

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
STATE DEPARTMENT OF EDUCATION  
FISCAL YEAR ENDED JUNE 30, 2016 AND 2017*

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

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**EXECUTIVE SUMMARY**

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes we have audited certain operations of the State Department Education. 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, 2016 and 2017.

The key findings and recommendations are presented below:

|                |   |
|----------------|---|
| <b>Page 13</b> | On May 24, 2018, the State Board of Education voted unanimously to initiate the revocation of the charter of Path Academy in Windham. State Department of Education did not recoup any of its payments to Path Academy, because the school did not have any funds remaining. In addition, the department does not have the clear statutory authority to take action against Path Academy’s charter management organization to recoup taxpayer funds lost to suspected fraud and questionable practices. The State Department of Education should propose legislative changes to Section 10-66tt that would clearly identify its governance responsibilities regarding charter management organization related to the roles, responsibilities, and expectations of the administration and oversight over grants provided to charter schools to resolve certain financial losses. (Recommendation 6.) |
| <b>Page 18</b> | Not all of the business staff at the 16 Connecticut Technical Education and Career System schools were aware of detailed information concerning their school’s Short Term Investment Fund account, the origin of the funds, or how the funds could be spent. Short Term Investment Fund account balances totaled \$1,281,738, ranging from \$2,143 to \$509,906. Most accounts appeared dormant, except for interest. The Connecticut Technical Education and Career System should train its business staff regarding the maintenance and utilization of the Student Activity Program funds. (Recommendation 13.)   |
| <b>Page 22</b> | According to a report by the Connecticut Technical Education and Career System business office dated December 14, 2018, 17 of 18 schools did not have adequate staff to ensure that buildings were sufficiently clean to provide students with a healthy and comfortable environment. The Connecticut Technical Education and Career System should maintain adequate maintenance and custodial staffing levels at all schools to ensure a clean and safe environment for students. (Recommendation 16.)   |

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

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**MAY 27, 2020**

## INTRODUCTION

### **AUDITORS' REPORT STATE DEPARTMENT OF EDUCATION FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2017**

We have audited certain operations of the State Department of Education (SDE) 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, 2016 and 2017. 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.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department, 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 the department's management and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls,
2. Apparent noncompliance with legal provisions, and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

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

## COMMENTS

### FOREWORD

The State Department of Education operates primarily under the provisions of Title 10, Chapters 163 through 166, 168 through 170, and 172 of the General Statutes.

SDE, under the direction of the Commissioner of Education, serves as the administrative arm of the State Board of Education (SBE), established under [Section 10-1](#) of the General Statutes. SBE 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 17-237, effective July 1, 2017, changed the name of the Connecticut Technical High School System to the Connecticut Technical Education and Career System (CTECS). In addition, SDE and the Office of Early Childhood (OEC) entered into a memorandum of understanding (MOU) defining their administrative relationship and responsibilities. SDE is the designated agency to support OEC for administrative purposes only. In accordance with the MOU, SDE is responsible for providing payroll, human resources, business office, and fiscal functions on behalf of OEC.

### Members of the State Board of Education

As of June 30, 2017, the State Board of Education (SBE) consisted of 13 members. There were 11 voting members, at least 2 of whom have experience in manufacturing or a trade offered at the technical education and career system (CTECS), one with a background in vocational agriculture, and 2 nonvoting grade 12 student members. The Governor appoints the members to the board with

the advice and consent of the General Assembly. The voting members are appointed to 4-year terms, and the student members are appointed to 1-year terms. The president of the Board of Regents for Higher Education and the chair of CTECS serve as ex officio, nonvoting members. SBE recommends the appointment of the Commissioner of Education to the Governor, who serves as the secretary to the board for a term coterminous with that of the Governor.

Members of the board as of June 30, 2017 were as follows:

Allan B. Taylor, Chairperson  
Estela López, Vice Chairperson  
Erin D. Benham  
Erik M. Clemons  
William P. Davenport  
Donald F. Harris  
Terry H. Jones  
Maria I. Mojica  
Malia K. Sieve  
Joseph J. Vrabely Jr.  
Stephen P. Wright

Mark E. Ojakian, President of the Board of Regents for Higher Education, Ex-officio  
Robert J. Trefry, Connecticut Technical High School System, Ex-officio  
Amina S. Lampkin, Student Member  
Coral Ortiz, Student Member

Dr. Dianna R. Wentzell Ph.D. was appointed commissioner on April 17, 2015 and served until June 28, 2019. Governor Ned Lamont appointed Dr. Miguel A. Cardona as commissioner on August 7, 2019, and he continues to serve in that capacity.

### **Legislative Changes**

Notable legislative changes that took effect during the audited period are as follows:

#### **Connecticut Technical Education and Career System**

[Public Act 16-42](#), effective July 1, 2016, required each CTECS school to include a staffing needs statement in its proposed operating budget for the upcoming school year and required the system superintendent to communicate directly with the Office of Policy and Management about the creation or filling of staff positions.

[Public Act 15-215, Sections 14 and 15](#), effective July 1, 2015, reassigned several CTECS duties from the State Board of Education (SBE) to the CTECS board. The act required the CTECS board to adopt by January 1, 2020 and every 5 years afterward, a long-range plan addressing the priorities and goals of any trade programs. Upon adopting the plan, the CTECS board must send it to the committees of the General Assembly having cognizance of matters relating to education, finance, revenue and bonding, appropriations, and the budgets of state agencies.

## **Magnet Schools**

[Public Act 16-3, May Special Session \(Section 66\)](#), effective July 1, 2016, modified the method the State Department of Education (SDE) uses when determining what additional magnet school seats will be supported with state funds in fiscal year 2017. Instead of using the October 1, 2013 enrollment baseline for calculating payments, the law allowed SDE to limit payments to the amount the school was eligible to receive based on its enrollment on October 1, 2013 or October 1, 2015, whichever was lower. The law also modified other criteria used for prioritizing funds for additional enrollments.

[Public Act 15-5, of the June Special Session \(Sections 307 and 322\)](#), effective July 1, 2015, permitted interdistrict and other magnet schools that are not compliant with racial enrollment requirements to assist the state in meeting the *Sheff v. O'Neil* integration goals eligible for magnet school operating grants if they submit a compliance plan to the commissioner and the commissioner approves the plan.

[Public Act 15-5, of the June Special Session \(Section 307\)](#), effective July 1, 2015, changed the pre-student grant for non-host Sheff interdistrict magnet schools for fiscal years 2016, 2017, and following years. Under prior law, if the school enrolled less than 60% of its students from Hartford, it received a per-student grant of \$10,443. This act created a second funding tier with a lower per-student grant when the school failed to attract at least 50% of its student body from Hartford: (1) \$7,900 for one-half of the total number of non-Hartford students enrolled in the school over 50% of the total school enrollment and (2) \$10,443 for the remainder of the total school enrollment. The act also renewed the per student magnet school operating grant of \$13,054 for Sheff region host magnet schools for students from outside the host district for fiscal years 2016 and 2017.

## **Private Special Education Providers**

[Public Act 16-144 \(Section 5\)](#), effective July 1, 2016, designated \$366,000 to pay the Auditors of Public Accounts to audit, as required under law, private providers of special education services for public school students. As of February 20, 2020, the Auditors of Public Accounts issued 5 audit reports on private providers that resulted in 22 recommendations related to the oversight of private providers for special education. These reports are available at <https://wp.cga.ct.gov/apa/audits/reports>.

[Public Act 15-5 of the June Special Session, Sections 278-281](#), effective July 1, 2015, required the Auditors of Public Accounts to conduct audits of all approved and non-approved private providers of special education. This act also established a number of new requirements for SDE, boards of education, private providers of special education services, and Regional Education Service Centers. The General Assembly updated parts of this act subsequent to the period covered in this audit.

## **Charter Schools**

[Public Act 15-239](#), effective July 1, 2015, removed the State Board of Education's authority to grant charters to charter school applicants, replacing it with the authority to grant "initial

certificates” that do not become effective charters until the legislature appropriates funding for the school. The law also requires charter school governing councils to have their members submit to background checks, conduct background checks on their employees, and adopt anti-nepotism and conflict of interest policies. Additionally, it also required charter management organizations to share records and files related to school administration with their associated charter schools, which the law subjects to public disclosure under the Freedom of Information Act.

