Provider Policies

Background: Standard Department of Developmental Services contract language requires private providers to carry $1,000,000 of automobile liability coverage for combined single limit per accident for bodily injury. The coverage extends to owned, hired, and non-owned automobiles. In addition, providers must ensure that any transportation vehicles have the minimum level of insurance required by the state and are maintained in safe working order.

Private providers approved for transportation services can allow employees to use their personal vehicles to provide transportation to DDS individuals. DDS mandates all provider transportation policies to require employees to register and insure their personal vehicles used for transporting individuals. However, in some cases, the use of personal vehicles for work or business purposes may negate insurance policies. This could subject employees to personal liability and financial risk, should an accident occur.

Criteria: Sound business practice dictates that monitoring procedures should be in place to ensure that private providers are complying with contractual transportation requirements.

Condition: After initially approving private providers for transportation services, DDS does not appear to follow up or review the provider insurance policies to ensure there is proper coverage.

Effect: The lack of monitoring of private provider policies increases the risk that private providers are not following department procedures and the department is not upholding contract terms.

Cause: Due to the number of providers, the department does not have the staffing to monitor enforcement of transportation insurance policies.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should implement a process to review private provider compliance with transportation insurance policies to ensure proper safeguarding of individuals in the department's care. (See Recommendation 18.)

Agency Response: "The agency disagrees with this finding. Communications are sent out to all providers, new and existing, regarding any new policies or changes to existing policies. Providers are bound to enforcement of all current departmental policies through their contracts, or, if they do not have a contract, through signed assurances."

Auditors' Concluding Comment: Although there is an expectation that providers comply with DDS policies, it is up to the department to adequately monitor its private providers. DDS would enhance its oversight by including periodic reviews of insurance policies as part of its current quality reviews.

Ineligible Recipients

Criteria: Section 17a-212-2 of the State Regulations outlines the criteria for determining eligibility for DDS services, which includes being a resident of the State of Connecticut and being diagnosed with an intellectual disability as defined by Section 1-1g of the General Statutes.

Condition: We were informed that an individual, whose family had moved out of state, continued to receive DDS services. Upon further review, we found that DDS allowed services to continue for this individual with the agreement that the new state would reimburse DDS. However, at the time of our review, the other state had not reimbursed the costs.

Effect: The department paid approximately $1,569,480 for services from January 2017 through June 2019 for an individual who was not eligible for DDS services.

Cause: DDS received, but could not locate documentation supporting the reimbursement agreement and records to confirm that the department received reimbursement.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should only provide services to eligible recipients as defined by state regulations. (See Recommendation 19.)

Agency Response: "The agency agrees with this finding, despite the presence of mitigating circumstances. DDS was not notified that the mother of the individual had moved to another state. Upon discovery, DDS worked with the family to obtain a commitment from the state of Massachusetts that the City of Springfield would be responsible for the individual upon the child's registration by the mother in the Springfield School system. It took the mother a significant period of time to register the child. Until the child was registered, DDS continued to support the residential placement due to the seriousness of the disability and the importance of continuity of care. Upon direction of the Commissioner, a discharge letter was sent to the family, indicating that as of June 30, 2019 the individual referenced above would be discharged. Despite the death of the lead DDS attorney on this matter, the agency has continued to pursue this outstanding claim with the State of Massachusetts."

Questionable Overtime Practices

Criteria: According to the New England Health Care District (1199) collective bargaining agreement, employees are eligible to receive overtime for hours up to 40, and time and a half overtime for hours worked over 40. Employees may be mandated by contract to work overtime in emergency situations, and are compensated at double their hourly rate.

The contract also states that no employee shall work more than 16 hours of regular work and/or voluntary overtime in a 24-hour period, except in an emergency situation or with a manager's approval. In addition, an employee must take at least a 7-hour break from work following any instance of working 16 or more hours in a 24-hour period.

Condition: We reviewed 13 pay periods for the Hartford Regional Center and found 40 occurrences in which the center coded and paid voluntary overtime as mandatory. Employees signed up for voluntary overtime; however, time was paid as mandatory. In addition, we found that 4 nurses worked consecutive shifts ranging from 30-39 hours with minimal breaks.

