



AUDIT SUMMARY

State Department of Education

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Fiscal Years Ended June 30, 2021 and 2022

ABOUT THE AGENCY



The State Department of Education (SDE) serves as the administrative arm of the State Board of Education (SBE). The board's statutory responsibilities include the general supervision

and control of the state's educational interests with respect to preschool, elementary and secondary education, special education, vocational education, and adult education. SDE fiscal duties include the administration of state and federal grants, which are paid to local and regional educational agencies.

Public Act 22-118, effective July 1, 2022, separated the Connecticut Technical Education and Career System (CTECS) from the State Department of Education making it an independent state agency.

ABOUT THE AUDIT

We have audited certain operations of the State Department of Education in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2021 and 2022. The objectives of our audit were to evaluate the:

1. Department's internal controls over significant management and financial functions;
2. 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. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

[Link to full report](#)

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Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

NOTEWORTHY FINDINGS



Findings



Recommendations

1

The Office of the State Treasurer's Unclaimed Property Division currently holds 18 technical high schools' dormant unclaimed property. We identified 117 items totaling \$60,670 dating from 2006 through 2023, valued from \$1 to \$35,828.

The Connecticut Technical Education and Career System (CTECS) should contact the Office of the State Treasurer to claim 18 technical high schools' unclaimed property.

2

The Connecticut Technical Education and Career System (CTECS) did not prepare and submit an annual report summarizing the projects completed and the status of bond funds allotted for completed projects to the Department of Administrative Services Agency Administered Projects Unit. In addition, despite several requests, CTECS could not provide us with an approved listing of agency-administered construction projects during the audited period. As a result, we were unable to review whether CTECS complied with the Agency Administered Projects Manual.

CTECS should improve its controls to ensure that it complies with the Department of Administrative Services Agency Administered Projects Procedure Manual.

3

The State Department of Education (SDE) Office of Internal Audit issued recommendations related to internal control deficiencies for multiple audit cycles. The recommendations focused on the following operational areas: General Fund business operations, such as cash, receipts, mileage reporting, adult education payroll, and attendance; and Production Fund operations, such as auto shop and student trustee accounts.

CTECS should take the necessary steps to adequately and promptly address internal control deficiencies identified in internal audit reports.

4

The SDE Office of Internal Audit identified common and persistent compliance failures with established policies and procedures, and weaknesses in internal controls over technical school receipts.

CTECS should comply with established internal controls for processing cash receipts.

5

Over \$1 million in student activity funds currently sit dormant within the Treasurer's Short Term Investment Fund accounts. In addition, one school was unable to provide its checking account trial balance for the fiscal year ended June 30, 2022.

CTECS should train its business staff regarding the maintenance and utilization of student activity program funds.

6

Our review identified common stock in which the dividend payments included federal withholding taxes deducted at a 27.5% rate from May 2022 to August 2023 and 52% prior to May 2022. In addition, CTECS could not provide supporting statements for the stock.

CTECS should take the appropriate steps to tax certify its student activity accounts to prevent the withholding of federal tax from common stock dividends. If the system cannot accomplish this certification, it should seek assistance from the Office of the Attorney General.