### RÉSUMÉ OF OPERATIONS

A summary of receipts by category follows:

|                                    | <u>Fiscal Year</u>          |                             |                             |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                    | <u>2014-2015</u>            | <u>2015-2016</u>            | <u>2016-2017</u>            |
| Federal Grants – Restricted        | \$466,476,385               | \$480,965,820               | \$487,481,584               |
| Grants–Other than Restricted       | <u>7,035,748</u>            | <u>2,961,914</u>            | <u>2,136,995</u>            |
| <b>Total Federal Grants</b>        | 473,512,133                 | 483,927,734                 | 489,618,579                 |
| <br>                               |                             |                             |                             |
| Connecticut Technical Extension    | <u>3,656,016</u>            | <u>3,461,744</u>            | <u>2,926,044</u>            |
| <b>Total Connecticut Technical</b> | 3,656,016                   | 3,461,744                   | 2,926,044                   |
| <br>                               |                             |                             |                             |
| Teacher Certification Fees         | 3,565,808                   | 3,505,750                   | 3,566,426                   |
| Other                              | <u>1,107,467</u>            | <u>2,829,870</u>            | <u>1,549,665</u>            |
| <b>Total General Fund Receipts</b> | 4,673,275                   | 6,335,620                   | 5,116,091                   |
| <b>Total Receipts</b>              | <u><b>\$481,841,424</b></u> | <u><b>\$493,725,098</b></u> | <u><b>\$497,660,714</b></u> |

As presented in the summary above, the increase in receipts was primarily attributable to an increase in federal grants, which comprise approximately 98% of the State Department of Education’s receipts.

Total expenditures are presented below by category:

|                                 | <u>Fiscal Year</u>            |                               |                               |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                 | <u>2014-2015</u>              | <u>2015-2016</u>              | <u>2016-2017</u>              |
| Personal Services               | \$ 152,733,552                | \$ 157,494,259                | \$ 150,356,512                |
| Other Expenses                  | 3,235,963                     | 3,646,494                     | 3,084,028                     |
| Other Current Expenses          | 91,314,524                    | 78,987,324                    | 70,017,882                    |
| Other Than Local Governments    | 26,944,207                    | 26,175,876                    | 128,088,762                   |
| Local Governments               | <u>2,739,858,136</u>          | <u>2,767,112,696</u>          | <u>2,598,569,140</u>          |
| <b>Total General Fund</b>       | <u><b>\$3,014,086,382</b></u> | <u><b>\$3,033,416,649</b></u> | <u><b>\$2,950,116,324</b></u> |
| Federal Grants                  | 479,133,046                   | 480,928,121                   | 485,039,075                   |
| Restricted Grants               | 1,688,646                     | 1,876,589                     | 1,795,895                     |
| Grants Transfers                | <u>10,452,627</u>             | <u>8,348,664</u>              | <u>3,801,802</u>              |
| <b>Total Federal Restricted</b> | 491,274,319                   | 491,153,374                   | 490,636,772                   |
| <b>Total Funds</b>              | <u><b>\$3,505,360,701</b></u> | <u><b>\$3,524,570,023</b></u> | <u><b>\$3,440,753,096</b></u> |



The majority of personal services expenditures from all funds related to the operation of the Connecticut Technical Education and Career System.

The \$101.9 million increase in payments to other than local governments during the fiscal year ended June 30, 2017, is primarily attributable to Section 10-66ee(2)(c), which transferred the responsibility for financial support to the local or regional board of education of the district in which the local charter school resides. [Public Act 15-244](#), decreased funding to local governments by \$168.5 million as part of the Governor's revised budget.

A summary of grants to educational agencies and other payments made from budgeted appropriations, presented with the fiscal year ended June 30, 2015, is as follows:

|  | <b><u>Fiscal Year</u></b>     |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b><u>2014-2015</u></b>       | <b><u>2015-2016</u></b>       | <b><u>2016-2017</u></b>       |
| Education Equalization Grants                                  | \$2,122,676,702               | \$2,150,764,753               | \$2,012,374,864               |
| Magnet Schools   | 310,660,393                   | 318,723,292                   | 313,480,827                   |
| Excess Cost – Student-Based                                    | 139,830,460                   | 139,843,559                   | 140,559,998                   |
| Priority School Districts                                      | 46,947,022                    | 42,031,867                    | 44,302,512                    |
| Charter Schools  | -                             | -                             | 103,499,000                   |
| Transportation of Children                                     | 24,884,748                    | 22,336,353                    | -                             |
| Adult Education  | 20,003,812                    | 19,999,328                    | 19,315,276                    |
| Development of Mastery Exams                                   | 12,676,387                    | 10,239,923                    | 6,997,344                     |
| Open Choice Program  | 32,989,873                    | 35,160,537                    | 36,366,275                    |
| American School for the Deaf                                   | 10,659,030                    | 9,889,412                     | 9,257,514                     |
| Sheff Settlement   | 9,074,885                     | 8,738,788                     | 11,597,733                    |
| Family Resource Centers  | 8,051,914                     | 7,990,104                     | 7,657,998                     |
| Interdistrict Cooperation                                      | 9,112,199                     | 6,810,849                     | 6,099,256                     |
| Vocational Agriculture   | 11,017,600                    | 11,017,600                    | 10,228,588                    |
| After School Programs  | 6,210,086                     | 5,095,123                     | 4,514,725                     |
| Health and Welfare Services                                    | 4,297,500                     | 3,618,668                     | 3,420,782                     |
| Nonpublic School Transportation                                | 3,595,500                     | 3,416,985                     | -                             |
| Health Foods Initiative  | 4,151,065                     | 4,364,951                     | 4,402,236                     |
| Miscellaneous Program Payments                                 | <u>81,277,691</u>             | <u>72,233,804</u>             | <u>62,600,856</u>             |
| <b>Total Grants to Educational Agencies and Other Payments</b> | <b><u>\$2,858,116,867</u></b> | <b><u>\$2,872,275,896</u></b> | <b><u>\$2,796,655,784</u></b> |

### **Education Equalization Grants to Towns**

Sections 10-261a to 10-262j of the General Statutes provide education equalization aid to each town maintaining public schools. Aid distributed to a town under this grant program is to be expended for educational purposes only when authorized by the local or regional board of education.

### **Excess Cost – Student-Based**

The Excess Cost – Student-Based Grant provides state support for special education placements under the provisions of Sections 10-76d, 10-76g, and 10-253(b) of the General Statutes. Certain state agency placements are subject to 100% state funding. The excess cost grant is computed twice yearly, in February and May.

### **Priority School Districts**

This grant program was established under the provisions of Sections 10-266p through 10-266r of the General Statutes and is designed to provide assistance to improve student achievement and enhance educational opportunities in certain school districts. Priority school districts fall into one or more of three categories: 1) the 8 towns in the state with the largest populations; 2) the 11 towns with the highest number of students; and 3) the highest percentage of children in families participating in the Temporary Assistance for Needy Families Program, adjusted by certain factors from the towns' mastery test results. School districts receiving priority school district funding during the fiscal year ended June 30, 2017 included Bridgeport, Danbury, Derby, East Hartford, Hartford, Meriden, New Britain, New Haven, New London, Norwalk, Putnam, Norwich, Stamford, Waterbury, and Windham.

### **Magnet Schools**

In accordance with Sections 10-264h through 10-264o of the General Statutes, there is an interdistrict magnet school grant designed to support racial, ethnic, and economic diversity through a high-quality curriculum. This program also provides transportation to interdistrict students who reside outside of the district where their school is located. Eligibility is dependent upon a cooperative arrangement involving two or more local districts and SDE approval of the operations plan. The significant increase in operating grant expenditures corresponds with a similar increase in the number of magnet schools in operation. As of June 30, 2017, there were 91 interdistrict magnet schools.

### **Charter School**

Section 10-66aa of the General Statutes defines charter schools as public, nonsectarian schools that operate independently of any local or regional board of education in accordance with a state or local charter. Their goal is to serve as centers for innovation and educational leadership to improve student performance, provide a choice to parents and students within the public school system, and be a potential vehicle to reduce racial, ethnic, and economic isolation. Annual assessments determine whether the schools are meeting the goals of the legislation and their charters. For students enrolled in a local charter school, the local board of education of the school district in which the student resides pays an amount specified in its charter annually. There were approximately 24 charter schools operating during the fiscal year ended June 30, 2017.

**Adult Education**

Sections 10-69 to 10-73d of the General Statutes provide for state grants to local and regional education agencies based on a percentage of eligible adult education costs. Instructional and administrative services related to programs in U.S. citizenship, limited English proficiency, elementary/secondary school completion, and any other subject provided by the elementary and secondary schools of a school district are all eligible costs. The reimbursements ranged from 0 to 65% for the audited period.