Effect: Employees earned $3,976 in additional pay for mandatory overtime without adequate support. In addition, staff schedules exceeded the number of consecutive hours allowed by contract, which may affect productivity and increase the risk of injury to employees and DDS individuals.

Cause: The supporting overtime documentation was inconsistent. There were various sign-up sheets with conflicting information and no documentation to support emergency situations. Ultimately, supervisors are responsible for verifying the accuracy of time worked prior to approving timesheets. This helps to ensure mandatory overtime is justified and employees are not working more than the maximum hours.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Developmental Services should strengthen internal controls to ensure that it accurately and sufficiently supports time worked in accordance with bargaining contract guidelines prior to approval and payment. (See Recommendation 20.)

Agency Response: "The agency agrees in part; documentation was inconsistent and emergency situations were not well documented on prescribed forms. However, documentation does exist to justify the payment of mandatory overtime that was approved by the supervisor. The hiring of a Director of Nursing assigned to the Hartford Regional Center, and a review of internal audit procedures will help to ensure documentation is consistent and supports all approved timesheet coding. To ensure proper patient care, 24/7 operations require temporarily working outside of the bargaining unit contract -guidelines for short periods of time (such as a weather event)."

RECOMMENDATIONS

Our prior report on the Department of Developmental Services contained 20 recommendations, of which 11 were resolved and 9 have been modified and repeated.

Status of Prior Audit Recommendations

- 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. **We did not note any instances of unapproved carryover of vacation leave; therefore, the recommendation will not be repeated.**

- 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. **Although the agency does not have a formal flexible work policy, there is a process in place to obtain approval for a varied work schedule; therefore, the recommendation will not be repeated.**

- The Department of Developmental Services should strengthen internal controls to ensure the hiring and promotion process is adequately supported in accordance with department and DAS procedures. **During our current testing, we continued to note inadequate documentation supporting the hiring and promotion process; therefore, the recommendation will be repeated. (See Recommendation 1.)**

- The Department of Developmental Services should create a formal policy regarding the earning and approval of compensatory time to ensure department-wide compliance. **The agency has a policy in place for the earning of compensatory time for managerial employees; therefore, the recommendation will not be repeated.**

- 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. **We reviewed the amount of time earned for managerial and confidential employees and noted that the number of hours earned daily were not small increments; therefore, the recommendation will not be repeated.**

- The Department of Developmental Services should review current separation procedures to ensure completed separation documentation is consistently obtained. **During our testing, we noted a lack of completed data separation forms; therefore, the recommendation will be repeated. (See Recommendation 3.)**

- 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. **We noted inadequate documentation to support leaves of absences during our testing; therefore, the recommendation will be repeated. (See Recommendation 4.)**

- The Department of Developmental Services should strengthen internal controls to ensure that workers' compensation claims are supported by adequate documentation. **During our testing, we noted inadequate supporting documentation for workers' compensation claims; therefore, the recommendation will be repeated. (See Recommendation 5.)**

- 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. **We did not find any instances of untimely purchase orders during the current testing; therefore, the recommendation will not be repeated.**

- 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. **The Department of Administrative Services has awarded a new, more efficient contract for pharmaceutical services, which includes all DDS sites. Additionally, we did not note any exceptions regarding the inefficient use of contracts during the current testing; therefore, the recommendation will not be repeated.**

- The Department of Developmental Services should reevaluate its linen rental and laundry services needs and procure them in the most efficient manner possible. **The department determined that the linen service was no longer needed. Southbury Training School now handles its own linen and laundry needs; therefore, the recommendation will not be repeated.**

- 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. **The department is in the process of changing the residential school agreement, which will be forwarded to the AG for approval once complete. Since the department is taking corrective action, the recommendation will not be repeated.**

- 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. **During the current testing, we did not note any receipts that were deposited in an untimely manner, and found that the department took corrective action regarding missing date stamps. However, we did note deposits were posted to Core-CT in an untimely manner; therefore, the recommendation will be repeated in modified form. (See Recommendation 8.)**

