

STATE OF CONNECTICUT



*AUDITORS' REPORT
STATE EDUCATION RESOURCE CENTER
FISCAL YEARS ENDED JUNE 30, 2019 AND 2020*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

Table of Contents

EXECUTIVE SUMMARY	i
AUDITORS' REPORT.....	1
COMMENTS	2
FOREWORD	2
Board of Directors	3
SERC Foundation, Inc.....	3
Other Audit Examinations.....	4
Significant Legislation.....	4
RÉSUMÉ OF OPERATIONS	4
Comparative Analysis of Revenues.....	5
Comparative Analysis of Expenditures	5
Comparative Analysis of Net Position	6
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	7
SERC Foundation, Inc. – Lack of Proper Accounting and Internal Control Issues	7
Lack of Performance Appraisal and Timely Submission to Human Resources	8
Ineffective Purchasing Internal Controls.....	9
Lack of Proper Monitoring of Unexpended Funds.....	10
Internal Control System and Governance Weaknesses	11
RECOMMENDATIONS	13
Status of Prior Audit Recommendations:	13
Current Audit Recommendations:	14
ACKNOWLEDGMENTS	16

March 29, 2022

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the State Education Research Center (SERC) for the fiscal years ended June 30, 2019 and 2020. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, and policies; and a need for improvement in practices and procedures that warrant the attention of management. The findings and recommendations are presented below:

<u>Page 7</u>	The SERC Foundation did not properly maintain its general ledger and misclassified or did not include certain entries. The foundation did not have an audit for the fiscal year ended June 30, 2019. Also, SERC did not comply with its bylaws and statutory requirements and needs to clarify of the respective responsibilities in its written agreement with the foundation. The State Education Resource Center should ensure that the SERC Foundation financial information is accurately maintained and presented, and that it complies with the foundation's bylaws and applicable statutory requirements. SERC and the foundation should also clarify their responsibilities in their memorandum of agreement. (Recommendation 1.)
<u>Page 8</u>	SERC did not complete performance evaluations for one out of five employees reviewed during the audited period. In addition, in three instances, supervisors did not promptly submit completed performance appraisals to the human resources director to include in the employees' personnel files. SERC should ensure that it completes annual performance evaluations for all of its employees and that they are promptly included in their personnel files. (Recommendation 2.)
<u>Page 9</u>	The SERC executive director did not always review and approve credit card statements prior to payment. SERC should properly implement the purchasing and credit card policies that are approved by its board of directors. (Recommendation 3.)
<u>Page 10</u>	SERC did not return \$783,332 in unexpended Connecticut State Board of Education funds as of the June 30, 2020 fiscal year end as required by their memorandum of agreement. (Recommendation 4.)
<u>Page 11</u>	The SERC board of directors did not approve fiscal policies necessary to meet its internal control objectives. Also, SERC did not comply with its annual statutory reporting requirements. SERC should continue to develop and implement a comprehensive internal control system that is appropriately documented and approved by its board of directors. The internal control system should comply with the General Statutes and the agency's operational objectives. (Recommendation 5.)

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

CLARK J. CHAPIN

March 29, 2022

AUDITORS' REPORT STATE EDUCATION RESOURCE CENTER FISCAL YEARS ENDED JUNE 30, 2019 AND 2020

We have audited certain operations of the State Education Resource Center in fulfillment of our duties under Sections 1-122, 2-90 and 10-357b(c) of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2019 and 2020. The objectives of our audit were to:

1. Evaluate the center's internal controls over significant management and financial functions;
2. Evaluate the center's compliance with policies and procedures internal to the center or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the center; and testing selected transactions. Our testing was not designed to project to a population unless specifically stated. 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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

1. Identified deficiencies in internal controls;
2. Identified apparent non-compliance with laws, regulations, contracts and grant agreements, policies, and procedures; and
3. Identified a need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the State Education Resource Center.

COMMENTS

FOREWORD

The state established the State Education Resource Center (SERC) in 1969 (formerly the Special Education Resource Center) to address requirements in the Education of the Handicapped Act. Subsequently, the General Assembly enacted Sections 10-4q and 10-76n of the General Statutes, placing requirements on the State Board of Education (SBE) and the State Department of Education (SDE) related to the operation of SERC and the activities it may perform.