**Vocational Education Extension Fund**

The Vocational Education Extension Fund (VEEF), an enterprise fund, operates under the provisions of Section 10-95e of the General Statutes. The fund was used to account for the revenues and expenses of adult education programs during the audited period, and includes an industrial account for production activities conducted at the Connecticut Technical Education and Career System. The VEEF cash receipts and disbursements for the fiscal years ended June 30, 2016 and 2017 are shown with fiscal year ended June 30, 2015 below:

|                    | <u>Fiscal Year</u>         |                            |                            |
|--------------------|----------------------------|----------------------------|----------------------------|
|                    | <u>2014-2015</u>           | <u>2015-2016</u>           | <u>2016-2017</u>           |
| Beginning Cash     | \$ 983,559                 | \$ 1,175,323               | \$ 1,487,629               |
| Receipts           | 3,656,016                  | 3,461,744                  | 2,926,044                  |
| Disbursements      | <u>(3,464,252)</u>         | <u>(3,149,438)</u>         | <u>(2,518,286)</u>         |
| <b>Ending Cash</b> | <b><u>\$ 1,175,323</u></b> | <b><u>\$ 1,487,629</u></b> | <b><u>\$ 1,895,387</u></b> |

The decrease in receipts is attributable to the suspension of several full-time adult education programs throughout CTECS. Some of the programs that CTECS suspended included dental, surgical technology, and medical assisting. The system also suspended the licensed practical nurse program, but allowed the remaining cohort of students to finish the program in January 2017. Tuition rates remained the same during fiscal years ended June 30, 2015, 2016, and 2017. The variance in revenue can be attributed to changing customer demand for classes.

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the financial records of the State Department of Education disclosed certain areas requiring attention, as discussed in this section of this report.

### **Expenditures – Lack of a Cost-Benefit Analysis to Support Privatization Contracts**

*Criteria:* Section 4e-16(b) of the General Statutes states, “cost-benefit analysis conducted by a state contracting agency prior to entering into a privatization contract shall document the direct and indirect costs, savings, and qualitative and quantitative benefits that will result from the implementation of such privatization contract.”

*Condition:* Our review of expenditures revealed that the State Department of Education did not perform a cost-benefit analysis before hiring temporary employees from a privatization contract. During fiscal years ended June 30, 2016 and 2017, the department spent \$363,716 on temporary services without the appropriate cost-benefit analysis to determine the potential cost savings and other elements specified in Section 4e-16(b).

*Effect:* It is difficult to know if privatized services were of value to the state.

*Cause:* There was a lack of procedures to ensure management oversight.

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

*Recommendation:* The State Department of Education should have procedures to ensure compliance with Section 4e-16(b) of the General Statutes and perform a cost-benefit analysis before contracting for privatization services. (See Recommendation 1.)

*Agency Response:* “We agree. The department now conducts a cost effectiveness evaluation (CEE) if temporary employees are hired.”

### **Revenues – Teacher Certifications**

*Background:* The State Department of Education’s Bureau of Educator Standards and Certification collected certification fees of approximately \$3.5 and \$3.2 million for the fiscal years ended June 30, 2016 and 2017, respectively.

*Criteria:* Section 10-145b(1) of the General Statutes establishes SDE’s responsibility for collecting teacher certification fees. The State Accounting Manual requires that internal controls over cash receipts be established to minimize the risk of loss. Agencies should periodically prepare accountability reports to compare the receipts with the certificates. Agencies desiring assistance

in designing accountability reports should contact the Office of the State Comptroller.

*Condition:* SDE does not properly account for teacher certification fee revenues within the General Fund. The department did not prepare accountability reports, and there are differences of \$58,976 and \$297,433 between Connecticut Educator Certification System (CECS) and Core-CT for the fiscal years ended June 30, 2016 and 2017, respectively. We could not verify that the department collected the correct fee for each license issued, or the total fees collected for licenses that have yet to be issued.

*Effect:* There is less assurance that revenues for teacher certifications are accounted for accurately and completely, and there is an increased risk of fraud.

*Cause:* SDE management continuously failed to establish sufficient procedures and controls over the issuance of teacher certifications and the collection, accounting, and review of associated fees.

*Prior Audit Finding:* This is the 6<sup>th</sup> audit report over 14 years in which we reported on this matter.

*Recommendation:* The State Department of Education should contact the Office of the State Comptroller to establish procedures and controls over teacher certification issuances and the collection, accounting, and review of associated fees. This should include reconciliation procedures to monitor the issuances of certificates and substantiate revenue due to the state. (See Recommendation 2.)

*Agency Response:* “We agree. The department will explore potential resolutions with the Office of the State Comptroller. This has been an ongoing concern for the Bureau of Educator Standards and Certification. All daily deposits are balanced and sent to the treasury within 24 hours. Part of the challenge in the Bureau is that we can receive payment for transactions that may not take place for up-to two years depending on the applicant, how long it takes them to upload requested materials, etc. Applications are timed out at two years at which point any funds received beyond the \$50.00 application fee are refunded to the applicant. We often receive payment for endorsements that the applicant is deemed ineligible for, which again, produces a refund after some time.”

### **Property Control – CO-59 Asset Management/Inventory Report**

*Criteria:* Section 4-36 of the General Statutes requires each state agency to keep inventory records in the form prescribed by the Office of the State Comptroller and to submit an annual report to the Office of the State Comptroller of its inventory balances. In addition, the State Property Control Manual states that the CO-59 form should be used to report all

property owned by each state agency based on Core-CT Asset Management queries of capitalized assets. If the values reported on the CO-59 form do not reconcile with Core-CT, which is the official record, the agency must explain the discrepancy in writing.

*Condition:* Our review of inventory for fiscal years ended June 30, 2016 and 2017 disclosed that:

- Equipment that SDE reported on its CO-59 form did not agree with the values reported in Core-CT. There was a difference of \$1,655,738 in fiscal year 2016, which also carried over to fiscal year 2017.

*Effect:* There is less assurance that the inventory reported on the CO-59 form reflects the actual status of the department's property.

*Cause:* Management did not follow proper procedures in the property control manual to run queries from Core-CT and reconcile them to the amounts reported on its CO-59 form.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The State Department of Education should maintain, reconcile, and report assets as prescribed by the State Property Control Manual and Section 4-36 of the General Statutes. (See Recommendation 3.)

*Agency Response:* "We agree in part. The threshold for inventory purposes increased from \$1,000 to \$5,000 effective July 2015. When items are deleted from the CO-59 report, it is not known if the beginning value fell in the range of the \$1,000 or \$5,000 threshold. We believe that is the reason for the discrepancy."

*Auditors' Concluding*

*Comment:* The agency should contact the Office of the Comptroller to assist and resolve this matter, as the department has been unable to implement a 4-year-old directive.

**Property Control – Physical Control over Assets and Conducting Annual Inventories**

*Criteria:* The State Property Control Manual states that a complete physical inventory of all property must be taken by the end of the fiscal year to ensure that property control records accurately reflect the actual inventory on hand within the current fiscal year.

*Condition:* We have noted several concerns regarding the State Department of Education's (SDE) safeguarding of inventory:

- The Connecticut Technical Education and Career System reported \$225,737 of inventory as lost, damaged, or stolen during the audited period. During our audit, we tested 89 items for proper tagging and found 13 items. In addition, nearly all of the equipment in one hairdressing department was not tagged properly.
- SDE reported inventory totaling \$18,037 as in-service when it was not, and did not properly include other in-service property as inventory. In addition, not all the inventory listed contained required information, including the price, location, status, or purchase date.

*Effect:* There is less assurance that assets are secured and accounted for properly.

*Cause:* SDE did not perform annual physical inventories between the fiscal years ended June 30, 2016, 2017, and 2018.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The State Department of Education should comply with the Office of the State Comptroller's requirements to perform a physical inventory and improve internal controls over the custody of assets to prevent theft or loss. (See Recommendation 4.)

*Agency Response:* "We agree that the State Property Control Manual articulates that each year a physical inventory should be conducted, but current staffing levels and a recent change in Core-CT roles surrounding asset management makes it difficult for the agency to comply with this requirement. However, the asset management staff have begun conducting a physical inventory at Cheney Tech and anticipate completing another prior to the end of the calendar year."

### **Property Control – Documentation of Asset Purchases**

*Criteria:* The State Property Control Manual states that all agencies must have policies and procedures in place to ensure that purchased assets are properly recorded and reported. The manual dictates that as soon as each item is received and accepted, the agency must assign an identification number and record it on the receiving report.

*Condition:* SDE did not comply with the manual's tagging process in 3 of 12 purchases. This included the failure to properly tag a \$19,920 purchase of 20 laptops.

*Effect:* There is an increased risk that purchased assets are susceptible to theft.

*Cause:* SDE has insufficient internal controls over the process of recording, securing, and reporting purchases of new assets.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The State Department of Education should ensure that employees receiving a new asset properly complete a receiving report. The department's business manager should provide all SDE employees an overview of the receiving process, including tagging the asset in a timely manner. (See Recommendation 5.)

*Agency Response:* "We agree. Department inventory control procedures require individuals receiving a new asset to tag all assets upon receipt and include that information with the receiving report. Ongoing training continues to be offered to staff to ensure compliance with these procedures."

### **Charter Schools – Charter Management Organization**

*Criteria:* Section 10-66tt of the General Statutes does not give the State Department of Education legislative authority to pursue reimbursement from a charter management organization for losses, when necessary.