- The Department of Developmental Services should develop procedures to ensure that its policies and procedures are current, available to all users, and presented and organized in a user-friendly manner. **The agency has not yet updated all policies and procedures; therefore, the recommendation will be repeated. (See Recommendation 11.)**

- 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. **During our testing, we noted an improvement in supporting documentation; therefore, the recommendation will not be repeated.**

- The Department of Developmental Services should strengthen internal controls over consumer and trustee funds to ensure that excess cash is returned in a timely manner. Additionally, the department should update its consumer fund policies and forms to ensure compliance with statutes and applicable waivers. **During our testing, we continued to note that unspent consumer funds were not returned to the business office in a timely manner; therefore, the recommendation will be repeated in modified format. (See Recommendation 15.)**

- 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. **It appears the department has made improvements in recording and retaining documentation to support the purchase of unusual or expensive items as a team decision; therefore, the recommendation will not be repeated.**

- The Department of Developmental Services should strengthen internal controls over the monitoring of consumer account balances to ensure they are within established Medicaid limits **We continued to note consumer account balances that exceeded Medicaid limits; therefore, the recommendation will be repeated. (See Recommendation 14.)**

- 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 department and state policies and procedures. **We continued to note that documentation for trustee fund disbursements was incomplete or missing; therefore, the recommendation will be repeated. (See Recommendation 16.)**

- 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. **The agency took corrective action in hiring additional staff and reducing the amount of overtime; therefore, the recommendation will not be repeated.**

Current Audit Recommendations

1. **The Department of Developmental Services should strengthen internal controls to ensure the hiring and promotion process is adequately supported in accordance with DDS and Department of Administrative Services procedures.**

   Comment:

   Our review of new hires and promotions revealed that documentation was missing for one new hire, 3 promotions, and 11 promotions by reclassification. In addition, it was unclear whether one position was posted to the Department of Administrative Services website.

2. **The Department of Developmental Services should maintain documentation to support newly created positions to verify that the department completed a thorough review and received proper approval. In addition, the department should request legislative review of the position to verify statutory compliance.**

   Comment:

   The department created a position outside the intent of the statutory language for the regional director position.

3. **The Department of Developmental Services should review current separation procedures to ensure that it consistently obtains completed separation documentation.**

   Comment:

   DDS did not have a completed DDS Separation Data Form on file for 7 terminated employees to document whether they returned state property to the department.

4. **The Department of Developmental Services should strengthen internal controls to ensure that medical leave is administered in accordance with collective bargaining agreements and Family and Medical Leave Act guidelines.**

   Comment:

   Medical certifications and FMLA forms were missing for 10 employees on medical leave, totaling 760 days.

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

   Comment:

   We noted that 10 workers' compensation claims had incomplete, missing, or untimely documentation. Additionally, 3 claims were not promptly reported to the employee's supervisors, the Workers' Compensation Unit, or the third-party administrator, and 2 claims had incorrect claim information, resulting in a total underpayment of $2,361.

6. **The Department of Developmental Services should strengthen internal controls to ensure that purchasing cardholders adhere to the Purchasing Card Cardholder Work Rules.**

   Comment:

   Our review of P-Cards revealed that one cardholder did not adequately maintain or promptly submit supporting documentation. There was partial support for 5 transactions totaling $671, no support for 5 transactions totaling $2,396, and support was not promptly completed for 5 transactions totaling $2,830.

7. **The Department of Developmental Services should ensure it obtains the required certification for large state contracts in accordance with Section 4-252a of the General Statutes.**

   Comment:

   We reviewed 6 purchase of service (POS) contracts totaling $301,805,903, which required Form 7 (Iran Certification Form). DDS did not obtain a Form 7 for 4 contracts, totaling $128,876,695.

8. **The Department of Developmental Services should strengthen internal controls to ensure it promptly posts and accurately records deposits.**

   Comment:

   Our review of 20 deposits revealed that DDS posted 14 deposits, totaling $113,394, to Core-CT between 1 and 13 days late. In addition, the department coded 2 deposits, totaling $650, to incorrect Core-CT accounts.