SERC operates under the provisions of Chapter 179a, Sections 10-357a through 10-357g, of the General Statutes as a body politic and corporate, constituting a public instrumentality and political subdivision of the state of Connecticut established and created to be a public educational authority acting on behalf of the state.

The duties of SERC are to assist the State Board of Education in the provision of programs and activities that promote educational equity and excellence. The assistance is limited to: training, technical assistance and professional development for local and regional boards of education, school leaders, teachers, families, and community partners in the form of seminars, publications, site visits, on-line content and other appropriate means; maintaining a state education resource center library; publication of technical materials; research and evaluation; and writing, managing, administering, and coordinating grants. In addition, SERC may support early childhood education programs and activities, in collaboration with the Office of Early Childhood, to improve school and district academic performance and close achievement gaps between socioeconomic subgroups.

The SERC board of directors appointed Ingrid Canady executive director on October 12, 2016, and she continues to serve in that capacity.

Board of Directors

Section 10-357a of the General Statutes established SERC and created a 13-member board of directors charged with its oversight. The board consists of four members appointed by the Governor, two appointed by the State Board of Education, and one each appointed by the president pro tempore of the Senate, majority leader of the Senate, minority leader of the Senate, speaker of the House of Representatives, majority leader of the House of Representatives, minority leader of the House of Representatives, and the Commissioner of Education. The Governor appoints the chairperson of the board from among the members with the advice and consent of the General Assembly.

The SERC board of directors consisted of the following, as of June 30, 2020:

- George A. Coleman, Chairperson
- Erin D. Benham
- Elizabeth Brown
- Jeffrey Leake
- Richard J. Porth, Jr.
- Dr. Agnes Quinones
- Charlene Russell-Tucker
- Thomas R. Swan
- Brittney Yancy

The board has four vacancies.

Dr. Salvatore Menzo and Samaia Hernandez Mounds also served on the board during the audited period.

SERC Foundation, Inc.

The SERC Foundation was established as a 501(c)(3) organization under the United States Internal Revenue Service tax code, effective January 20, 2016. The foundation allows SERC to raise tax-deductible donations as an alternative funding source. SERC and the foundation entered into a memorandum of agreement in July 2019 to clarify their relationship. The agreement appoints two SERC board members to the foundation's board and requires the foundation to provide reports of its programmatic and financial activities to the SERC board of directors. SERC's fiscal department is responsible for foundation accounting, as the foundation has no paid employees and does not maintain its own accounting system.

The foundation's board of directors consisted of the following members, as of June 30, 2020:

- Jeffrey Leak, Chairperson of Foundation Board and a SERC board member
- George A. Coleman, SERC Board of Directors Chairperson
- Marilyn Calderon
- Paul F. Flinter

- Jessica Sager
- Deborah Stanley-McAulay
- Ex Officio Member Ingrid Canady, SERC Executive Director
- Ex Officio Member Wendy Waithe Simmons, Director of SERC Foundation

SERC has the ability to exercise significant influence over the foundation due to the interrelationship of the boards.

Other Audit Examinations

Independent public accountants (IPA) audited SERC’s financial statements and conducted federal and state single audits for the fiscal years under review. The IPA issued an unmodified opinion on the financial statements and single audit and reported no material weaknesses in internal controls.

Significant Legislation

Public Act 19-12 (Section 3), effective July 1, 2019, required SERC to develop a one-credit high school course in black and Latino studies. In developing such course, SERC could utilize existing and appropriate public and private materials, personnel, and other resources, including, but not limited to, persons and organizations with subject matter expertise in African American, black, Puerto Rican or Latino studies.

RÉSUMÉ OF OPERATIONS

The State Department of Education (SDE) provided over 80% of SERC’s funding during the period through federal and state grants, a majority of which was for the federal Individuals with Disabilities Education Act (IDEA) grant. IDEA, which provides education resources for children with disabilities, funds numerous educational initiatives at SERC, including the educational library. The library is a comprehensive resource center that contains current collections of research, reference, and instructional material on education and social services. This free, public lending library assists Connecticut education professionals, college/university students, families, and community members in achieving positive educational and life outcomes for all learners.