*Condition:* On May 24, 2018, the State Board of Education voted unanimously to initiate the revocation of the charter of Path Academy in Windham. Path Academy had faced scrutiny since 2017 when SDE found that it was operating an unauthorized satellite school in Norwich. SDE found that Path Academy had a significant number of enrollees who did not attend school, and part-time students for which the state paid full-time grant payments. The SDE Office of Internal Audit recommended that the department pursue a \$1,980,000 reimbursement from Path Academy for the two fiscal years ended June 30, 2018.

SDE did not recoup any of its payments to Path Academy, because the school did not have any funds remaining. In addition, the department does not have the clear statutory authority to take action against Path Academy's charter management organization (CMO) to recoup taxpayer funds lost to suspected fraud and questionable practices.

*Effect:* Without effective recourse provisions, there is increased potential for losses.

*Cause:* A lack of SDE statutory authority contributed to this condition.

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

*Recommendation:* The State Department of Education should propose legislative changes to Section 10-66tt that would clearly identify its governance responsibilities regarding charter management organization related to the roles, responsibilities, and expectations of the administration and oversight over



grants provided to charter schools to resolve certain financial losses. (See Recommendation 6.)

*Agency Response:* “We agree. The charter school statute as currently written does not provide the Department with the ability to recoup funds from the CMO in situations like Path Academy.”

### **CTECS – School Uniforms**

*Criteria:* Section 4a-57 of the General Statutes requires purchases of goods and services to be based, when possible, on competitive bids or negotiation.

*Condition:* The Connecticut Technical Education and Career System has a dress code policy that requires students to wear school uniforms during their academic and trade cycles. CTECS spent \$14,143 and \$13,254 on uniforms during the fiscal years ended June 30, 2016 and 2017, respectively. The CTECS trade programs did not utilize the available Department of Administrative Services (DAS) statewide contract, but instead, each school used local vendors that are not statewide contractors. In addition, CTECS did not submit the required annual expenditure report to DAS.

*Effect:* The lack of competitive procurement may result in overpaying for goods and services.

*Cause:* CTECS management failed to effectively implement formal policies and procedures.

*Prior Audit Finding:* This is the 2<sup>nd</sup> audit report over 6 years in which we reported on this matter.

*Recommendation:* The Connecticut Technical Education and Career System should utilize available statewide contracts to ensure the best possible price and terms on its purchases. In addition, CTECS should submit required annual expenditure reports to the Department of Administrative Services. (See Recommendation 7.)

*Agency Response:* “We agree. All schools will be notified of the vendors on the state contract list that they are required to use for purchase of uniforms. CTECS will also monitor with a monthly review process with the school business managers.”

### **Payroll – Minimum Leave Increments**

*Criteria:* Proper internal controls require the review and approval of timesheets to ensure accuracy and compliance with bargaining unit contracts. Bargaining unit contracts require employees to record leave time in a minimum increment of 15 minutes.

- Condition:* There were 10,776 occasions during the audited period in which employees charged leave time inconsistent with the established increments set forth in the bargaining unit contracts.
- Effect:* The use of leave time in increments less than the contractual minimum may result in undue administrative burden.
- Cause:* The department has not developed guidelines regarding the appropriate use of leave time increments.
- Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.
- Recommendation:* The State Department of Education should develop guidelines regarding the appropriate use of leave time increments. (See Recommendation 8.)
- Agency Response:* “We agree. The agency (HR and Payroll) is developing guidelines regarding the use of appropriate leave increments and will issue to agency staff. In addition, HR will discuss at agency leadership meetings and CTECS business manager meetings.”

### **Payroll - Dual Employment**

- Criteria:* Section 5-208a of the General Statutes states, “No state employee shall be compensated for services rendered to more than one state agency during a biweekly pay period unless the appointing authority of each agency or such authority’s designee certifies that the duties performed are outside the responsibility of the agency of principal employment, that the hours worked at each agency are documented and reviewed to preclude duplicate payments, and that no conflicts of interest exist between services performed.”
- Condition:* Our review of 10 employees disclosed that 2 employees did not complete the required dual employment request forms. We also noted that the same 2 employees’ dual employment request forms were not approved prior to their dual employment start date.
- Effect:* Without timely authorization and monitoring, conflicts and overpayments could occur when employees work in multiple state positions.
- Cause:* The department’s internal controls were not adequate to ensure the preauthorization of dual employment agreements.
- Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The State Department of Education should strengthen dual employment procedures and controls to ensure compliance with Section 5-208a of the General Statutes. (See Recommendation 9.)

*Agency Response:* “We agree in some cases, disagree in others. Substitute teachers at multiple schools: DAS has indicated to SDE that due to the nature of substitute call-ins without notice, as long as the agency has approved dual employment forms within a reasonable time after hiring at a second or third school, we would be in compliance with the General Letter. When SDE is the primary agency, there are cases where we are not aware that an employee is working at a secondary agency. We work with secondary agencies in an attempt to have them submit CT-HR-25 forms as soon as they make an offer. HR reviews and signs hundreds of dual employment requests. The HR Director currently is the sole sign-off for the agency. Due to workload, there are times when it could take a couple of weeks for the HR Director to be able to sign off. In addition, if there is missing information or questions regarding the dual employment situation, most times the forms are sent back to the secondary agency for correction and that adds to the time.”

### **Payroll – Workers’ Compensation**

*Criteria:* In accordance with the Department of Administrative Services (DAS) Workers’ Compensation Manual, for each new workers’ compensation claim, employees are required to fill out DAS Claim Packet forms and submit them to their employer. DAS Form PER-WC 211 is used to identify whether the injured worker has employment other than the state position to consider the potential for concurrent employment benefits, and to identify any third-party negligence giving rise to the injury. The PER-WC 211 form is due within 3 days. The WC-715 form is used to designate the use of accrued leave to supplement lost wage workers’ compensation benefits for the days the worker was injured. The WC-715 form is due within 10 business days.

*Condition:* Our review of 5 workers’ compensation claims, selected randomly out of 330 new claims, revealed 3 instances in which the WC-715 form was not on file and one instance in which the PER-WC 211 form was not on file.

*Effect:* The lack of necessary forms on file may increase the risk of errors and fraudulent activity.

*Cause:* A lack of managerial oversight and improperly implemented internal controls contributed to this condition.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The State Department of Education should improve its oversight of workers' compensation procedures and practices. (See Recommendation 10.)

*Agency Response:* “We agree. HR will continue to keep procedures updated and available on InSiDE, our internal website. In addition, HR will reissue the procedures to all agency staff and will follow up with CTECS Business managers and injured employees about their responsibilities in the process and the importance of timeliness.

### **Payroll – Compensatory Time & Overtime Authorization**

*Criteria:* Proper business practice dictates that compensatory time and overtime authorization forms are prepared and approved in advance by appropriate managerial personnel. A supervisor should sign timesheets to acknowledge that services were authorized and performed.

*Condition:* We were unable to confirm that overtime and compensatory time was authorized in advance in 6 of 10 cases. Supervisory signatures were not obtained for these authorizations.

*Effect:* When employees do not obtain a formal approval, there is less assurance that a supervisor verified the need for compensatory or overtime hours.

*Cause:* Management failed to properly approve and verify the use of overtime or compensatory time.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The State Department of Education should ensure that its supervisors preapprove compensatory time and overtime. SDE should retain sufficient supporting documentation with managers' signatures. (See Recommendation 11.)

*Agency Response:* “We agree. The agency has almost completed the revision of the overtime and compensatory time guidelines and process. Upon completion, it will be disseminated to agency staff, discussed at agency leadership meetings, and at CTECS business manager meetings to ensure clarity.”

### **Agency Administered Construction Projects**

*Criteria:* The Agency Administered Projects (AAP) Procedure Manual issued by the Department of Administrative Services (DAS) authorizes agencies to perform certain activities and establishes requirements such as:

- Agencies must formally request and receive approval from the AAP unit to administer their own project.

- Each agency must file an annual report summarizing the projects completed and the status of the bond funds allotted for each project.
- Each agency must submit a Certificate of Compliance, Form 715F, for the construction portion of the project, to certify that the completed project is in substantial compliance with the approved plans, specifications, and state building and all other applicable code requirements.

*Condition:* A review of 10 projects out of 282 during the audit period revealed that:

- Four did not have purchase authorizations
- Ten did not have a Certificate of Compliance on file
- One project did not have a DAS approval letter
- SDE did not provide the AAP Unit with an annual report listing all balances of unexpended bond funds from completed projects

*Effect:* Failure to comply with the AAP manual increases the risk of noncompliance with reporting requirements. The failure to submit purchase authorizations contributes to a lack of transparency and increases the risk of fraud.

*Cause:* SDE lacks adequate controls over agency administered projects and has reduced staff in key positions.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The State Department of Education should improve its controls to ensure compliance with the Agency Administered Projects Procedure Manual. (See Recommendation 12.)

*Agency Response:* “We agree. The Superintendent of Schools is working with OPM to secure the refill of the vacant Chief of Engineering Services position, as this position is responsible for the completion of the necessary reports to DCS/DAS. Until such time as the refill is complete, the Superintendent will be responsible for overseeing the creation of any required DAS reports.”