9. **The Department of Developmental Services should strengthen internal controls over the use of Capital Equipment Purchase Funds and reporting of assets to comply with the General Statutes and State Property Control Manual.**

   Comment:

   The department used the Capital Equipment Purchase Fund to purchase 5 assets, 3 of which were under the $1,000 funding threshold. In addition, the department combined the items under one asset in Core-CT when they could have been used independently.

10. **The Department of Developmental Services should strengthen internal controls over the recording, reporting, and processing of assets to ensure compliance with the State Property Control Manual.**

    Comment:

    During our review of inventory, we noted that 3 assets had incorrect location information, one asset was not included on the inventory, and 2 licensed software items were incorrectly included on the department's CO-59. We were unable to determine whether the department should have tagged one asset and included it in its inventory records, because we could not find the acquisition records.

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

    Comment:

    DDS policies and procedures are outdated and not available on the department's website.

12. **The Department of Developmental Services should complete the Ombudsperson's annual report in accordance with Section 17a-210a (d) of the General Statutes.**

    Comment:

    The director of the Office of the Ombudsperson did not file the Ombudsperson's annual report to the Public Health Committee of the General Assembly for the fiscal years ended June 30, 2017 and 2018. The last submission was for the fiscal year ended June 30, 2014.

13. **The Department of Developmental Services should promptly report all unauthorized, illegal, irregular, or unsafe handling or expenditure of state funds to the State Comptroller and Auditors of Public Accounts in accordance with Section 4-33a of the General Statutes.**

    Comment:

    DDS did not formally report a loss of approximately $3,337,856 in state funds to the State Comptroller and Auditors of Public Accounts as required by Section 4-33a of the General Statutes.

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

    Comment:

    The account balances for 22 of 71 DDS individuals reviewed exceeded the established Medicaid limits. Accounts were between $12 and $37,537 over the limits ranging from 1 to 728 days.

15. **The Department of Developmental Services should strengthen internal controls over consumer and trustee funds to ensure excess cash is promptly returned. In addition, the department should update its consumer fund policies and forms to ensure compliance with statutes and applicable waivers.**

    Comment:

    Our review of consumer and trustee fund disbursements noted that excess cash was not promptly returned for 10 consumer account disbursements ranging from 2 to 467 days late, and 4 trustee account disbursements ranging from 1 to 71 days late.

16. **The Department of Developmental Services should review current trustee fund disbursement practices to ensure accurate and consistent processing in accordance with department and state policies and procedures.**

    Comment:

    During our review of trustee fund disbursements, we noted that withdrawal request forms were incomplete for 23 disbursements, and 5 forms included a supervisory approval, which was pre-printed and dated in 2011. In addition, purchase requisitions and justification forms were missing or incomplete for 22 disbursements, vendor invoices and receipts were not on file for 3 disbursements, and approvals were obtained after purchases were made for 5 disbursements. Also, one trustee account disbursement included $28 in sales tax when it should have been exempt.

17. **The Department of Developmental Services should implement a formal centralized process for private provider employee complaints to encourage reporting and ensure consistent treatment.**

    Comment:

    The department does not have a formal centralized process in place to document, evaluate, and address private provider employee complaints.

18. The Department of Developmental Services should implement a process to review private provider compliance with transportation insurance policies to ensure proper safeguarding of individuals in the department's care.

Comment:

After initially approving private providers for transportation services, DDS does not appear to follow up or review the provider insurance policies to ensure there is proper coverage.

19. The Department of Developmental Services should only provide services to eligible recipients as defined by the state regulations.

Comment:

The department continued to provide and pay for approximately $1,569,480 in services to an individual who was no longer a state resident.

20. The Department of Developmental Services should strengthen internal controls to ensure it accurately and sufficiently supports time worked in accordance with bargaining contract guidelines prior to approval and payment.

Comment:

We reviewed 13 pay periods for the Hartford Regional Center and found 40 occurrences in which the center coded and paid voluntary overtime as mandatory. In addition, we found that 4 nurses worked consecutive shifts ranging from 30-39 hours with minimal breaks.

ACKNOWLEDGMENTS

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

Rebecca Balkun
Valerie Davis
Jessica Landino
Brandon Martin
Morgan Murphy

CONCLUSION

In 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