SERC’s other significant educational initiatives include:

- School Climate Transformation Grant (SCTG) – The School Climate Transformation Grant is a federally funded initiative which SERC administered on the behalf of the State Department of Education to provide schools with on-site, job-embedded training and technical assistance in implementing Connecticut’s Positive Behavioral Interventions and Supports program. The 2018-2019 fiscal year marked the last full school year of the grant. However, the state requested and received a nine-month extension for grant activities through June 30, 2020.

- Opioid Grant – The Opioid Grant is a federally funded initiative which SERC administered on behalf of the Department of Mental Health and Addiction Services (DMHAS) to bring stakeholders together in opioid misuse prevention efforts, and to develop programmatic professional support systems. The grant is also intended to build the capacity of school leaders to monitor, support, and consistently implement new learning.
- Service Contracts with Local Education Agencies (LEA) – SERC contracts with LEA to provide training and technical assistance. These service contracts account for approximately 6% of SERC’s revenue, and provide funding that is independent of federal and state grants.

We performed a comparative analysis of SERC revenue, expenditures and net position based on amounts presented in SERC’s audited financial statements for the fiscal years ended June 30, 2019 and 2020.

Comparative Analysis of Revenues

SERC’s operations are financially dependent on federal and state grants, primarily funded by SDE, which account for the majority of SERC’s revenues and are the most significant economic factor that can impact its operations. A summary of SERC revenues by category follows:

Revenue Category	Fiscal Year Ended June 30,		
	2020	2019	2018
Federal and State Grants	\$5,100,722	\$4,336,429	\$4,572,129
On-Behalf Amount	33,371	32,866	88,470
Intergovernmental	5,134,093	4,369,295	4,660,599
Charges for Services	701,454	615,835	771,407
Private Funding	-	-	46,215
Interest Income	4,626	3,636	2,756
Other	2,461	2,258	12,591
Total Revenues	\$5,842,634	\$4,991,024	\$5,493,568

On-behalf amounts represent contributions paid by the state for SERC employees participating in the Connecticut State Teachers’ Retirement System. Charges for services represent revenue from contracted services provided to local school districts and fees paid by participants attending SERC-funded events.

Comparative Analysis of Expenditures

SERC primarily makes expenditures pursuant to federal, state, and private restrictions on grant revenue. Revenue generated from charges for services is unrestricted and the related expenditures are subject only to approval by the SERC board of directors. A summary of expenditures by category follows:

Expenditure Category	Fiscal Year Ended June 30,		
	2020	2019	2018
Salaries	\$3,170,934	\$2,732,079	\$3,657,664
Employee Benefits	746,122	621,693	914,164
Programs and Events	941,620	711,703	629,975
External Contract Services	283,674	77,008	71,581
Occupancy	212,395	209,482	238,034
Technology	86,140	102,669	66,789
Professional Services/Insurance	97,843	110,275	252,555
Travel	57,320	62,671	56,964
Library	-	1,312	20,677
Professional Development	22,110	9,496	2,947
Marketing	20,913	1,416	14,375
Office Supplies	17,300	20,014	8,070
Other	41,826	19,981	37,183
Depreciation	30,998	29,395	30,572
Total Expenditures	\$5,729,195	\$4,709,194	\$6,001,550

Comparative Analysis of Net Position

Over time, net position may serve as a useful indicator of SERC's financial position. SERC uses unrestricted net position to meet ongoing obligations to its employees and creditors. The remaining balance is its investment in capital assets (e.g., furniture, equipment, and computer equipment). A summary of SERC's net position follows:

	Fiscal Year Ended June 30,		
	2020	2019	2018
Current Assets	\$3,359,534	\$2,211,559	\$2,309,223
Capital Assets (Net)	232,369	254,573	281,629
Total Assets	3,591,903	2,466,132	2,590,852
Current Liabilities	1,889,425	898,665	1,289,604
Noncurrent Liabilities	71,373	49,801	65,412
Totals liabilities	1,960,798	948,466	1,355,016
Net Position:			
Net Investment in Capital Assets	232,369	254,573	281,629
Unrestricted	1,398,736	1,263,093	954,207
Total Net Position	\$1,631,105	\$1,517,666	\$1,235,836