### **Student Activity Fund – Training**

*Criteria:* The Connecticut Technical Education and Career System has published extensive policies and procedures to establish controls over the Student Activity Program funds. The policies and procedures define responsibilities for Superintendents, principals, and others relative to proper controls to provide reasonable assurance that assets are safeguarded and transactions are authorized, valid, complete, and accurate. CTECS procedures state that,

when principal must be held in trust, the funds will be deposited in an interest-bearing account, preferably the Treasurer's Short Term Investment Fund (STIF).

*Condition:* Not all of the business staff at the 16 CTECS schools were aware of detailed information concerning their school's STIF account, the origin of the funds, or how the funds could be spent. STIF account balances totaled \$1,281,738, ranging from \$2,143 to \$509,906. Most accounts appeared dormant, except for interest.

*Effect:* There is less assurance that funds are being utilized and maintained as intended.

*Cause:* A lack of training for CTECS business staff contributed to this condition.

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

*Recommendation:* The Connecticut Technical Education and Career System should train its business staff regarding the maintenance and utilization of the Student Activity Program funds. (See Recommendation 13.)

*Agency Response:* "We disagree with the finding; regarding the condition, "We found that some business staff did not know what made up the STIF account and where the funds originated", we note that it would be difficult to determine exactly what funds make up the STIF account. Funds in the STIF account are essentially excesses of Student Trustee Checking account balances which must be transferred to the STIF account based on STA procedures and/or donated funds where restrictions have been placed based on donor paperwork. General ledger accounts (Class Accounts, Scholarship Accounts, etc.) in total must equal combined balances in the checking account and STIF account(s). In addition, we agree with business office staff when they indicated that they do not know, aside from restricted donor monies, what makes up the STIF account in total."

*Auditors' Concluding Comment:*

Our recommendation is that the Connecticut Technical Education and Career System should provide training on its own manual. The manual details that the business office should understand the origin of the funds. If these funds are not restricted, they may be available to support future school activities. It appears that school administrators are hesitant to access the funds for any purpose, and as indicated, the essentially dormant balance exceeds \$1.2 million.

**Expenditures – Section 4-98 and the Use of Purchasing Cards (P-Cards)**

*Criteria:* Section 4-98 of the General Statutes generally requires funds to be encumbered, or reserved, by a purchase order before an expenditure occurs. This applies to expenditures made by purchasing cards (P-Cards).

*Condition:* Our testing disclosed that, in 7 of 15 P-Card transactions, purchase orders were created after the transactions occurred. Three of the 7 transactions had incorrect invoice amounts. The department could not clarify the reason for the discrepancies.

The State Department of Education’s Office of Internal Audit (OIA) advisory memorandum dated May 30, 2019, recommended that the Connecticut Technical Education and Career System suspend 48 P-Cards assigned to staff within the technical high schools. OIA also recommended that the central office fiscal unit process all purchases until the CTECS regionalization plan is approved and fiscal staff is in place.

*Effect:* Failure to encumber funds could result in a shortage of resources when needed, and could increase the risk of fraud.

*Cause:* Authorized cardholders are not following the established procedures and statutory requirements to encumber funds prior to the actual transactions.

*Prior Audit Finding:* This finding was not previously reported.

*Recommendation:* The State Department of Education should provide training to Connecticut Technical Education and Career System procurement employees to ensure compliance with Section 4-98 of the General Statutes. (See Recommendation 14.)

*Agency Response:* “We agree. The department has suspended P-card access at the school level while staff re-training takes place. P-card access will be returned after successful completion of training and monitored closely by the department’s Central Office.”

**Payroll – Rehired Retirees**

*Criteria:* Section 5-164a(c) of the General Statutes, as amended by Public Act 18-137, states that no member reentering state service shall receive a retirement income during reemployment, except when services are rendered for not more than 120 working days in any calendar year. It provides that any member reemployed for a period of more than 120 working days in a calendar year shall reimburse the state retirement fund for retirement income payments received during such 120 working days.

Executive Order No. 47 reaffirms Executive Order No. 27-A, which limits the rehire of individual retirees to no more than two 120-day periods.

*Condition:* One employee exceeded the 120-day rule by working 130 days in a calendar year. In addition, this employee exceeded the two 120-day period limit by being rehired in calendar years 2014, 2015, 2016, 2017, and 2018.

We also noted that 5 employees selected for review did not receive Office of the Governor approval, as required by Executive Order No. 27-A.

*Effect:* An employee may receive a pension that exceeds established rules to prevent excessive retirement compensation. In addition, the employee may have to reimburse the retirement fund for certain payments.

*Cause:* A lack of administrative oversight and internal controls contributed to the rehired retiree exceeding limits set forth in Executive Order No. 27-A.

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

*Recommendation:* The State Department of Education should strengthen controls over rehiring retired state employees and comply with Section 5-164a of the General Statutes and Executive Order No. 27-A. (See Recommendation 15.)

*Agency Response:* “We disagree in part. The rehired retirees (SERS) employed within the Connecticut Technical Education and Career System schools work based on a school year, from August through June, as opposed to a calendar year, from January 1 through December 31, which is the period that the 120-day maximum can be reached. The agency will refine and re-implement measures so that the school business managers can more efficiently track and limit each TWR to the mandated 120 working days in any one calendar year, with particular reference and notification to the school principals and business managers to review hours worked in the preceding school year before rehiring retirees in a the following school year.

Regarding the requirement to receive approval from the Governor’s Office for an exception to the 2-year maximum for all TWR hires in accordance with Executive Order 27-A, the agency had previously received approval from the Office of Policy and Management, as the budget arm of the Governor’s office, that the substitute trade instructors could work beyond the 2-year maximum as a health and safety precaution in the CTECS shops. Substitute academic instructors are bound by the 2-year maximum in EO 27-A. However, the agency will correspond with the new administration at OPM to review this practice and the authority to exempt the 2-year maximum for substitute trade instructors.”

*Auditors’ Concluding*



*Comments:* Without an approved waiver, the rules for rehiring retirees apply. SDE should have sought clarification before the reemployment date rather than 5 years after the retiree’s reemployment.

**CTECS – Insufficient School Maintenance**

*Criteria:* The U.S. Department of Education has established benchmarks to determine optimal staffing levels to adequately maintain school buildings.

The State Board of Education issued a “Position Statement on Creating a Healthy Learning Environment that is Physically, Emotionally and Intellectually Safe.” The document states, in part, “...students learn best when physical settings are clean, well maintained, bright and secure...”

*Condition:* According to a report by the Connecticut Technical Education and Career System business office dated December 14, 2018, 17 of 18 schools did not have adequate staff to ensure that buildings were sufficiently clean to provide students with a healthy and comfortable environment. The report classified the schools as follows:

- Below not healthy 1
- Below not acceptable 6
- Not acceptable 5
- Above not acceptable 5

The report noted 36 vacant maintenance positions budgeted for refill.

*Effect:* An inadequate maintenance program may pose health risks resulting from the failure to provide students with a clean and safe learning environment, and may lead to premature deterioration of buildings.

*Cause:* The CTECS failed to fill vacant maintenance positions.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The Connecticut Technical Education and Career System should maintain adequate maintenance and custodial staffing levels at all schools to ensure a clean and safe environment for students. (See Recommendation 16.)

*Agency Response:* “We agree. CTECS will continue to request refill for positions as they become vacant.”

**CTECS – Control Activities over Shop Production Activities**

*Criteria:* Connecticut Technical Education and Career System has issued formalized procedures for the schools to follow relative to the production activities of

its trade areas. These procedures document general operating procedures, instructions, financial controls, reporting, and work forms.

*Condition:* We performed a review of CTECS' automotive production shop for the fiscal years ended June 30, 2018 and 2019. We identified instances in which the shop did not support production work orders with adequate documentation, including vehicle registrations and proof of insurance. We also noted that one school's administrator did not approve several work orders. We identified donated vehicles that were not recorded in the inventory records or lacked documentation to support the donation.

*Effect:* Failure to comply with established shop production activity policies and procedures and deficiencies in controls diminishes CTECS's ability to safeguard assets and increases the risk of misappropriation.

*Cause:* CTECS has not effectively implemented formalized production activity policies and procedures in its trade areas.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The Connecticut Technical Education and Career System should implement the necessary internal controls to ensure that school production funds and activities comply with established policies and procedures. (See Recommendation 17.)

*Agency Response:* "We agree. The CTECS will provide training to the necessary staff on using the already formalized procedures for the schools to follow relative to the production activities of the trade areas. Furthermore, CTECS will monitor on a monthly basis, through meetings with all school Principals, Business Managers and Central Office Fiscal personnel, the activities of each school to oversee, monitor, and make adjustments where necessary to ensure their compliance with all state fiscal policies and procedures as they pertain to trade production activities."

### **CTECS – Control Activities over Student Trustee Accounts and Activities**

*Criteria:* In accordance with Section, 10-95a of the General Statutes, each Connecticut Technical Education and Career System has a Student Activity Program consisting of athletic and non-athletic activities. The student trustee account must be operated in accordance with the provisions of Section 4-52 to 4-55 of the General Statutes. In addition, CTECS has a Student Activity Program policies and procedures manual to address receipts, disbursements, and reporting of student activity programs. The manual states that \$10,000 is the maximum reasonable amount to maintain in a student trustee account checking account.

*Condition:* Our review revealed that one school maintained a balance in excess of \$60,000 in its student activity fund. The same school did not keep invoices for 33 of the 37 purchases made through the student trustee account. Our testing also noted that 3 schools were charged taxes by a vendor, and another school did not use the required SAF Form 5 to transfer funds.

The State Department of Education's Office of Internal Audit (OIA) conducted a compliance review of the CTECS student trustee accounts and activities for the fiscal year ended June 30, 2016. The OIA reviews disclosed the following matters at 3 schools:

- One school had a student activity account balance in excess of \$10,000
- Two schools did not promptly and accurately reconcile their checking account
- Two schools did not promptly and accurately reconcile their Short Term Investment Fund account
- Two schools lacked appropriate monthly journal entries
- All three schools had internal control weaknesses over student activity account fundraising

*Effect:* There is an increased risk that student assets held in trust might not be sufficiently safeguarded and could be misappropriated, and at risk for fraud.

*Cause:* Management did not implement the necessary controls over student trustee accounts and activities.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The Connecticut Technical Education and Career System should establish the necessary internal controls to ensure that the student trustee accounts and activities comply with established policies and procedures. (See Recommendation 18.)

*Agency Response:* "We Agree. The CTECS will provide training to all pertinent staff on compliance with all policies and procedures with reference to Student Activities Accounts and Activities.

We will specifically address the following:

- a) Excessive checking account balances
- b) Invoices for all purchases
- c) Use of proper Student Activity forms
- d) Student activity account balances
- e) Lack of timely and accurate checking account reconciliations

- f) Lack of timely and accurate reconciliations of school short term investments
- g) Lack of appropriate monthly journal entries
- h) Internal control weaknesses over student activity account fundraising

Furthermore, CTECS will monitor on a monthly basis, through meetings with all school Principals, Business Managers and Central Office Fiscal personnel, the activities of each school to oversee, monitor, and make adjustments where necessary to ensure their compliance with all state fiscal policies and procedures as they pertain to Student Activities Accounts and Activities.”

### **CTECS – Ineffective Internal Controls**

*Criteria:* Internal control deficiencies noted in internal and external audits should be promptly addressed.

*Condition:* The State Department of Education’s Office of Internal Audit (OIA) presented recommendations during the fiscal years ended June 30, 2016 and 2017. These recommendations addressed internal control deficiencies in the following operational areas: General Fund business operations, such as cash, receipts, payroll, and attendance; Production Fund operations, such as auto shop and culinary operations; and student trustee accounts. OIA and the Auditors of Public Accounts (APA) have reported similar recommendations during multiple prior audited periods. The repeated detection of internal control deficiencies over many audit cycles is evidence that CTECS has not successfully developed and implemented sufficient controls over its operations.

*Effect:* These internal control deficiencies affect CTECS’s ability to properly record, process, and report financial data, safeguard assets, and comply with laws, regulations, and established policies and procedures.

*Cause:* CTECS management has not addressed internal and external audit recommendations.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The Connecticut Technical Education and Career System should take the necessary steps to adequately and promptly address identified internal control deficiencies in internal and external audit reports. (See Recommendation 19.)

*Agency Response:* “We Agree. CTECS is taking steps to consolidate and strengthen its central office business functions. An Assistant Chief of Fiscal/Administrative Services will be hired to oversee this transition. In the meantime, CTECS Central Office Fiscal Personnel and 2 Accountants assigned to Central Office will specifically address and educate all stakeholders in the

Technical Schools to ensure all necessary steps to identifying internal control deficiencies are adequately addressed in a timely manner and sufficiently monitored.”

**CTECS – Control Activities over Business Office Cash and Receipts**

*Criteria:* Effective segregation of duties is an important control in a revenue system to help ensure assets are safeguarded and errors or irregularities will not occur in the accounting process. In an accounting system, bookkeeping, access to assets, independent reconciliation, and authorization of transactions should be separated and/or monitored.

*Condition:* Our review of Connecticut Technical Education and Career System during the fiscal years ended June 30, 2018 and 2019 identified common and persistent compliance failures with established policies and procedures, and weaknesses in internal controls over schools’ receipts. We found that CTECS did not post deposits to Core-CT within 24 hours, ranging from 2 to 18 days late. We also found that one school lacked a proper segregation of duty environment because its business office was understaffed.

*Effect:* Failure to comply with established cash handling policies and procedures increases the risk that the system may not promptly prevent or detect cash receipt and deposit errors and irregularities.

*Cause:* CTECS did not properly implement internal controls over cash and receipts. We were informed that CTECS continues to face staffing challenges in several school business offices.

*Prior Audit Finding:* This is the 3<sup>rd</sup> audit report over 9 years in which we reported on this matter.

*Recommendation:* The Connecticut Technical Education and Career System should comply with established controls for handling cash and maintaining adequate segregation of duties. (See Recommendation 20.)

*Agency Response:* “We agree. CTECS is taking steps to consolidate and strengthen its central office business functions. An Assistant Chief of Fiscal/Administrative Services will be hired to oversee this transition. In the meantime, CTECS and SDE Central Office fiscal staff are collaborating to cover areas where fiscal staffing is short. Training will be provided to all pertinent staff on the appropriate control activities for business office cash and receipts. All schools at their monthly review will be required to bring all 24-hour deposit receipts with their third party armored car agency sign offs.”

### **CTECS – Student Activity Trustee Dividend Payments**

*Criteria:* The Connecticut Technical High School System Student Activity Program policies and procedures manual allows for donations of securities as an approved revenue source.

Internal Revenue Service (IRS) Publication 1281 states in part, payers making certain payments must withhold a specified percentage and remit it to the IRS under certain conditions. Dividends and interest payments are subject to backup withholding if the payee has not completed IRS Form W-9 to tax certify their account.

*Condition:* Our review identified common stock in which the dividend payments included federal withholding taxes deducted at a 24% rate from February 2017 to June 2019 and 28% prior to February 2017.

*Effect:* The Student Trustee Account is not receiving the full benefit of the common stock dividend due to the federal withholding reduction.

*Cause:* When the donation of common stock was made, the account was not tax certified.

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

*Recommendation:* The Connecticut Technical Education and Career System should take the appropriate steps to tax certify its student activity accounts to prevent the withholding of federal tax from common stock dividends. (See Recommendation 21.)

*Agency Response:* “We Agree. CTECS will take immediate steps to specifically address federal withholding taxes as they pertain to Student Trustee Accounts. Training on the policies and procedures for student activity funds will be provided to appropriate staff.”

### **CTECS – Unclaimed Property**

*Background:* The Unclaimed Property Division in the Office of the State Treasurer (Treasurer) is responsible for safeguarding assets turned over to the Treasurer in accordance with state law, until the rightful owners are located. The division’s Unclaimed Property Program’s primary objective is to reunite rightful owners or their heirs with unclaimed property. Businesses remit this property to the Treasurer after they lose contact with a person or entity after 3 to 5 years.

*Criteria:* Sound business practices require management to be aware of all assets that an entity holds.

- Condition:* The Office of the State Treasurer Unclaimed Property Division currently holds dormant unclaimed property of thirteen technical high schools. We determined that the unclaimed property totals \$48,157, and dates from 2006 through 2019.
- Effect:* The technical high schools are not receiving the benefit of the property held by the Office of the State Treasurer.
- Cause:* It appears the technical high schools were not aware of the property.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The Connecticut Technical Education and Career System should contact the Office of the State Treasurer to claim property that belonged to thirteen technical high schools. (See Recommendation 22.)
- Agency Response:* “We Agree. Procedures will be implemented to ensure periodic communication with the Treasurer’s Office to claim any unclaimed property held by the OST. Central Office fiscal personnel will immediately address those thirteen Technical Schools that currently have unclaimed property in excess of \$48,000 which is currently being held by the OST.”

### **Monitoring at the Connecticut Technical Education and Career System**

- Background:* The Connecticut Technical Education and Career System had a self-assessment unit that conducted annual site reviews of each of the technical high schools. The self-assessment unit stopped conducting these site reviews in December 2003.
- Criteria:* Monitoring is the assessment of internal control performance over time. The monitoring function is integral to any internal control system. It is accomplished by separate internal control evaluations such as self-assessments and internal audits. The purpose of monitoring is to determine whether internal control is adequately designed, properly executed, and effective.
- Condition:* Current and prior audits of CTECS conducted by both the State Department of Education Office of Internal Audit and Auditors of Public Accounts have found a number of significant internal control deficiencies, many of which were persistent and repetitive in nature. Our reviews noted internal control deficiencies in operational areas such as shop production activities, deposits, student activity funds, payroll, personnel, and inventory.
- Effect:* The reportable conditions associated with the operational areas reflect internal control deficiencies that affect the system’s ability to properly record, process, and report financial data, safeguard assets, and comply with established procedures.