SERC's assets exceeded its liabilities at the close of each fiscal year. The increases in net position were due primarily to a reduction in salaries and employee benefits in the fiscal year ended June 30, 2019, and additional grant funding in the fiscal year ended June 30, 2020.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the State Education Resource Center disclosed the following five recommendations of which three have been repeated from the previous audit:

SERC Foundation, Inc. – Lack of Proper Accounting and Internal Control Issues

Background: The SERC Foundation is a 501(c)(3) non-profit organization established to support the programs, services, mission, and vision of the State Education Resource Center (SERC). The foundation raises funds to initiate and maintain projects. The foundation uses SERC employees to staff and manage these projects, and reimburses SERC for its staff in accordance with a memorandum of agreement.

Criteria: Section 4-37f(7) of the General Statutes requires foundations to use generally accepted accounting principles (GAAP) in their financial recordkeeping and reporting. Furthermore, Section 4-37f(8) requires foundations to provide a copy of each completed audit report to the executive authority of the state agency and the Attorney General.

Article V, Section 4 of the SERC Foundation, Inc. bylaws requires its books and records to be audited in accordance with standard accounting practices at the close of each fiscal year.

Sound business practice dictates that contracts be properly completed, fully executed, and that the terms and conditions adequately describe the responsibilities of each party.

Condition: The SERC Foundation did not properly maintain its general ledger and misclassified or did not include certain entries. The foundation did not have an audit for the fiscal year ended June 30, 2019. The foundation reported \$108,365 in revenue on its IRS Form 990 for the fiscal year 2019. As a result of a 2020 independent audit, the foundation made a \$120,540 adjustment to its Internal Revenue Service's Form 990 so it would agree with its independent auditors' report.

SERC was unable to determine or provide documentation to show its in-kind contribution amount to support of the foundation for the fiscal year ended June 30, 2019.

The SERC Foundation did not provide a copy of its independent auditors' report for the fiscal year ended June 30, 2020 to the Attorney General.

The memorandum of agreement (MOA) between SERC and the SERC Foundation identifies SERC as the main source of funding for the general operations of the foundation. However, the MOA does not address the use

of SERC's facilities and resources, require the foundation to reimburse SERC for foundation-related operational expenses, or provide procedures in the event the foundation dissolves.

Effect: There is reduced assurance that funds are properly accounted for when financial information is not accurately maintained, and required audits are not conducted. Also, there is diminished oversight if SERC does not submit its required independent auditors' report.

Cause: Administrative changes at SERC contributed to the conditions. Also, SERC does not believe it was required to submit a copy of the foundation's audit to the Attorney General.

Prior Audit Finding: This finding has been previously reported in the last report covering the fiscal years ended June 30, 2018 through 2019.

Recommendation: The State Education Resource Center should ensure that the SERC Foundation's financial information is accurately maintained and presented, and that it complies with the foundation's bylaws and applicable statutory requirements. SERC and the foundation should also clarify their responsibilities in their memorandum of agreement. (See Recommendation 1.)

Agency Response: "SERC agrees with this finding. This was the first year SERC Foundation, Inc. was audited by an external accounting firm. This finding was the result of the audit performed by PKF O'Connor Davies, LLP. As a result of the external audit, a one-time adjustment was made of \$120,540 to recognize revenue related to a Foundation grant and how it was recorded."

Lack of Performance Appraisal and Timely Submission to Human Resources

Criteria: The State Education Resource Center Employee Handbook requires that supervisors document written performance evaluations of employees annually through the Performance Evaluation Rubric, as aligned with Annual Performance Goals and a Plan for Professional Learning.

Good business practice dictates that performance appraisals should be included in an employee permanent personnel file within a reasonable period.

Condition: SERC did not complete performance appraisals for one out of five employees reviewed during the audited period. In addition, in three instances, supervisors submitted the completed appraisals to the human resources director to include in each employees' personnel files 28 and 17 months late.