*Cause:* CTECS management has failed to make it a priority to address these recommendations.

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

*Recommendation:* The Connecticut Technical Education and Career System should take the necessary steps to ensure that monitoring activities at the technical high schools are sufficient to determine whether internal controls are adequately designed, properly executed, and effective. In addition, CTECS should develop the necessary procedures to ensure that it promptly corrects identified deficiencies in internal controls. (See Recommendation 23.)

*Agency Response:* “We Agree. CTECS is taking steps to consolidate and strengthen its central office business functions. An Assistant Chief of Fiscal/Administrative Services is being hired to oversee this transition. A regular program of training and monitoring will be put in place to resolve these concerns.”



## RECOMMENDATIONS

Our prior report contained 28 recommendations. Twelve of the prior recommendations have been resolved. The remaining 16 recommendations have been repeated or restated to reflect current conditions, with 2 prior recommendations consolidated into one current recommendation. An additional 7 recommendations are being presented as a result of our current examination.

### *Status of Prior Audit Recommendations:*

1. The State Department of Education should comply with the Sheff agreement and ensure a fair magnet school admission process. The State Department of Education should verify that only applicants selected through the Regional School Choice Office lottery are admitted to magnet schools. **This recommendation has been resolved.**
2. The State Department of Education should consider performing programmatic site reviews of magnet schools to ensure they are achieving the goal of reducing racial, ethnic, and economic isolation through a special and high quality curriculum. **This recommendation has been resolved.**
3. The State Department of Education should periodically review Core-CT access granted to employees to ensure that user role conflicts are addressed in a timely manner. **This recommendation has been resolved.**
4. The State Department of Education should ensure that compensatory time and overtime is preapproved, and should retain sufficient supporting documentation. **This recommendation will be repeated in modified form. ([See Recommendation 11.](#))**
5. The State Department of Education should strengthen dual employment procedures and controls to ensure compliance with Section 5-208a of the General Statutes. **This recommendation will be repeated in modified form. ([See Recommendation 9.](#))**
6. The State Department of Education should improve oversight of its workers' compensation procedures and practices. **This recommendation will be repeated in modified form. ([See Recommendation 10.](#))**
7. The State Department of Education should develop guidelines regarding the appropriate use of leave time increments. **This recommendation will be repeated in modified form. ([See Recommendation 8.](#))**
8. The State Department of Education should maintain, reconcile, and report assets as proscribed by the State Property Control Manual. The State Department of Education should run queries for all categories of assets reported on the CO-59 form and reconcile those balances to Core-CT. **This recommendation will be repeated in modified form. ([See Recommendation 3.](#))**
9. The State Department of Education should ensure that the individual receiving a new asset properly completes the receiving report, and that the business manager provides an overview of the receiving process, including timely tagging of an asset. The State

Department of Education should improve controls regarding preparation and approval of purchase orders to ensure that expenditures are coded properly. **This recommendation will be repeated in modified form. ([See Recommendation 5.](#))**

10. The State Department of Education should comply with the Comptroller's requirement to perform an annual physical inventory. The State Department of Education should improve internal controls over the custody of assets to prevent theft or loss. **This recommendation will be repeated in modified form. ([See Recommendation 4.](#))**
11. The State Department of Education should maintain its licensed software inventory to track and control its software media, licenses or end user license agreements, and certificates of authenticity. **This recommendation has been resolved.**
12. The State Department of Education should comply with reporting requirements. The department should implement an adequate system of internal controls to ensure that all state-mandated reports are prepared and submitted in a timely manner. **This recommendation has been resolved.**
13. The State Department of Education should comply with the reporting requirements and submit an administrative report to the Governor on or before the due date. **This recommendation has been resolved.**
14. The State Department of Education should maintain adequate maintenance and custodial staffing levels at all facilities. Approved positions should be filled to provide a clean and safe environment for students. **This recommendation will be repeated in modified form. ([See Recommendation 16.](#))**
15. The State Department of Education should maintain all certificates of title for registered vehicles and keep the certificates in a secure location. **This recommendation has been resolved.**
16. The State Department of Education should comply with the State Property Control Manual by maintaining accurate inventory records and report all missing equipment. **This recommendation will be repeated in modified form. ([See Recommendation 4.](#))**
17. The State Department of Education should contact the Comptroller's Office to assist in the establishment of procedures and internal controls over the issuance of teacher certifications and the collection, accounting, and review of associated fees. This should include accountability and reconciliation procedures to monitor the issuance of certificates and substantiate revenue due to the state. **This recommendation will be repeated in modified form. ([See Recommendation 2.](#))**
18. The State Department of Education should take the necessary steps to ensure that identified internal control deficiencies are adequately addressed in a timely manner. **This recommendation will be repeated in modified form. ([See Recommendation 19.](#))**

19. The Connecticut Technical High School System should comply with established controls relative to cash handling and maintain adequate segregation of duties. **This recommendation will be repeated in modified form. ([See Recommendation 20.](#))**
20. The State Department of Education should implement the necessary internal controls to ensure that the Connecticut Technical High Schools System's production funds and activities comply with established policies and procedures. **This recommendation will be repeated in modified form. ([See Recommendation 17.](#))**
21. The State Department of Education should establish the necessary internal controls to ensure that the Connecticut Technical High School System student trustee accounts and activities comply with established policies and procedures. **This recommendation will be repeated in modified form. ([See Recommendation 18.](#))**
22. The State Department of Education should maintain security over its information systems by promptly terminating employee system access upon separation from employment. **This recommendation has been resolved.**
23. The State Department of Education should improve its internal controls over agency administered projects to ensure compliance with the Agency Administered Projects Procedure Manual. **This recommendation will be repeated in modified form. ([See Recommendation 12.](#))**
24. The State Department of Education should perform sufficient, well-documented reviews of charter school applications. **This recommendation has been resolved.**
25. The Connecticut Technical High School System should reconcile contract pricing against each invoice to ensure that payments are made at the correct amount. **This recommendation has been resolved.**
26. The Connecticut Technical High School System should ensure that expenditure transactions are supported by adequate and complete documentation. **This recommendation has been resolved.**
27. The Connecticut Technical High School System should comply with procurement laws and implement formal policies and procedures. **This recommendation will be repeated in modified form. ([See Recommendation 7.](#))**
28. The Connecticut Technical High School System should enhance its internal controls related to recording transactions to ensure that they are properly identified and charged to the appropriate funds, codes, and accounts in order to maintain accurate records for financial management and reporting. **This recommendation has been resolved.**

*Current Audit Recommendations*

- 1. The State Department of Education should have procedures to ensure compliance with Section 4e-16(b) of the General Statutes and perform a cost-benefit analysis before contracting for privatization services.**

Comment:

Our review of expenditures revealed that the State Department of Education did not perform a cost-benefit analysis before hiring temporary employees from a privatization contract. It is difficult to know whether privatized services were of value to the state.

- 2. The State Department of Education should contact the Office of the State Comptroller to establish procedures and controls over teacher certification issuances and the collection, accounting, and review of associated fees. This should include reconciliation procedures to monitor the issuances of certificates and to substantiate revenue due to the state.**

Comment:

SDE does not properly account for teacher certification fee revenues within the General Fund. The department did not prepare accountability reports. There is less assurance that revenues for teacher certifications are accounted for accurately and completely, and there is an increased risk of fraud.

- 3. The State Department of Education should maintain, reconcile, and report assets as prescribed by the State Property Control Manual and Section 4-36 of the General Statutes.**

Comment:

Equipment that SDE reported on its CO-59 form did not agree with the values reported in Core-CT. There was a difference of \$1,655,738 in fiscal year 2016, which also carried over to the 2017 fiscal year.

- 4. The State Department of Education should comply with the Office of the State Comptroller's requirements to perform a physical inventory and improve internal controls over the custody of assets to prevent theft or loss.**

Comment:

The Connecticut Technical Education and Career System reported \$225,737 of inventory as lost, damaged, or stolen during the audited period.

SDE reported inventory totaling \$18,037 as in-service when it was not, and did not properly include other in-service property as inventory.

- 5. The State Department of Education should ensure that employees receiving a new asset properly complete a receiving report. The department's business manager should provide all SDE employees an overview of the receiving process, including tagging the asset in a timely manner.**

Comment:

SDE did not comply with the manual's tagging process in 3 of 12 purchases. This included the failure to properly tag a \$19,920 purchase of 20 laptops.

- 6. The State Department of Education should propose legislative changes to Section 10-66tt that would clearly identify its governance responsibilities regarding charter management organization related to the roles, responsibilities, and expectations of the administration and oversight over grants provided to charter schools to resolve certain financial losses.**

Comment:

On May 24, 2018, the State Board of Education voted unanimously to initiate the revocation of the charter of Path Academy in Windham. SDE does not have the clear statutory authority to take action against Path Academy's charter management organization (CMO) to recoup taxpayer funds lost to suspected fraud and questionable practices. Without effective recourse provisions, there is increased potential for losses.

- 7. The Connecticut Technical Education and Career System should utilize available statewide contracts to ensure the best possible price and terms on its purchases. In addition, CTECS should submit required annual expenditure reports to the Department of Administrative Services.**

Comment:

The CTECS trade programs did not utilize the available Department of Administrative Services (DAS) statewide contract, but instead, each school used local vendors that are not statewide contractors. In addition, CTECS did not submit the required annual expenditure report to DAS. The lack of competitive procurement may result in overpaying for goods and services.

- 8. The State Department of Education should develop guidelines regarding the appropriate use of leave time increments.**

Comment:

There were 10,776 occasions during the audited period in which employees charged leave time inconsistent with the established increments set forth in the bargaining unit contracts.

**9. The State Department of Education should strengthen dual employment procedures and controls to ensure compliance with Section 5-208a of the General Statutes.**

Comment:

Our review of 10 employees disclosed that 2 employees did not complete the required dual employment request forms. We also noted that the same 2 employees' dual employment request forms were not approved prior to their dual employment start date. Without timely authorization and monitoring, conflicts and overpayments could occur when employees work in multiple state positions.

**10. The State Department of Education should improve its oversight of workers' compensation procedures and practices.**

Comment:

Our review of 5 workers' compensation claims, selected randomly out of 330 new claims, found 3 instances in which the WC-715 form was not on file and one instance in which the PER-WC 211 form was not on file. The lack of necessary forms on file may increase the risk of errors and fraudulent activity.

**11. The State Department of Education should ensure that its supervisors preapprove compensatory time and overtime. SDE should retain sufficient supporting documentation with managers' signatures.**

Comment:

We were unable to confirm that overtime and compensatory time was authorized in advance in 6 of 10 cases. Supervisory signatures were not obtained for these authorizations. When employees do not obtain formal approval, there is less assurance that a supervisor verified the need for compensatory or overtime hours.

**12. The State Department of Education should improve its controls to ensure compliance with the Agency Administered Projects Procedure Manual.**

Comment:

A review of 10 projects out of 282 during the audited period revealed that, (1) Four did not have purchase authorizations, (2) Ten did not have a Certificate of Compliance on file, and (3) One project did not have a DAS approval letter. In addition, SDE did not provide the Agency Administered Projects (AAP) Unit with an annual report listing all balances of unexpended bond funds from completed projects. Failure to comply with the AAP manual increases the risk of noncompliance with reporting requirements. The failure to submit purchase authorizations contributes to a lack of transparency and increases the risk of fraud.

**13. The Connecticut Technical Education and Career System should train its business staff regarding the maintenance and utilization of the Student Activity Program funds.**

Comment:

Not all of the business staff at the 16 CTECS schools were aware of detailed information concerning their school's STIF account, the origin of the funds, or how the funds could be spent. STIF account balances totaled \$1,281,738, ranging from \$2,143 to \$509,906. Most accounts appeared dormant, except for interest.

**14. The State Department of Education should provide training to ensure compliance with Section 4-98 of the General Statutes.**

Comment:

Our testing disclosed that, in 7 of 15 P-Card transactions, purchase orders were created after the transactions occurred. Three of the 7 transactions had incorrect invoice amounts. The department could not clarify the reason for the discrepancies. Failure to encumber funds could result in a shortage of resources when needed, and could increase the risk of fraud.

**15. The State Department of Education should strengthen controls over rehiring retired state employees and comply with Section 5-164a of the General Statutes and Executive Order No. 27-A.**

Comment:

One employee exceeded the 120-day rule by working 130 days in a calendar year. In addition, this employee exceeded the two 120-day period limit by being rehired in calendar years 2014, 2015, 2016, 2017, and 2018.

We also noted that 5 employees selected for review did not receive Office of the Governor approval, as required by Executive Order No. 27-A.

**16. The Connecticut Technical Education and Career System should maintain adequate maintenance and custodial staffing levels at all schools to ensure a clean and safe environment for students.**

Comment:

According to a report by the Connecticut Technical Education and Career System business office dated December 14, 2018, 17 of 18 schools did not have adequate staff to ensure that buildings were sufficiently clean to provide students with a healthy and comfortable environment. An inadequate maintenance program may pose health risks resulting from

the failure to provide students with a clean and safe learning environment, and may lead to premature deterioration of buildings.

**17. The Connecticut Technical Education and Career System should implement the necessary internal controls to ensure that school production funds and activities comply with established policies and procedures.**

Comment:

We performed a review of CTECS automotive production shop for the fiscal years ended June 30, 2018 and 2019. We identified instances in which the shop did not support production work orders with adequate documentation, including vehicle registrations and proof of insurance. We also noted that one school's administrator did not approve several work orders. We identified donated vehicles that were not recorded in the inventory records or lacked documentation to support the donation.

Failure to comply with established shop production activity policies and procedures and deficiencies in controls diminishes CTECS's ability to safeguard assets and increases the risk of misappropriation.

**18. The Connecticut Technical Education and Career System should establish the necessary internal controls to ensure that the student trustee accounts and activities comply with established policies and procedures.**

Comment:

Our review revealed that one school maintained a balance in excess of \$60,000 in its student activity fund. The same school did not keep invoices for 33 of the 37 purchases made through the student trustee account. Our testing also noted that 3 schools were charged taxes by a vendor, and another school did not use the required SAF Form 5 to transfer funds. There is an increased risk that student assets held in trust might not be sufficiently safeguarded and could be misappropriated, and at risk for fraud.

**19. The Connecticut Technical Education and Career System should take the necessary steps to adequately and promptly address identified internal control deficiencies in internal and external audit reports.**

Comment:

The State Department of Education's Office of Internal Audit (OIA) presented internal control deficiency recommendations during the fiscal years ended June 30, 2016 and 2017. OIA and the Auditors of Public Accounts (APA) have reported similar recommendations during multiple prior audited periods. The repeated detection of internal control deficiencies over many audit cycles is evidence that CTECS has not successfully developed and implemented sufficient controls over its operations. These internal control deficiencies



affect CTECS's ability to properly record, process, and report financial data, safeguard assets, and comply with laws, regulations, and established policies and procedures.

**20. The Connecticut Technical Education and Career System should comply with established controls for handling cash and maintaining adequate segregation of duties.**

Comment:

Our review of Connecticut Technical Education and Career System during the fiscal years ended June 30, 2018 and 2019 identified common and persistent compliance failures with established policies and procedures, and weaknesses in internal controls over school receipts. Failure to comply with established cash handling policies and procedures increases the risk that the system may not promptly prevent or detect cash receipt and deposit errors and irregularities.

**21. The Connecticut Technical Education and Career System should take the appropriate steps to tax certify its student activity accounts to prevent the withholding of federal tax from common stock dividends.**

Comment:

Our review identified common stock in which the dividend payments included federal withholding taxes deducted at a 24% rate from February 2017 to June 2019 and 28% prior to February 2017. The Student Trustee Account was not receiving the full benefit of the common stock dividend due to the federal withholding reduction.

**22. The Connecticut Technical Education and Career System should contact the Office of the State Treasurer to claim property that belonged to thirteen technical high schools.**

Comment:

The Office of the State Treasurer Unclaimed Property Division currently holds dormant unclaimed property of thirteen technical high schools. We determined that the unclaimed property totals \$48,157, and dates from 2006 through 2019. The technical high schools are not receiving the benefit of the property held by the Office of the State Treasurer.

- 23. The Connecticut Technical Education and Career System should take the necessary steps to ensure that monitoring activities at the technical high schools are sufficient to determine whether internal controls are adequately designed, properly executed, and effective. In addition, CTECS should develop the necessary procedures to ensure that it promptly corrects identified deficiencies in internal controls.**

Comment:

Current and prior audits of CTECS conducted by both the State Department of Education Office of Internal Audit and Auditors of Public Accounts have found a number of significant internal control deficiencies, many of which were persistent and repetitive in nature. The reportable conditions associated with the operational areas reflect internal control deficiencies that affect the system's ability to properly record, process, and report financial data, safeguard assets, and comply with established procedures.

**ACKNOWLEDGEMENT**

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

Michael Abbatiello  
Rigoberto Escalera  
Michael Haynes  
Shirley Huang  
Andrew Kane  
Anna Karpiej

**CONCLUSION**

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the State Department of Education during the course of our examination.



Nikolaos Perdikakis  
Principal Auditor

Approved:



John C. Geragosian  
State Auditor



Robert J. Kane  
State Auditor