- Effect:* SERC did not provide an employee with any performance feedback. The failure to promptly file performance appraisals could reduce their usefulness for managers deciding on promotions or other personnel actions.
- Cause:* SERC informed us that it kept the employees' appraisals in their direct supervisor's office because of the pandemic. Also, a lack of proper management oversight contributed to the condition.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The State Education Resource Center should ensure that it completes annual performance appraisals for all its employees and that they are promptly included in their personnel files. (See Recommendation 2.)
- Agency Response:* "The State Education Resource Center is in agreement with this finding. SERC will ensure annual performance appraisals are completed for all employees and provided to the human resources department in a timely fashion, even during transitional or uncertain periods. This lack of control or oversight resulted from remote work during the pandemic."

Ineffective Purchasing Internal Controls

- Criteria:* The State Education Resource Center established credit card procedures require the requestor and supervisor to approve individual transactions. The executive director must then review and approve all transactions and authorize payment of the monthly statements.
- Condition:* We reviewed eight credit card statements and found one instance in which the executive director did not approve the statement before payment, and two instances in which the statements were approved after they had been paid.
- Context:* The three monthly statements totaled \$13,811.
- Effect:* Untimely monitoring of credit card statements reduces the assurance that SERC detects inappropriate or fraudulent payments prior to payment.
- Cause:* SERC pays their monthly credit card statement using automatic payments.
- Prior Audit Finding:* This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2015 to 2018.
- Recommendation:* The State Education Resource Center should properly implement the purchasing and credit card policies that have been approved by its board of directors. (See Recommendation 3.)

Agency Response: “The State Education Resource Center is in agreement with this finding. The agency recognizes there was an instance where the Executive Director did not approve the credit card statement prior to the payment being made and two instances where the statements were approved after payment was made. These instances occurred during the transition phase of the remote work environment. However, the agency did follow proper protocol by obtaining all credit card approval signatures for transactions prior to payments being made. The agency will correct this finding for all subsequent statements.”

Lack of Proper Monitoring of Unexpended Funds

Criteria: The memorandum of agreement between the Connecticut State Board of Education (CSBE) and the State Education Resource Center (SERC) includes a provision that SERC should return any unexpended funds to CSBE within sixty days after each fiscal year.

Condition: SERC did not return \$783,332 in unexpended CSBE funds as of the June 30, 2020 fiscal year end as required by the agreement. This amount included funds for the Individuals with Disabilities Education Act (IDEA), and African American, black, Puerto Rican, or Latino studies programs.

Effect: A lack of compliance with the memorandum of agreement may result in SERC losing future CSBE funding.

Cause: There was a lack of proper administrative oversight.

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

Recommendation: The State Education Resource Center should ensure that unexpended funds are appropriately returned to the Connecticut State Board of Education in accordance with their memorandum of agreement. (See Recommendation 4.)

Agency Response: “The State Education Resource Center is not in agreement with this finding. The Executive Director has confirmation emails stating there are carryover funds for fiscal year 2020. The MOA states carryover can be approved by the Department. In addition, the agency became aware form ED141 was not filed with the State of CT through this finding. Form ED141 has been prepared and is currently being reviewed before its submission. All subsequent years will be prepared and submitted. SERC is in the process of preparing a time sensitive checklist to adhere to all filing requirements.”

Auditors' Concluding

Comment: It appears as if SERC did not receive CSBE approval to carryover its unspent funds in fiscal year 2020.

Internal Control System and Governance Weaknesses

Criteria: The United States Government Accountability Office's Standards for Internal Control in the Federal Government, defines an internal control system as a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the entity will achieve its objectives. Documentation of internal controls is required to ensure effective design and implementation.

Section 1-123(a) of the General Statutes requires SERC to annually submit a report to the Governor and the Auditors of Public Accounts that includes specific information on the fiscal operations and personnel matters of the center during the fiscal year.

Section 10-357c of the General Statutes requires the State Education Resource Center board of directors to establish written procedures that include adopting an annual budget.

Section 10-357d of the General Statutes requires SERC to annually submit a yearly budget, projected revenue statement, and financial audit to the State Board of Education and the General Assembly.

Condition: SERC's board of directors did not approve fiscal policies necessary to meet its internal control objectives, including procedures for adopting an annual budget, as required by Section 10-357c of the General Statutes. SERC's board of directors reviews and approves SERC's operational budget annually.

SERC did not comply with the annual reporting requirements prescribed in Sections 1-123(a) and 10-357d of the General Statutes.

Effect: Informal internal controls reduce the assurance that the entity will achieve its objectives and increases the risk of waste, fraud and abuse.

Lack of compliance with statutory reporting limits the state's monitoring function over the quasi-public entity.

Cause: SERC indicated that it is still developing some of its policies.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2015 to 2018.

Recommendation: The State Education Resource Center should continue to develop and implement a comprehensive internal control system that is appropriately documented and approved by its board of directors. The internal control system should comply with the General Statutes and the agency's operational objectives. (See Recommendation 5.)

Agency Response: “The State Education Resource Center is in agreement with this finding. The agency is cognizant that several policies need to be finalized. Currently, the policies are in the process of being finalized and will be presented to the Board of Directors at the February 2022 meeting to review and adopt.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the State Education Resource Center contained three recommendations and one conclusion. One has been implemented or otherwise resolved and three have been repeated or restated with modifications during the current audit.

- The State Education Resource Center should ensure that the SERC Foundation complies with its bylaws and implements policies and procedures consistent with established best practices. **This recommendation is being repeated with modifications. (See Recommendation 1.)**
- The State Education Resource Center modified its mileage reimbursement policy to be consistent with generally accepted public policy. The new policy was approved by the board of directors effective July 1, 2020.” **This conclusion will not be repeated.**
- The State Education Resource Center should continue to develop a comprehensive internal control system that is appropriately documented and approved by its board of directors. The internal control system should comply with the General Statutes and operational objectives of the agency. **This recommendation is being repeated. (See Recommendation 5.)**
- The State Education Resource Center should implement the purchasing and credit card policies that are approved by the board of directors. **This recommendation is being repeated. (See Recommendation 3.)**

Current Audit Recommendations:

- 1. The State Education Resource Center should ensure that the SERC Foundation financial information is accurately maintained and presented, and that it complies with the foundation's bylaws and applicable statutory requirements. SERC and the foundation should also clarify their responsibilities in their memorandum of agreement.**

Comment:

The SERC Foundation did not properly maintain its general ledger and misclassified or did not include certain entries. The foundation did not have an audit for the fiscal year ended June 30, 2019. Also, SERC did not comply with its bylaws and statutory requirements, and needs to clarify of the respective responsibilities in its written agreement with the foundation.

- 2. The State Education Resource Center should ensure that it completes annual performance appraisals for all its employees and that they are promptly included in their personnel files.**

Comment:

SERC did not complete performance appraisals for one out of five employees reviewed during the audited period. In addition, in three instances, supervisors did not promptly submit completed performance appraisals to the human resources director to include in the employees' personnel files.

- 3. The State Education Resource Center should properly implement the purchasing and credit card policies that have been approved by its board of directors.**

Comment:

The executive director did not always review and approve credit card statements prior to payment.

- 4. The State Education Resource Center should ensure that unexpended funds are appropriately returned to the Connecticut State Board of Education in accordance with their memorandum of agreement.**

Comment:

SERC did not return \$783,332 in unexpended Connecticut State Board of Education funds as of the June 30, 2020 fiscal year end as required by their memorandum of agreement.

- 5. The State Education Resource Center should continue to develop and implement a comprehensive internal control system that is appropriately documented and approved by its board of directors. The internal control system should comply with the General Statutes and the agency's operational objectives.**

Comment:

The SERC board of directors did not approve fiscal policies necessary to meet its internal control objectives. Also, SERC did not comply with its annual statutory reporting requirements.

ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the State Education Resource Center during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditor who contributed to this report:

Andrea Evans

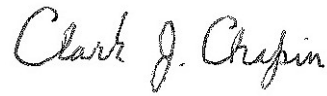


Andrea Evans
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor