

STATE OF CONNECTICUT



***AUDITORS' REPORT
DEPARTMENT OF DEVELOPMENTAL SERVICES
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2011***

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

May 29, 2014

AUDITORS' REPORT DEPARTMENT OF DEVELOPMENTAL SERVICES FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2011

We have examined the financial records of the Department of Developmental Services for the fiscal years ended June 30, 2010 and 2011. This report includes our audit of the records of the central office and the department's three regional offices. This report on that examination consists of the Comments, Recommendations and Certification which follow.

Financial statement presentation and auditing are being done on a Statewide Single Audit basis to include all state agencies. This audit examination has been limited to assessing compliance with certain provisions of financial related laws, regulations, contracts and grants, and evaluating internal control structure policies and procedures established to ensure such compliance.

COMMENTS

FOREWORD:

The Department of Developmental Services (DDS) operates, generally, under Title 17a, Chapter 319b of the Connecticut General Statutes. The department is responsible for the planning, development and administration of a complete, comprehensive, and integrated statewide program for persons with developmental disabilities. The department is under the supervision of a commissioner who is appointed by the Governor. The department is responsible for the administration and operation of all state-operated community and residential facilities established for the diagnostic care and training for persons with developmental disabilities. DDS provides an array of residential, day service, and family support programs. These programs may be provided directly by the regions, the Southbury Training School, or through contracts with private provider organizations. In addition, certain consumers of the department self-direct the providers of the support services they need. Under this program, called Individual Supports,

consumers have authority and responsibility for the funds they receive from the department. If the amount of their budget is over \$5,000, consumers are required to use a fiscal intermediary. A fiscal intermediary is a private organization, under contract with the department, which provides administrative and fiscal assistance to consumers, such as completing employment forms, paying staff, ensuring tax compliance, paying vendors, and preparing end-of-year reports.

The department is organized into three geographical regions and is administered out of the central office in Hartford. The three geographical regions and headquarters are as follows:

North Region – East Hartford

South Region – Wallingford

West Region – Waterbury

The West Region includes the Southbury Training School. The North Region includes the northeastern part of the state, and the South Region includes the southeastern part of the state. Each region also includes several satellite offices.

It should be noted that the department now refers to the people it serves as consumers and no longer refers to them as clients.

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

Consumer Caseload Statistics	As of June 30, 2010	As of June 30, 2011
Consumers in public residential settings	1,438	1,334
Consumers in private residential settings	5,622	5,718
Consumers awaiting residential placement	1,980	1,778
Consumers in public day programs	543	455
Consumers in private day programs	8,564	8,782
Consumers awaiting placement in day programs	112	122
Consumers living at home	8,294	8,411
Families receiving support grants the past year	1,686	1,804
Children - public Birth-to-Three services	367	292
Children - private Birth-to-Three services	4,899	4,863

The consumer caseload was 35,543 as of June 30, 2009, 33,505 as of June 30, 2010, and 33,559 as of June 30, 2011. Consumers in public residential settings continued to decline in the audited fiscal years, while the number of consumers in private residential settings steadily increased, continuing a trend over the last several fiscal years. The number of consumers in public day programs declined during the fiscal years audited, while consumers in private day programs increased during this same period, also continuing a trend over the last several fiscal years. The number of consumers receiving services while living at home has been increasing for many fiscal years and is representative of the department's efforts to serve more consumers in this setting.

Peter H. O'Meara was appointed as commissioner on June 23, 1995, and retired on March 1, 2011. Terrence W. Macy, Ph.D., was appointed commissioner in April 2011. Kathryn DuPree served as deputy commissioner until her retirement in September 2011. Joseph Drexler, Esq. was appointed deputy commissioner in October 2011.

Council on Developmental Services:

The Council on Developmental Services operates under the general provisions of Section 17a-270 of the General Statutes. The council, which consists of thirteen members, acts in an advisory and consultative capacity to the Commissioner of Developmental Services. The council may also recommend legislation to the Governor and the General Assembly. As of June 30, 2011, the following were members of the council:

Jennifer Carroll
John H. Frost
James W. Heffernan
Thomas W. Kalal
Jamie Lazzaroff
John P. Pelegano, M.D
Patti Silva
Patrick Vingo
J. C. David Hadden
Sheila Mulvey
Donna Bouteller
Louis Richards
(Vacancy)

State Council on Developmental Disabilities:

The State Council on Developmental Disabilities operates under the provisions of the federal Developmental Assistance and Bill of Rights Act of 2000. Members are appointed by the Governor for three-year terms. As of June 30, 2011, the following were members of the Council on Developmental Disabilities:

Frank Reed, Chairman
Maryann Lombardi, Vice Chairman
Darlene Borres
John Curtin
Frederick N. Frank
Gabriela Freyre-Calish
Jacqueline Jamison
Michelle Johnson
Mark Keenan
David King
William Knight
Alicia Kucharczyk

Jennifer A. Lortie
Laura Marcinauski
Zuleika Martinez
Sabra Mayo
Peter Morrisette
Dwayne W. Paul
Sarah Rafala
Monica Smyth
Brenda Stenglein
Ada Suarez
Guy Sullivan
Jennifer Throwe
Kathleen Wolkner
Molly Cole, Executive Director

Southbury Training School Board of Trustees:

Section 17a-271 of the General Statutes established the Southbury Training School board of trustees. The board advises the director of the Southbury Training School on general policies concerning the operation and administration of the facility, conducts annual inspections and reviews, prepares an annual report for submission to the Council on Developmental Disabilities, and makes recommendations to the Council on Developmental Services as it deems necessary. As of June 30, 2011, the following were members of the board:

Phillip K. Bondy
Mark A. R. Cooper
Ann Dougherty
Eileen Lemay
Louis Richards
Marc Taylor, M.D.
Edward D. Walen

Autism Advisory Council:

Section 17a-215b of the General Statutes established the Autism Advisory Council, which is now the Autism Spectrum Disorders Advisory Council. The advisory council advises the department with respect to the research, design and implementation of the delivery of appropriate and necessary services and programs for all residents of Connecticut with autism spectrum disorders. As of June 30, 2011, the following were members of the advisory council:

Catherine Abercrombie
Nancy Bagatell
Lori Conchado
Judith Dowd
Ruth Eren
Jan Galloway

Chera Gerstein
Ann Gionet
Jacqueline Kelleher
David Daniel Klipper
James Loomis
Sara Lourie
Kathy Marchione
Yana Razumnaya
Kathy Reddington
Sara Reed
Nikki Richer
Lois Rosenwald
Jonathan Ross
Stanley Soby
Margery Stahl
Jennifer Ureta
Tricia Winter
Larry Wood

Camp Harkness Advisory Committee:

Section 17a-217a of the General Statutes established the Camp Harkness Advisory Committee. The committee advises the commissioner with respect to the health and safety of persons who attend and utilize the facilities at Camp Harkness. As of June 30, 2011, the following were members of the advisory committee:

Victoria Severin, Chairperson
Virginia Hogan
Fritz Gorst
Joyce Baker
Diane Harrington
Ronald Rasi
April Dipollina
Daniel Steward
Stan Soby
Beverly Jackson
(Two vacancies)

Connecticut Family Support Council:

Section 17a-219c of the General Statutes established the Family Support Council. The council assists the department and other state agencies that administer or fund family support services to establish a comprehensive coordinated system of family support services. The following were members of the council (note membership information is as of June 30, 2013; information for June 30, 2011 was not available):

Jennifer Carroll
Terry Cote
April Dipolina
Karen Hlavac
Tessa Imperati
Lisa Sheppard
Maureen Smith
Mona Tremblay
Robyn Trowbridge
Mark Greenstein, MD
Elaine Zimmerman
Joette Katz
Terrence W. Macy
Stephan Pryor
Jewell Mullen
Roderick L. Bremby
Jamey Bell
James D. McGaughey
(nine vacancies)

Regional Advisory and Planning Councils:

Section 17a-273 of the General Statutes established the advisory and planning council for each state developmental region operated by the department. The councils consult and advise the director of each region on the needs of persons with mental retardation, the annual plan and budget of the region, and other matters it deems appropriate. As of June 30, 2011, the following were members of the councils:

North Region:

Kathleen Perrier
Sara Glad
Deb Godsell
Nancy Bilyak
Florence Guite
Susan Miller
John Mullooly
Lorraine Mullooly
Patti Silva

South Region:

Nancy Kalal
Steven Fusti
Danielle Shepard
Kim Wolschleager

Jean Brookman
Carol Cooney
Michael Del Sole, Esq.
April Dipollina
John Frost
Diane Martin
Lori Richardson

West Region:

Jeanne Braude-Magi
Trish Butler
Karleen Craddock
Mickey Herbst
Gil Kellersman
Sheila Mulvey
Lieselotte Schwab
Arlene Steinfield
Cindy Stramandinoli
Alec Vlahos

State Interagency Birth-to-Three Coordinating Council:

Section 17a-248b of the General Statutes established the State Interagency Birth-to-Three Coordinating Council to assist the lead agency (DDS) in the effective performance of the lead agency's responsibilities, including identifying the sources of fiscal support for early intervention services and programs, assignment of financial responsibility to the appropriate agency, promotion of interagency agreements, preparing applications and amendments required by federal law, and advising and assisting the commissioner of DDS on various issues. As of June 30, 2011, the following were members of the council:

Mark A. Greenstein, M.D., Chairperson
Deborah Pagano
Patrick Ruddy
Ginny Mahoney
Rita Esposito
Lynn Skene Johnson
Lorna Quiros-Dilan
Corinne Griffin
John Reilly
Stephen DeAngelis
Cynthia Jackson
Robert G. LaCamera, M.D.
Nancy DiMauro
Joseph McLaughlin
Miriam Martinez.

Laurel Ross.
Maria Synodi
Louis Tallarita
Mary Ann Dayton-Fitzgerald
Rep. John W. Thompson
Robin Tousey-Ayers
Tierney Giannotti
Myra Watnick
Rob Kelly
Alice Torres
Sharri Lungarini
Sen. Anthony Musto
Wade Chartier

Significant Recent Legislation:

Public Act 09-66 expands eligibility for state-funded medical assistance to include children under the department’s Voluntary Services Program who are not receiving, have not yet qualified for, or are ineligible for Medicaid.

Public Act 10-93 makes minor changes to the department’s Birth-to-Three program and several departmental advisory bodies. It also removes the DDS Abuse and Neglect Registry from the sunset review process. The language establishing the registry was scheduled to sunset on July 1, 2012. The act allows DCF to provide DDS with limited abuse and neglect investigation records of children enrolled in the DDS Voluntary Services Program. Prior law allowed this only for program applicants.

Public Act 11-16 updates terminology used by the department and the Office of Protection and Advocacy for Persons with Disabilities in their provision for services. It substitutes the term intellectual disability for mental retardation to reflect changes in federal law, and within the developmental disabilities community. It also uses the term autism spectrum disorder instead of autism to encompass all autism diagnoses on the autism spectrum. It also specifies that DDS regulations include requirements regarding quality service reviews; removes the licensure requirement for residential facilities; eliminates the requirement that each DDS contract to construct, renovate, or rehabilitate a community-based residential facility be awarded to the lowest responsible and qualified bidder through the competitive bid process established by department regulations (DDS must still comply with state contracting laws); repeals the requirement that the Camp Harkness Advisory Committee annually report to the DDS commissioner; replaces statutory references to “community training homes” with “community companion homes and community living arrangements”; and removes the statutory definition of “employment opportunities and day services.”

Interagency Agreement with the Office of Protection and Advocacy for Persons with Disabilities:

Pursuant to Section 8 of Public Act 05-256, the Department of Developmental Services and the Office of Protection and Advocacy for Persons with Disabilities entered into an interagency agreement (IA) governing the investigation of allegations of abuse and neglect of persons being served by said agencies and the provision of protective services to such individuals.

Interagency Agreement with the Department of Children and Families:

In July 2005, the Department of Children and Families (DCF) and DDS signed an interagency agreement to transition children with intellectual disabilities from DCF to DDS and for DDS to serve any new children entering into the program. Until the fiscal year ended June 30, 2009, the expenditures for this program, called the Voluntary Services Program, were included in DDS' Community Residential Services appropriation. In fiscal year 2009-2010, a separate appropriation (SID 12493) was established to allow for better monitoring. Expenditures totaling \$31,786,566 and \$27,394,028 were charged to this appropriation in fiscal years 2009-2010, and 2010-2011, respectively. This agreement was updated in July 2011.

RÉSUMÉ OF OPERATIONS:

General Fund Revenues and Receipts:

General Fund revenues and other receipts of the Department of Developmental Services were \$537,353 and \$282,164 for the 2009-2010 and 2010-2011 fiscal years, respectively. A major portion of receipts, \$371,686 and \$125,076, respectively, was from the refund of prior years' expenditures. Not included in these amounts were parent fees and certain insurance payments collected in association with the Birth-to-Three programs, discussed below.

State Medicaid Reimbursement and Other Cash Receipts:

In addition to the General Fund revenues, departmental expenditures for consumers residing in an ICF/MR are eligible for 50 percent reimbursement under the federal Medicaid program. All of the Southbury Training School beds are certified as ICF/MR, as well as the beds of the regional campuses, and a small number of beds in the private Community Living Arrangements (CLAs). In addition, the state operates two Medicaid Home and Community Based Waiver programs – the Individual and Family Support (ICF), and the Comprehensive Waiver, both of which provide a wide range of services in the community to prevent the institutionalization of consumers requiring an ICF/MR level of care. During the fiscal years ended June 30, 2010, and 2011, the amount of Medicaid reimbursement generated by the department for these areas totaled \$499,513,549 and \$515,152,087, respectively. Federal reimbursement for these programs is collected by the Department of Administrative Services (DAS).

The DAS Bureau of Collection Services collected cash receipts totaling \$10,272,871 and \$9,454,730 during the fiscal years ended June 30, 2010 and 2011, respectively, mostly in the

form of board and care fees collected from DDS resident consumers who are employed and earn weekly wages above a threshold amount of \$25. The collection of these fees is based on long-standing policies established by the DAS Bureau of Collection Services and the Department of Developmental Services. Also included are receipts collected from legally liable relatives or other parties, such as insurance companies.

The Department of Developmental Services also collects payments associated with the Birth-to-Three Program, a statewide, comprehensive, coordinated, multidisciplinary, interagency program that provides early intervention services for infants and toddlers with disabilities and their families. Section 17a-248g subsection (e) of the General Statutes provides for fees to be charged to parents or guardians with a gross annual family income of forty-five thousand dollars or more, except that no fee may be charged to the parent or guardian of a child who is eligible for Medicaid. These parent fees are not recorded as departmental revenue, but are credited back to the program, thereby reducing the gross expenditures of the program. During fiscal years 2009-2010 and 2010-2011, the department collected \$1,137,308 and \$1,424,734 in such fees and certain insurance payments, respectively. These figures do not include most insurance payments that are received by the service providers and deducted before invoices are presented to the department for payment. Such insurance payments totaled approximately \$3 million in each of the fiscal years audited. Net expenditures of the program totaled \$36,927,147 and \$37,888,242 during fiscal years 2009-2010, and 2010-2011, respectively.

Fiscal Intermediaries Bank Accounts Balances:

The balances in the bank accounts maintained by the two fiscal intermediaries under contract with the department totaled \$20,076,613 and \$16,955,793, as of June 30, 2010, and 2011, respectively. Fiscal intermediaries are private organizations that assist consumers in implementing their individual support agreements. The department advances funds to the fiscal intermediaries to pay for expenses incurred in accordance with the consumers' individual support agreements. The balances in these accounts are state funds.

General Fund Expenditures:

General Fund expenditures of the Department of Developmental Services are summarized below:

	<u>FYE 2009</u>	<u>FYE 2010</u>	<u>FYE 2011</u>
Personal Services and Employee Benefits:			
Salaries and Wages	\$300,357,482	\$273,230,667	\$266,579,501
Workers Compensation	15,449,122	16,201,763	15,416,102
All Other	<u>913,149</u>	<u>690,445</u>	<u>1,388,486</u>
Total Personal Services and Employee Benefits	<u>316,719,753</u>	<u>290,122,875</u>	<u>283,384,089</u>
Purchased and Contracted Services:			
Professional, Scientific and Technical Services	9,079,091	8,259,660	8,737,983
Consumer Services	614,488,662	635,109,954	648,432,159

Premises and Property Expenses	9,799,304	9,620,862	10,139,258
Purchased Commodities	6,711,587	5,995,931	6,179,674
Fixed Charges	3,990,231	10,942,293	14,464,308
All Other	<u>9,532,849</u>	<u>7,734,388</u>	<u>10,938,747</u>
Total Purchases and Contracted Services	<u>653,601,724</u>	<u>677,663,087</u>	<u>698,892,129</u>
Total Expenditures	<u>\$970,321,477</u>	<u>\$967,785,961</u>	<u>\$982,276,218</u>

Overall, the department's General Fund expenditures remained virtually unchanged during the two-year audited period. Personal services decreased by eight and two percent for the 2009-2010 and 2010-2011 fiscal years, respectively, while consumer services increased by four and three percent, respectively, for the same period. In fiscal year 2009-2010, reduction in personal services totaled nearly \$27 million. Offsetting this reduction was an increase in consumer services totaling over \$21 million. Consumer services consist of payments to private providers for services to the department's consumers for residential, employment and day services. Expenditures under the Voluntary Services Program, a separate appropriation beginning in fiscal year 2009-2010, were included in this total. The increase in consumer services during the audited period can be attributed primarily to cost of living increases for private provider employees.

As noted, consumer services include expenditures to private providers for services provided to consumers for residential and day program services. Residential programs include community living arrangements (i.e. group homes), supported living, and community training homes (CTH). Day program services encompass a number of different models including individual supported employment, group employment and others. Purchase of service agreements (POS) are entered into between the private provider and the department, typically for a two-year period. Monthly payments to each provider are made under the terms of the POS, with a provision for audit by an independent accounting firm and cost settlement after each contract year. For example, cost settlement for fiscal year 2008-2009 was completed in fiscal year 2009-2010. If the audited costs were less than the contract payments, the private provider was able to keep 50 percent of the surplus. However, if the audited costs were less than total payments, no additional amounts would be paid to the provider. In fiscal years 2008-2009 and 2009-2010, the department cost-settled with 118 and 136 private providers, respectively. Contract payments totaling \$471,479,363 in fiscal year 2008-2009 and \$470,891,956 in fiscal year 2009-2010 were subject to the cost settlement process. Overall purchased costs totaled \$479,995,216 and \$477,302,115, resulting in a total net deficit (purchased costs over contractual payments) of \$8,515,859, and \$6,410,150, respectively. Note that within these overall total deficit numbers were individual surpluses, but there were relatively few of them. Providers generally report deficits for most of the programs they operate.

Throughout fiscal year 2010-2011, any program surpluses were divided equally between the department and the provider, except for CTH's, which were recovered in full. Overall, the amounts due back to the department were \$1,861,900 for fiscal year 2008-2009 and \$1,744,989 for fiscal year 2009-2010. These funds were recovered by reducing the next scheduled payment(s) by the amount owed. For example, if the next scheduled payment to a provider was

\$1,000,000 and the amount to be returned to the department from the previous fiscal year's cost settlement process is \$150,000, the payment made for that current month's services would be the net of these two figures, or \$850,000. Thus, recovering surpluses in this manner does not result in the recording of cash receipts in the department's accounting records unless a contract is no longer in effect.

Residential Schools:

Each fiscal year, approximately 90 of the department's consumers reside in residential treatment facilities or residential schools. Residential schools provide certain behavioral and other supports required by consumers in accordance with their individual plans. Many of these consumers are in the department's Voluntary Services Program, which was developed several years ago in conjunction with the Department of Children and Families. These placements are funded by the Voluntary Services Program appropriation. Consumers who turn 21 years old may continue to live in a residential school. In addition, other consumers are in residential schools that did not initially come in through the Voluntary Services Program. The costs of these placements are paid through the Community Residential Services, Employment Services and Day Services appropriations.

Most of the residential schools the department contracts with are located out of state. Many are located in Florida, Massachusetts, New Hampshire, Maine, and Wisconsin. Typically, the contracts are for a 365-day period, usually from July 1st to June 30th. Daily service rates typically range from about \$200 to \$600 for residential services and \$100 to \$200 for day programs. The total dollar value of the contracts is approximately \$15 to \$16 million per fiscal year. Note that each provider may have more than one contract with the department per consumer that covers residential, day program, and other services. Because these placements are not community-based, they cannot qualify for reimbursement under the Medicaid Waiver Program. For this and other reasons, the department has a goal of bringing more consumers back to the State of Connecticut whenever possible. However, because there are very few facilities of this kind in Connecticut, in-state placements are difficult to accomplish.

The Connecticut Council on Developmental Disabilities:

The mission of the Connecticut Council on Developmental Disabilities is to promote the full inclusion of people with disabilities in community life. Approximately 70 percent of the council's funds are used for grant initiatives to various non-profit organizations for projects and studies that support this mission. The council is 100 percent funded by federal resources and is part of the Department of Developmental Services for administrative purposes. Grants generally range from several thousand dollars to as high as \$40,000 or more. The remainder of the council's funds is used for salaries and fringe benefits of a director, two staff members, and additional expenses. Office space at the central office of the Department of Developmental Services is provided as an in-kind contribution to the council. Expenditures of the council in fiscal years 2009-2010 and 2010-2011 totaled \$611,769 and \$652,499, respectively.

While the council is mandated by the federal Developmental Disabilities Act of 2000 and has existed in Connecticut since 1971, it had not been formerly established by executive order or

state statute until recently, when Executive Order 19 was signed by Governor Malloy on July 19, 2012 formally establishing the Connecticut Council on Developmental Services as the successor to the Council on Developmental Services. The newly-established council consists of 24 members, all appointed by the Governor. Council members serve a three-year term at the pleasure of the Governor and can be re-appointed for a second term.

Special Revenue Fund-Federal and Other Restricted Accounts:

Special Revenue Fund receipts totaled \$12,686,009 and \$5,048,655 for the fiscal years ended June 30, 2010 and 2011, respectively.

A summary of the department’s Special Revenue Fund expenditures follows:

	<u>FYE 2009</u>	<u>FYE 2010</u>	<u>FYE 2011</u>
Personal Services and Employee Benefits	\$2,929,514	\$2,761,254	\$2,702,831
Purchases and Contracted Services:			
Board and Care of Consumers	1,026,794	1,201,885	0
Consumer Services-General	3,922,196	7,761,954	4,200,169
All other Purchases and Contracted Services	968,243	920,190	1,258,110
Total Purchases and Contracted Services	<u>5,917,233</u>	<u>9,884,029</u>	<u>5,458,279</u>
Total Expenditures	<u>\$8,846,747</u>	<u>\$12,645,283</u>	<u>\$8,161,110</u>

The major sources of receipt and disbursement activity in the Special Revenue Fund are from two federal programs, Grants for Infants and Families with Disabilities (CDFA#84.181) and the Social Services Block Grant (CDFA#93.667). The Grants for Infants and Families with Disabilities provides funding for the Birth-to-Three Program at the department, which in accordance with Section 17a-248, et al, of the General Statutes, delivers services to eligible children who have, or are at risk of having, developmental delays. The Social Services Block Grant receipts fund a portion of the day services programs provided by the department.

Per Capita Costs:

Under the provisions of Section 17b-223 of the General Statutes, the State Comptroller is required to annually determine the per capita costs for the care of all persons in state institutions. Costs for the in-residence population for the fiscal year ended June 30, 2011, are summarized below:

Average per Capita Costs	In-Patient Daily	In-Patient Annual	Group Homes Daily	Group Homes Annual
West Region	\$779	\$284,335	\$792	\$289,080
North Region	1,000	365,000	833	304,045
South Region	1,362	497,130	844	308,060
Southbury Training School	987	360,255	(not applicable)	(not applicable)

Community Residential Facility Revolving Loan Fund:

The Community Residential Facility Revolving Loan Fund is authorized by Sections 17a-220 through 17a-221 of the Connecticut General Statutes. The fund was established to allow the department to make loans for the construction, purchase or renovation of community-based residential facilities. The department can make loans of up to \$350,000 for this purpose. The loans bear interest at a rate of six percent. The department can also make loans up to \$60,000 for the rehabilitation of community-based residential facilities.

As of June 30, 2009, the fund had an outstanding balance of \$15,046,718 in loans for community residential facilities. New loans issued totaled \$343,967 and \$407,141 for the 2009-2010 and 2010-2011 fiscal years, respectively.

Receipts of the fund, consisting primarily of principal repayments and interest income on residential community loans, totaled \$1,671,301 and \$1,712,789 during the fiscal years ended June 30, 2010 and 2011, respectively. The fund had a cash balance of \$4,416,411 as of June 30, 2011.

Fiduciary Funds:

The department's fiduciary funds include Institutional Activity, General Welfare, and Clients' Funds. The Activity and Welfare Funds were established and operated under the provisions of Sections 4-52 and 4-57 of the General Statutes and are used mainly for the operation of consumer workshops and for consumer recreation. The Clients' Funds constitute custodial accounts for consumers' personal monies. The assets comprising the department's fiduciary funds totaled \$4,314,614 as of June 30, 2011.

Full-Time Positions in the Department:

As of June 30, 2011, there were 3,108 filled full-time positions in the department.

Other Matters:

- In Fiscal Year 2009-2010, the department filed a loss report (CO-853) following an investigation that an employee had made unauthorized changes in Core-CT to their sick and vacation time, totaling 15.50 and 17.25 hours, respectively, after the employee's timesheet had been entered. The unauthorized changes resulted in an overpayment of vacation time to the employee, as the employee's vacation balance had been exceeded by 13.50 hours by this unauthorized change. The department found other discrepancies with this employee's timesheets for other pay periods as well. The employee's actions violated DDS Work Rule #17 that prohibits the falsification of any work reports, consumer reports, program data and/or records or employee records, or any other work related documents, and Work Rule #19 that prohibits the theft of funds or other property from the state, consumers, or coworkers. The employee was placed on administrative leave for 23 workdays before being separated from the department in December 2009.

- On April 26, 2011, the Department of Developmental Services filed a loss report (CO-853) with the Office of the State Comptroller and the Auditors of Public Accounts pertaining to “alleged intentional misappropriation of personal funds from (4) I.H.S. (Individual Home Support) individuals by an I.H.S. Direct Service employee. Employee has been placed on Administrative Leave, and the matter, following preliminary investigation by the Office of Investigations, has been turned over to the Waterbury Police.” The loss report also states: “There is evidence that the alleged perpetrator went to significant lengths to fabricate and/or modify financial records.”

An extensive investigation by the department’s Office of Investigation, dated May 18, 2011, made the following findings:

“(The employee) failed to submit required budget/financial documentation for all four clients.

(The employee) submitted incomplete budget/financial documentation for all four clients.

(The employee) submitted false/altered budget/financial documentation for all four clients.

While (the employee) was in control of their finances, a total of approximately \$43,286 is missing/unaccounted for. That figure is probably higher, but because (the employee) failed to submit all of the required documents, we are unable to establish what the actual total is.

Based on the aforementioned facts and circumstances, we find that financial exploitation is substantiated against (the employee).”

The Office of Investigations made the following recommendation: “DDS should revise the policies and procedures to ensure that appropriate checks and balances are in place to prevent a similar occurrence in the future.”

The investigation was approved by the West Regional Director on May 20, 2011. The regional director also made the following programmatic/administrative recommendation: “Individualized Home Supports Supervisors and Assistant Regional Directors to review draft DDS Policy and Procedure for Management of I.H.S. Funds, and identify augmentative measures to strengthen oversight and auditing of financial records of those individuals who elect or require staff support.”

The employee in question was placed on administrative leave with pay for a total of 43 workdays, starting on April 3, 2011 and ending on May 31, 2011. The employee voluntarily retired on June 1, 2011, with no administrative action taken by the department. As noted, the case was turned over to the Waterbury Police Department at the time the loss report was filed in April 2011. There were no reported actions taken for the rest of calendar year 2011 and for all of calendar year 2012. We have continued inquiries regarding the status of the police investigation. On April 1, 2013, approximately two years after the loss report was filed, an arrest warrant was issued for the former employee, charging the former employee with larceny in the 1st degree, a class B felony. As of March 4, 2014, the case is still pending in the Waterbury GA 4 court. The former employee has pleaded not guilty.

As noted above, the regional director made a programmatic recommendation designed to review the draft DDS policy and identify ways to strengthen oversight of consumer funds. It should be noted that the alleged thefts of consumer funds occurred over a period of several months or longer, and involved alleged incidents of missing or incomplete bank statements, altered documents and statements, and other deviations from standard practices. All of these should have been seen as red flags requiring inquiry. Evidently, this did not occur because the proper internal controls to prevent or detect these misappropriations sooner were not in place or were not functioning as intended. There also appears to be a lack of segregation of duties and supervisory oversight. Accordingly, the recommendation made by the regional director, and the similar one made by the Office of Investigation, was appropriate and necessary, as it pertains to I.H.S. consumer funds, as well as all other consumer funds.

- On August 1, 2011, the Department of Developmental Services reported an irregular transaction to us pertaining to the ordering of \$40,000 worth of furniture at Southbury Training School that circumvented state purchasing requirements. The furniture order was placed by an employee who did not have purchasing authority and with a vendor who was not on state contract. By the time it became known that this employee had placed this order, some of the items had been received, and because these particular items (chairs) were a special order, they were accepted and paid for, amounting to approximately \$16,000. In addition, some items that were paid out of the consumers' own personal funds were kept. The remainder of the order was cancelled. The department reports the employee placed the order with the presumption of having the authority to do so, based on the fact that the employee was consulted about the purchase by the consumers' Interdisciplinary Team. The consumers for which this purchase was considered are medically and physically fragile, and the employee is a rehabilitation therapist. The employee was reportedly instructed as to the proper procedure, which was to contact the purchasing unit, which would then follow applicable state purchasing requirements.
- The Department of Developmental Services filed a loss report with the Office of the State Comptroller and Auditors of Public Accounts dated June 8, 2011 pertaining to property loss and damage in connection with a break-in at the North Region office in East Hartford. The value of the loss was reported at \$46,215.36, and the items stolen were described as "7 computer monitors, cash, 11 Exxon-Mobil gas credit cards, 6 master cards, Staples card, BJ's reward checks, and stamps, bid bond checks, safe, hand truck, 3 bid bond checks, laptop, bus, loan checks, blank fiduciary checks." Some, if not all, of the negotiable-type instruments were in the safe when it was stolen.

The break-in occurred in the evening/overnight hours between June 7 and June 8, 2011. Entry into the building was gained by smashing a window. In addition to the items stolen, computer equipment and other property on the floor were knocked over. The department reported taking action by canceling the credit cards; stopping payment of checks; taking other steps designed to protect the assets and minimize the actual loss; and taking steps to improving security measures around the building. The break-in was reported to DDS IT, DOIT Security, DPW Security, and to the East Hartford Police Department. The East Hartford Police Department conducted an investigation that led to the arrest of individuals in connection with the break-in and resulted in one conviction.

A revised loss report was filed in August 2013 revising the loss to \$4,306.66. The much lower revised loss amount reflects the cancellation of the credit cards and the other negotiable type instruments, as well as the recovery of some of the stolen property.

- On December 12, 2011, the Department of Developmental Services North Region filed a loss report (CO-853) with the Office of State Comptroller and the Auditors of Public Accounts pertaining to a missing gasoline generator from the Newington campus at 71 Mountain Road. The generator, valued at \$2,107.60 was purchased on September 8, 2011, and last seen as of December 5, 2011, approximately three months later. Also on December 12, 2011, the DDS North Region filed another loss report pertaining to a missing chainsaw valued at \$314.46 from the same location. In addition, a loss report had been filed for a power washer, valued at \$1,358.39, which was reported missing as of September 9, 2010 from the same Newington location. The power washer was purchased on March 15, 2010.

The Newington Police Department conducted an investigation into the theft of the generator. Several employees were interviewed. It was reported that a large number of employees had keys to the storage shed and the storage shed door was left unlocked at times. The Newington P.D. suspended its investigation pending any new leads or suspects as of January 18, 2012. To our knowledge, the investigation remains suspended.

The theft of three items of equipment in about a 15-month period, all of them highly desirable for personal use and two of them valued at over one thousand dollars each from the same location, raises questions as to the internal controls in place to protect these assets. It appears that certain basic controls over these items, such as securing them in a safe location, were either not in place or not stringently followed. Reportedly, far too many employees had keys to the shed which was left unlocked during the workday. After the theft of the power washer in 2010, the agency (according to the loss report), instructed staff to lock the door to the storage shed during normal business hours (it was reportedly left unlocked during these hours), and the lock was changed. The same general instructions were given after the thefts of the chainsaw and generator in late 2011. Upon inspecting the Newington campus, we noted that, while there was a security camera on the property, there was no security camera directed at the entry door to the shed where the stolen equipment was stored.

Southbury Training School Foundation:

The Southbury Training School (STS) has an affiliated foundation, the Southbury Training School Foundation, Inc. Our review showed that audits of financial statements of the STS foundation's performed by a CPA firm for the fiscal years ended October 31, 2010 and 2011, found conditions considered to be material weaknesses. The management letter dated December 16, 2011 for the 2011 audited period, stated, "The Foundation does not have a system of internal controls that would enable the (STS) Board of Directors to conclude that the financial statements and related disclosures are complete and presented in accordance with generally accepted accounting principles. As such, the Board of Directors requested us to assist in identifying adjustments to the accounting records and to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of this service is not unusual in organizations

of this size and is the result of the Board of Directors' cost benefit decision to use our accounting expertise". The above finding establishes that the foundation is in violation of Section 4-37f subsection (7), of the General Statutes, which requires foundations affiliated with state agencies to use generally accepted accounting principles in its financial recordkeeping and reporting. The CPA firm also made a finding pertaining to cash receipts, resulting from the audit of the October 31, 2011 financial statements. "During our examination, we noted that cash receipts (contributions) received directly by a Board member are not listed in the cash receipts journal maintained by the office personnel; accordingly the outside bookkeeper uses the Morgan Stanley Smith Barney monthly statement to record cash receipts activity in the general ledger." The CPA firm recommended that "all cash receipts, including those received by Board members, be recorded in the monthly cash receipts ledger maintained by office personnel and the outside bookkeeper use this ledger to record the monthly cash receipts activity in the general ledger."

According to the foundation's financial statements for the fiscal year ended October 30, 2011, revenues and expenses for the fiscal year were approximately \$226,628 and \$175,956, respectively. Net assets as of October 31, 2011 totaled \$540,781, consisting mainly of \$424,196 in investments.

CONDITION OF RECORDS

Our examination of the records of the Department of Developmental Services disclosed the following matters, which require disclosure and agency attention.

Residential School Contracts:

Criteria: Section 4-70b subsection (g) of the General Statutes prohibits state agencies from hiring a private provider organization to provide direct health or human services to agency consumers without executing a purchase of service contract. The statute defines private provider organizations as non-state entities that are either a nonprofit or proprietary corporation or partnership that receives funds from the state to provide direct health or human services to agency consumers.

Good business practices require that contract rates be officially approved before contracts based on those rates are finalized.

Invoices for residential services provided should be supported by attendance records.

Condition: During fiscal years 2009-2010 and 2010-2011, the department entered into agreements totaling \$13,202,186 and \$15,859,164, respectively, with residential treatment facilities and residential schools to provide emotional, behavioral or mental health support services to the department's consumers. Most of these residential schools are located outside of Connecticut. These contracts are in the form of a DDS-produced agreement to provide care, a simple two-page document that does not contain the same language as the standard purchase of services (POS) contract.

We found other conditions with the agreement to provide care contracts:

There is no indication that these rates have been formally approved. The daily rates used in these contracts are obtained from various sources: the Department of Children and Families, state agencies outside of Connecticut, and the private providers themselves.

Residential school providers are not required to submit attendance records to support the expenditures as is required of private providers operating community living arrangements for the department.

Cause: It is possible that out-of-state residential school providers may not want to sign a purchase of service agreement for providing these services to as few as one consumer, given the considerable terms and conditions required by the POS agreement.

Effect: By using the agreement to provide care form, the department is not in compliance with Section 4-70b subsection (g) of the General Statutes. The agreement to provide care contract does not contain the required language found in the standard Office of Policy and Management POS agreement. The daily rates used in the agreements that have not been officially approved run the risk of being incorrect. The payments are not supported by adequate documentation in the form of attendance reports.

Recommendation: The Department of Developmental Services should use the standard Office of Policy and Management POS agreement form when contracting with residential schools. The daily rates used in contracts should be formally approved for use in the contracts through the publication of an official rate sheet. Providers should be required to submit attendance records to support payment for services rendered. (See Recommendation 1.)

Agency Response: “The department disagrees with this finding. The department does not believe that per diem payments to a residential school on a fee for service basis would be a hiring relationship and, therefore, not subject to requirements of CGS §4-70b.

In reviewing this issue it is important to note that in most instances the individuals were placed in these residential schools by another government agency and DDS assumed the financial responsibility as part of an interagency agreement or upon the end of the Local Education Authority’s legal responsibility. DDS rarely directly places a person into such a setting and then only until an appropriate community setting is available and a smooth transition takes place. DDS also works to find appropriate community placement for those who were in residential schools at the time DDS assumed responsibility.

The Department of Developmental Services currently receives rates letters from the majority of Residential Schools. In those cases where rate letters are not on file, the Operations Center will determine the provider rate.

The invoices for the residential schools list the number of days of service provided for the individual clients. The department may

*Auditors' Concluding
Comment:*

request additional information if there are any questions on the invoice.”

Section 4-70b subsection (a) (1) of the General Statutes defines a purchase of service contract as follows:

“Purchase of service contract’ (A) means a contract between a state agency and a private provider organization or municipality for the purpose of obtaining direct health and human services for agency clients and generally not for administrative or clerical services, material goods, training or consulting services, and (B) does not include a contract with an individual;”

As defined, Section 4-70b subsection (a) (1) (B) of the CGS specifically states that it “does not include a contract with an individual,” as would be found in a “hiring relationship.”

In its response, the agency acknowledges that it is not a “hiring relationship,” and we agree. The agency is obtaining direct health and human services for agency clients from private providers, which is governed by Section 4-70b of the CGS. The statutes and OPM procurement standards use the term hire and purchase interchangeably in describing the function of obtaining services.

Section 4-70b subsection (f) of the General Statutes refers to the “hiring” of a private provider organization. We believe “hiring” in this context refers to the procurement of services, not to the hiring relationship between an employer and employee. Accordingly, we believe Section 4-70b of the General Statutes does apply.

There appears to be inconsistency in how Section 4-70b of the CGS is interpreted by the agency. The agency does use a POS for the purpose of obtaining direct health and human services for agency clients when the provider is in-state. Given the difference in interpretation, we recommend the department obtain an opinion from the Office of the Attorney General.

Section 4-70b subsection (d) of the CGS states: “The secretary (OPM) shall establish uniform policies and procedures for obtaining, managing and evaluating the quality and cost effectiveness of direct health and human services purchased from a private provider organization or municipality. The secretary shall require all state agencies which purchase direct health and human services to comply with such policies and procedures.”

OPM has established procurement standards for personal service agreements and purchase of service contracts. The procurement standards apply to all agencies in the Executive Branch, except for certain contracts, entities or agencies that are specifically exempted. DDS is not listed as one of those state agencies granted an exemption.

We noted in the Condition section of this Recommendation that the agreement to provide care is substantially lacking in the standard contract language contained in a POS contract. Such language contractually obligates both parties to a number of legal and statutory requirements.

No Legal Distinction between PSA and POS:

In 2005, the Attorney General issued a formal opinion (No. 031) stating that there is no legal distinction between a PSA and POS contract, and that both are subject to competitive procurements.

Lastly, purchase of service contracts are subject to the requirements of the policies and procedures of the Office of Policy and Management (OPM). One of those requirements is that a state agency must conduct an RFP process to select a contractor when the anticipated cost of a future contract exceeds \$20,000 or the term exceeds one year. However, an agency may obtain a waiver from this requirement by submitting a request to OPM. Presently, the department neither conducts an RFP process nor obtains a waiver from this requirement for residential services.

Individual and Family Grant Program Expenditures:

Criteria:

The Department of Developmental Services has promulgated procedures (DDS Procedure I.C.3.PRO.002) for the administration of the Individual and Family Grant Program. The Individual and Family Grant Program is funded by a separate appropriation within the department. During fiscal years ended June 30, 2010, and 2011, \$3,273,895, and \$3,273,706 were expended, respectively. Generally, this program provides grants of up to \$5,000 for departmental services to support eligible individuals who are living in the community and have no department-funded services or who have department-funded services but could benefit from existing services not covered by DDS. The grants are intended to help maintain the health and safety of the consumer. There is a wide range of allowed and disallowed expenses, and a formal application, approval, and award process. Families and consumers are required to submit expenditure reports and copies of receipts or

cancelled checks for each authorized grant award within specified time periods. There are other requirements for these funds as enumerated in the DDS Policy. By signing the award application, recipients of the grants formally agree to abide by these requirements. The program is administered on a regional basis.

Condition: We reviewed the DDS Office of Internal Audits reviews of this program for fiscal years 2008-2009, 2009-2010, and 2010-2011. These internal audits revealed pervasive instances of noncompliance with program requirements, including lack of adequate support documentation, failure to submit required expense reports, questionable expenditures, and other areas of non-compliance with program requirements. The sample size tested was small, one percent of expenditures in each region. Despite the small sample, most of the expenditures reviewed contained some issue of noncompliance, ranging from relatively minor to material.

Cause: Several causes appear to be evident, including inadequate monitoring by the department with the program requirements and addressing non-compliance in a timely manner. Another cause may be unfamiliarity with program requirements by the recipients of the funds, often a consumer's family member or caregiver. Lastly, deliberate misuse of funds cannot be ruled out.

Effect: The primary effect of this condition is that program funds were not used as intended to provide for the health and safety of the consumers in all instances. Reported use of some of the expenditures could not be verified by adequate support documentation, leaving open the likely possibility that some funds were not spent for the benefit of the consumer.

Recommendation: The Department of Developmental Services should improve controls over the awarding, disbursement, and monitoring of these grant funds. Consideration should be given to making this program a central office program, to better ensure the level of compliance across the three regions. Noncompliance with grant funds should result in action to recover funds that were misspent or lacked proper support documentation. Repeated misuse or other material non-compliance with program rules should result in a denial of future grant funds. (See Recommendation 2.)

Agency Response: "In response to the statewide issues of noncompliance;

Regarding the statement that grants audited during this time period were "not used as intended to provide for the health and safety of the consumers," please refer to The Individual and Family Grant

Procedure No: I.C.3.Pro.002 under Definitions; Individual and Family Grants: Cash subsidies for disability-related expenses incurred by adults who live on their own or for families or care givers who provide care at home or in a CTH (CCH) are eligible to apply for an Individual & Family Grant. Please note that unlike Home and Community Based Waiver Guidelines, Health and Safety is not a requirement to qualify.

Since the onset of the aforementioned policy, both families and staff have become significantly more accustomed to the program requirements. “Misuse” of allocated funding appears to be based on desperate situations unexpectedly arising, causing some families to resort to purchasing food, paying their utilities or otherwise erroneously trying to keep their families out of their current trouble. In the majority of cases, this does not appear to be premeditated or with malaise. When this occurs, the agency first attempts to recoup the funds and second notifies the family or individual that Individual and Family Support grants will no longer be sent directly to them, but would, in the future, have to be directed to a vendor.

The Individual and Family Support program is a resource that should be as close as possible to the people that it is meant to serve. In line with the Mission by this department, the grant program’s function is to assist families to create and promote meaningful opportunities for individuals to fully participate as valued members of their communities. By meeting their disability related needs, a Family and Support Grant aids consumers so that they can, indeed, access their communities, receive respite to assist their caregivers, attend local camps and otherwise manage their lives at home. By keeping the program local to the regions, continued education and follow up can and will occur with increased regularity. Grant administrators will have better familiarity with both the consumers and the Case Managers who are pivotal in this process and can, therefore, keep better tabs on each. It is the continued intention of the 3 grant managers to meet regularly to continue to establish a consistent approach and process for the administration of the IFS Grants as dictated by the policies and procedures. We will have a fiscal staff assigned to the program in each region to review documentation and continue with education and accountability in this area.”

Autism Regulations:

Criteria:

Section 17a-215c subsection (b) of the General Statutes states: “The Department of Developmental Services shall adopt regulations, in accordance with chapter 54, to define the term

‘autism spectrum disorder,’ establish eligibility standards and criteria for the receipt of services by any resident of the state diagnosed with autism spectrum disorder, regardless of age, and data collection, maintenance and reporting processes. The commissioner may implement policies and procedures necessary to administer the provisions of this section prior to adoption of such regulations, provided the commissioner shall publish notice of intent to adopt such regulations not later than twenty days after implementation of such policies and procedures. Any such policies and procedures shall be valid until such regulations are adopted.”

Condition: At the time of our fieldwork, regulations for the Autism Program had not been promulgated as required by Section 17a-215c subsection (b) of the General Statutes.

Cause: Before promulgating regulations for this program, the department was waiting for the approval of a Medicaid waiver, which was approved at the beginning of calendar year 2013, and the publication of a feasibility study before writing the regulations, which was released in March 2013. However, the Medicaid waiver has now been approved and the feasibility study published and thus the process of adopting regulations for this program can commence.

Effect: The program is operating without current regulations.

Recommendation: The Department of Developmental Services should promulgate regulations for the Division of Autism Spectrum Services in accordance with Section 17a-215c subsection (b) of the General Statutes. (See Recommendation 3.)

Agency Response: “The Department of Developmental Services concurs with the recommendation that the agency should promulgate regulations in accordance with subsection (b) of Section 17a-215c of the Connecticut General Statutes.

It should be noted that DDS is not operating without any regulations that apply to services for persons who have autism spectrum disorder. There are several DDS regulations that apply broadly to DDS services and would include those persons served by the Autism Division. These regulations provide a significant structure for services. DDS is in the process of reviewing specific areas that are not covered by current regulations and will submit autism spectrum disorder regulations in accordance with the statutory requirement.”

Abuse and Neglect Investigations:

Background: Investigations of alleged abuse or neglect of persons with developmental disabilities is the statutory responsibility of the Office of Protection and Advocacy of Persons with Disabilities (OPA). Because OPA does not have the resources to investigate all allegations directly, OPA and the Department of Developmental Services entered into an interagency agreement in 1992, which delineates the process by which DDS, or its private providers, investigate and report on allegations of abuse and neglect of consumers aged 18 to 59. About 1,100 to 1,200 such allegations are received each fiscal year. Generally speaking, DDS personnel investigates allegations involving consumers residing in public settings, such as group homes, while private providers investigate allegations of abuse involving consumers in the private group homes they operate. Such investigations comprise approximately fifty percent of all the allegations received by DDS from OPA. According to the IA, investigations must be completed within 90 days, and may be conducted by DDS's full-time investigators within its Division of Investigations (DOI), DDS employees who have other responsibilities but are trained to conduct investigations (pool investigators), or by trained employees of the private providers. Occasionally, private providers may hire outside investigators as well.

As noted, within DDS is the DOI, headed up by a director who is currently a member of the state police who is assigned to DDS. Presently, there are seven special or lead investigators and two nurse investigators assigned to the central office, the regions and Southbury Training School. In addition, three human services advocates (also known as abuse/neglect coordinators (one for each region) assist in the coordination and completion of investigations. Among other responsibilities, they initially receive the allegations from OPA and log them into the department's database tracking system. The abuse/neglect coordinators, along with the special or lead investigators, then assign the investigation to a private provider organization or to a public pool investigator, as applicable. Special or lead investigators review the work of the private provider or public pool investigators, or may work on investigations directly.

According to DDS Policy, once the investigation is completed, the manner in which the report is submitted depends upon whether the investigation was completed by a private provider or public provider. If completed by a private provider, a copy of the report is submitted to the abuse/neglect coordinator and the original sent

to the agency having jurisdiction within 75 calendar days of the allegation. The abuse/neglect coordinator will then forward the report to the lead investigator for review for completeness and thoroughness. Investigations deemed complete are then forwarded to the regional director for final review and signature, and then returned to the abuse/neglect coordinator. Completed investigations falling under the jurisdiction of OPA will be submitted to OPA within 90 calendar days of intake referral, according to DDS policy.

If the investigation is completed by a public provider, the manner in which it is processed depends upon the classification of the employee. If the investigation is completed by a lead investigator, it is sent to the DOI and the agency having jurisdiction within 75 days of the allegation. If completed by a pool investigator, it is first sent to the lead investigator for approval within 75 days of the allegation. For investigations deemed complete, the lead investigator will submit the final report to the regional director within 75 calendar days of the allegation. The regional director will review and sign the report and forward it to the abuse/neglect coordinator for distribution, and file the report with the agency having jurisdiction within 90 calendar days of the allegation. The abuse/neglect coordinator will close the investigation using the date of the regional director's signature.

Criteria:

According to the interagency agreement between the Department of Developmental Services and the Office of Protection and Advocacy dated June 2008, investigations of abuse and neglect of individuals with developmental disabilities and the provision of protective services to such individuals should be "updated and/or revised at least every two years from the date of implementation." Primary investigations "will be completed within 90 calendar days, unless a more stringent rule applies."

DDS Procedure I.F. PR 003 Section D, item 2(d)(i) requires submission of the investigation report from private providers within 75 days of the date of the allegation.

Condition:

The interagency agreement between the department and OPA was last updated in June 2008.

A review of the open cases as of September 30, 2012, shows that of 243 cases, all were older than 90 days. Of the 243 cases, 211 were being conducted by private providers, 32 were investigations by public employees, including six at the Southbury Training School. Of the 211 private provider cases, 149, or 71 percent,

were older than six months, or about 180 days. The oldest of these private provider cases has been outstanding 53 months as of September 30, 2012.

Our review of the policies and procedures of the central office Division of Investigations and the regions found practices that were not uniform, potentially resulting in inconsistencies in status reports and unnecessary delays in the completion of the investigations.

Cause:

We could not determine why the interagency agreement has not been updated since 2008. One of the possible reasons the private provider investigations are taking longer than 75 days is due to the lack of contractual mandate for timely completion. There are other likely causes for these investigations taking longer than 75 days, such as inadequate internal monitoring of the progress of investigations by some private providers. It should be noted that some cases are pending the completion of a police investigation. As a result, such cases may not be completed within the established timeframes of the interagency agreement. The cause for inconsistencies in practices among the regional offices and their relationship to the central office appears to be the result of the lack of a formal plan to integrate the central office operations with those of the regions when the division was first created. It should be noted that the responsibilities of the Human Services Advocates predate the establishment of the central office Division of Investigations, and that position does not report to the director of investigations, but to the regional directors.

Effect:

Any changes or revisions in policies or practices made since June 2008 have not been reflected in the interagency agreement in over four years.

Generally speaking, any investigation that is outstanding for more than 90 days violates the terms of the interagency agreement. Any investigation not submitted within 75 days by the private provider is not in accordance with agency policy. However, beyond this issue of non-compliance with established timeframes, the consequences of investigations taking more than 75 or 90 days are numerous and potentially serious. Timely completion of investigations permits quicker action to be taken, as appropriate, in response to the findings, conclusions, and recommendations of the investigations. That action may involve administrative disciplinary actions, legal actions against the alleged perpetrator(s), or changes in procedures or practices pertaining to the health and welfare of the consumer.

Recommendation: The Department of Developmental Services, in conjunction with the Office of Protection and Advocacy, should update the interagency agreement to reflect any changes or revisions instituted since the last agreement was updated in June 2008. The standard private provider contract language pertaining to abuse/neglect investigations should include a timeframe for completion in accordance with agency policy and procedures (presently 75 days). Consideration should be given for an internal review of the procedures and practices of the regions and their relationship to DOI to better establish the reporting relationships and standardize the practices in the conduct of abuse investigations. (See Recommendation 4.)

Agency Response: “The Department of Developmental Services is reviewing these policies and procedures and will make changes or revisions as required to ensure that processes are standardized throughout the department.”

Abuse Neglect Registry Pending Cases:

Criteria: Section 17a-247b of the General Statutes provides for the establishment and maintenance of a registry of employees who have been terminated or separated from employment as a result of substantiated abuse or neglect. Not later than five business days following receipt of written notice by an authorized agency of the substantiation of abuse or neglect by a terminated or separated employee, the employer shall submit the name of such employee to the department. Upon receipt of that notification, the department shall conduct a hearing in accordance with Sections 4-177 to 4-181a of the General Statutes. The department shall not place an individual’s name on the registry until the department has completed the hearing, resulting in a decision to place the individual’s name on the registry.

Section 17a-247e-8(a) of the Regulations of Connecticut State Agencies states that “Within forty-five (45) days following notification by an employer...the department shall notify the employee by certified mail that his name has been submitted by his former employer for placement on the registry following a termination or separation from employment for substantiated abuse or neglect and that a hearing will be convened to determine whether the employee’s name should be placed on the registry.”

Section 17a-247e-8(b) of the Regulations state: “Such notification shall include the date, time and location of the hearing specifying

the allegation(s) of abuse or neglect substantiated by the authorized agency.”

In addition to the statute and regulations, departmental policies and procedures have been issued to administer this function.

Condition:

As of August 21, 2013, there were 182 cases pending. One case was still pending from 2007, one from 2009, 18 from 2010, 42 from 2011, 72 from 2012, and 48 from 2013. Pending cases in this context means notifications of termination or separation received in which a decision had not been made whether to place the employee’s name on the registry. Cases can be closed administratively, without a hearing resulting in no referral to the registry, or closed as a result of a decision rendered by a hearing officer.

Individuals are not being notified within 45 days as to the date, time, and place of a hearing as required by regulation.

Cause:

The department does not adequately track and monitor pending cases or investigations. There are multiple fragmented methods used across the agency as it relates to the entire abuse and neglect area. For example, some data is maintained in eCamris, or an Access database required, but not used by all regions. Additionally, some data is captured in a Word document, while other data is captured manually and is paper driven. We reviewed reports generated by DOI, Human Resources, Legal and Governmental Affairs, and each of the three regions. While each of these divisions/regions capture data elements necessary to perform tasks, it does not appear that all of the data elements are recorded in one system to allow complete tracking of a case from allegation to disposition for inclusion on the registry.

Therefore, the agency is limited in its ability to produce meaningful reports designed to adequately track and monitor the status of allegations and their disposition, and is also unable to demonstrate compliance with various statutes, regulations, and department policies.

These fragmented systems also do not possess the ability to track the allegations by offender, which would be beneficial to DOI in conducting investigations to establish a pattern and identify suspects and to the Internal Audit Division when the allegations are financial in nature.

Effect: An employee's name cannot be placed on the registry until a decision has been rendered. Until the decision is rendered to place an employee on the registry, they can continue to work in the field of direct care with another employer, potentially putting other clients at risk. Any employee placed on the registry may request to be removed for good cause not less than five years after the placement for substantiated abuse, and not less than two years after placement for substantiated neglect, and not more than every two years thereafter. No employer can hire an individual who is listed on the registry or retain an employee listed on the registry after receiving notice of that listing. With respect to many of the cases pending as of August 21, 2013, the decision of whether or not to place former employees on the registry has not been made for an extended period of time. Additionally, the five-year and two-year periods described above do not begin until the employee is placed on the registry.

Recommendation: The Department of Developmental Services should provide adequate resources to reduce the backlog of pending abuse or neglect cases referred for possible inclusion on the Abuse and Neglect Registry. Once the backlog is eliminated, any new cases should be resolved in a timely manner. The Department of Developmental Services should comply with Section 17a-247e-8(b) of the Regulations of Connecticut State Agencies and notify employees within 45 days following notification by the employer, of the date, time and location of a hearing to determine whether an employee's name should be placed on the registry. If the 45-day requirement is not feasible, and it appears it is not, the department should seek revision of the regulations to a more reasonable timeframe. (See Recommendation 5.)

Agency Response: "DDS has filled its two vacancies in the work unit that prepares cases and presents for DDS at registry hearings. In addition DDS has hired two new temporary staff into this work unit to reduce the backlog of pending abuse and neglect cases. In addition, the department will look at the processes involved in the tracking and monitoring of data in order to establish a single system method of capturing information for the entire department. The department will review the current regulations and determine if the notification timeline should be revised."

HRMS Security Guidelines:

Criteria: In accordance with Core-CT HRMS Security Guidelines, agencies should not request that the Agency HR Specialist role be assigned to an employee who has either the Agency Payroll Specialist or

Agency Time and Labor Specialist roles. Access to any combination of those roles could allow an individual to hire and pay someone inappropriately and without oversight. For those agencies that currently have employees with these combinations of roles, or for future security requests in which an agency feels it has a compelling need to have one individual maintain a combination of these roles, agency security liaisons must provide supporting documentation to explain the necessity of the dual roles, as well as explaining what their audit procedures are to prevent inappropriate or fraudulent transactions in the system.

Condition: As of May 2013, we found 16 employees with dual roles in HRMS, contrary to Core-CT security guidelines.

Cause: The cause was not determined.

Effect: As noted above, employees with dual roles could allow an individual to process personnel and payroll transactions inappropriately and without an oversight of such transactions.

Conclusion: We are not making a recommendation at this time. The department has begun the process of reviewing the list of 16 employees with the objective of reducing the number of employees with dual roles to as few as three or four, given the department operates on a central office and regional office basis.

We were informed that, in some instances, employees currently with dual roles, for which there is no organizational need, will be given view only access.

Managerial Compensatory Time for On-Call Assignments:

Criteria: DAS Management Personnel Policy 06-02 (MPP 06-02) governs the earning and use of compensatory time for employees who are exempt from collective bargaining. Among the criteria for earning compensatory time is that the “extra time worked must be completed at an approved location.” In June 2010, DAS elaborated on this criterion by stating that the compensatory time “cannot be earned for work completed at home, for commuting/travel purposes, or for off-site, on-call situations.”

Condition: The Department of Developmental Services had been granting its managers eight hours of compensatory time when the managers were on-call during weekends to respond to non-routine situations pertaining to the health and safety of the consumers that required managerial oversight. This was done on a rotating basis.

Generally, managers were at home or in the immediate vicinity while on call, in the event their presence at a DDS location was needed. This practice was in effect for many years; however, it was never formalized into an official DDS policy. We could not determine the total number of hours of compensatory time that have been granted for on call assignments.

Cause: DDS believed its practice was consistent with the DAS policy for granting compensatory time prior to June 2010.

Effect: With the clarification of the DAS Management Personnel Policy 06-02, DDS discontinued the practice of granting compensatory time for managers for on-call assignments effective June 2010. Compensatory time was earned by managers for on-call assignments prior to June 2010

Conclusion: No recommendation appears warranted. When DDS was informed of the additional conditions made part of DAS MPP 06-02, it immediately discontinued the practice of granting compensatory time for on-call assignments. Managers are still required to be on-call on weekends on a rotating basis, but no longer receive compensatory time for those assignments.

Compensatory Time Granted for Small Increments of Time:

Criteria: The Department of Administrative Services' (DAS) Management Personnel Policy 06-02 (MPP 06-02) sets forth the criteria for granting compensatory time to managerial and confidential employees. The policy states "There are some occasions that require a manager to work a significant number of extra hours in addition to the normal work schedule. An example of significant extra time would include many extra hours worked during an emergency such as an ice storm, and does not include the extra hour or two a manager might work to complete normal work assignments in a normally scheduled workday."

The policy further states that "an Agency Head may grant compensatory time for extra time worked by managers for these unique situations provided it conforms to the following criteria: The amount of extra time worked must be significant in terms of total and duration; Extra time worked must be completed at an approved work location; Compensatory time shall not accumulate by omitting lunch hours or other changes that do not extend the manager's normal workday."

- Condition:* We noted that 21 managerial and confidential employees earned compensatory time in small increments of two hours or less. We also noted that one employee earned compensatory time in lieu of a lunch break. Both of these practices are in violation of Management Personnel Policy 06-02.
- Effect:* A total of 438.5 hours in compensatory time was earned in violation of the Management Personnel Policy 06-02.
- Cause:* There was a failure on the part of DDS to understand or follow Management Personnel Policy 06-02.
- Recommendation:* The Department of Developmental Services should comply with Management Personnel Policy 06-02. DDS should only grant compensatory time for extra time worked that is significant in terms of total and duration and completed at an approved work location. Also, compensatory time should not be granted to employees for omitting lunch hours or other changes that do not extend the manager's normal workday. (See Recommendation 6.)
- Agency Response:* "Once advised of the DAS interpretation of Management Personnel Policy 06-02 in June 2010, DDS immediately discontinued the practice of authorizing compensatory time for managers for on-call duty and reminded them of the other provisions of Management Personnel Policy 06-02."

RECOMMENDATIONS

Our prior report on the Department of Developmental Services covered the fiscal years ended June 30, 2008 and 2009, and contained eighteen recommendations.

Status of Prior Audit Recommendations:

- *The Department of Developmental Services should more closely monitor the balances in the fiscal intermediary's program fund account by receiving monthly bank statements and reconciliations from its fiscal intermediaries. Annually, the department should request and obtain a report from the fiscal intermediaries on the status of the compliance program for vendors in accordance with the terms of the purchase of service contracts. Lastly the department should comply with the State Comptroller's requirements pertaining to the pre-audit of purchase orders over \$1 million.* The department has implemented this recommendation. Fiscal intermediaries are now performing compliance reviews of vendors and the first reviews have been submitted to the department. Purchase orders are now being submitted to the State Comptroller's office for expenditures over \$1 million dollars. The department is regularly receiving the monthly bank statements and reconciliations from the fiscal intermediaries, and has modified its cash advancement policy that has resulted in the reduction of the bank balances to more appropriate levels. Accordingly, we are not repeating this recommendation.
- *The Department of Developmental Services should re-design its cash receipts journal to conform to the requirements of the State Accounting Manual.* This recommendation has been implemented.
- *The Department of Developmental Services should comply with Section 17a-213 of the Connecticut General Statutes and annually issue a comparison of regions report to the General Assembly.* Public Act 11-16 repealed this statute. Accordingly, we are not repeating this recommendation.
- *The Camp Harkness Advisory Committee should comply with Section 17a-217a(c) of the General Statutes and produce a status report on Camp Harkness no later than October 1st of each fiscal year.* Public Act 11-16 repealed this requirement. Accordingly, we are not repeating this recommendation.
- *The Department of Developmental Services should comply with the reporting requirements of its memorandum of agreement with the Connecticut State Board of Education by submitting a detailed expenditure and activity report within sixty days of the end of each fiscal year.* This recommendation has been implemented.
- *The Department of Developmental Services should comply with Section 4-36 of the General Statutes, the State Property Control Manual and internal policies and procedures by improving its property control records.* This recommendation has been implemented.
- *The Department of Developmental Services should ensure that individual support agreements are approved prior to the start date of services, and should also establish procedures*

to review and monitor payments made to providers through fiscal intermediaries. This recommendation has been implemented.

- *The Department of Developmental Services should ensure that all employees dually employed with the North Region and another region or state agency have a completed Dual Employment Request (PER-DE-1) form on file. This recommendation has been implemented.*

- *The Department of Developmental Services should ensure that Leave In Lieu of Accrual (LILA) coding is entered and adjusted in accordance with Core-CT Job Aid guidelines. This recommendation has been implemented.*

- *The Department of Developmental Services should ensure that all medical documentation related to sick leave and leave under FMLA are completed by employees and submitted to Human Resources. This recommendation has been implemented.*

- *The Department of Developmental Services should strengthen internal control to ensure that: overtime hours are actually earned, verified and accurately recorded; overtime distribution is monitored to properly observe the contract with the bargaining unit; overtime hours worked are properly verified and approved; and responsibility for monitoring excessive work hours is clearly assigned to the appropriate staff. This recommendation has been implemented.*

- *The Department of Developmental Services should improve internal controls to ensure that supervisors verify employee timesheets against other supporting documentation prior to signing the timesheets. This recommendation will not be repeated.*

- *The Department of Developmental Services should improve controls over its workers' compensation program. This recommendation has been implemented.*

- *The Department of Developmental Services should ensure that all receipts are logged when received and deposited in accordance with Section 4-32 of the General Statutes. This recommendation has been implemented.*

- *The Department of Developmental Services should ensure that amounts reported on the statement of revenue are accurate, and that cost settlements and payments are processed in Core-CT and coded to the correct accounts. This recommendation has been implemented.*

- *The Department of Developmental Services South Region should maintain a cash receipts journal that conforms to the requirements of the State Accounting Manual. This recommendation has been implemented.*

- *The Department of Developmental Services should maintain documentation to support payments to employees to ensure accuracy. This recommendation is not being repeated. The department has instituted revised (June 15, 2012) Time and Attendance and Payroll Security for Public Residential Programs procedures to address instances of non-compliance in this area. Under the section entitled Bi-Weekly Time and Attendance/Payroll Audit, each Payroll Officer 1 and Payroll Clerk will perform audits for all residential work sites on an on-going basis. The*

completed audit will be sent to the Assistant Regional Director, the DS Regional Residential Manager and the DS Residential Program Supervisor.

- *The Department of Developmental Services should make a concerted effort to correct and update the equipment inventory records.* This recommendation has been implemented.

Current Audit Recommendations:

- 1. The Department of Developmental Services should use the standard Office of Policy and Management POS agreement form when contracting with residential schools. The daily rates used in contracts should be formally approved for use in the contracts through the publication of an official rate sheet. Providers should be required to submit attendance records to support payment for services rendered.**

Comment:

During fiscal years 2009-2010 and 2010-2011, the department entered into agreements totaling \$14,746,781 and \$15,859,164, respectively, with residential treatment facilities, most located outside of Connecticut. These contracts are in the form of a DDS-produced agreement to provide care, a simple two-page document that does not contain the same language as the standard POS contract. We found other conditions with the agreement to provide care contracts. There is no indication that these rates have been formally approved, and residential school providers are not required to submit attendance records.

- 2. The Department of Developmental Services should improve controls over the awarding, disbursement, and monitoring of the Individual and Family Support grant funds. Consideration should be given to making this program a central office program to better ensure the level of compliance across the three regions. Noncompliance with grant funds should result in action to recover funds spent that were misspent or lacked proper support documentation. Repeated misuse or other material non-compliance with program rules should result in a denial of future grant funds.**

Comment:

We reviewed DDS' Office of Internal Audits reviews of this program for fiscal years 2008-2009, 2009-2010, and 2010-2011, which found pervasive instances of noncompliance with program requirements, including lack of adequate support documentation, failure to submit required expense reports, questionable expenditures, and other areas of non-compliance with program requirements.

- 3. The Department of Developmental Services should promulgate regulations for the Division of Autism Spectrum Services in accordance with Section 17a-215c subsection (b) of the General Statutes.**

Comment:

Before promulgating regulations for this program, the department was waiting for the approval of a Medicaid waiver, which was approved at the beginning of calendar year 2013, and the publication of a feasibility study before writing the regulations, which was released in March 2013. However, the Medicaid waiver has now been approved and the feasibility study published. Thus, the process of adopting regulations for this program can commence.

4. **The Department of Developmental Services, in conjunction with the Office of Protection and Advocacy, should update the interagency agreement to reflect any changes or revisions required since the last agreement was updated in June 2008. The standard private provider contract language pertaining to abuse/neglect investigations should include a timeframe for completion in accordance with agency policy and procedures (presently 75 days). Consideration should be given for an internal review of the procedures and practices of the regions and their relationship to DOI to better establish the reporting relationships and standardize the practices in the conduct of abuse investigations.**

Comment:

The interagency agreement between the department and OPA was last updated June 2008. A review of the open cases as of September 30, 2012, shows that of 243 cases, all were older than 90 days. Our review of the policies and procedures of the central office Division of Investigations and the regions found practices that were not uniform potentially resulting in inconsistencies in status reports and unnecessary delays in the finalization of the investigations.

5. **The Department of Developmental Services should provide adequate resources to reduce the backlog of pending abuse or neglect cases referred for possible inclusion on the Abuse and Neglect Registry. Once the backlog is eliminated, any new cases should be kept to a reasonable timeframe for closure. The Department of Developmental Services should comply with Section 17a-247e-8(b) of the Regulations of Connecticut State Agencies and notify employees within 45 days following notification by the employer, of the date, time and location of a hearing to determine whether an employee's name should be placed on the registry. If the 45-day requirement is not feasible, and it appears it is not, the department should seek revision of the regulations to a more reasonable timeframe.**

Comment:

The department does not adequately track and monitor pending cases or investigations. There are multiple fragmented methods used across the agency as it relates to the entire abuse and neglect area. We reviewed reports generated by the divisions of Investigations, Human Resources, Legal and Governmental Affairs, and each of the three regions. It does not appear that all of the data elements are recorded in one system to allow complete tracking of a case from allegation to disposition for inclusion on the registry. These fragmented systems also do not possess the ability to track the allegations by offender,

which would be beneficial to DOI in conducting investigations to establish a pattern and identify suspects, and the Internal Audit Division when the allegations are financial in nature.

- 6. The Department of Developmental Services should comply with Management Personnel Policy 06-02. DDS should only grant compensatory time for extra time worked that is significant in terms of total and duration and completed at an approved work location. Also, compensatory time should not be granted to employees for omitting lunch hours or other changes that do not extend the manager's normal workday.**

Comment:

We noted that 21 managerial and confidential employees earned compensatory time in small increments of two hours or less. We also noted that one employee earned compensatory time in lieu of a lunch break. Both of these practices are in violation of Management Personnel Policy 06-02.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Department of Developmental Services for the fiscal years ended June 30, 2010 and 2011. This audit was primarily limited to performing tests of the agency's compliance with certain provisions of laws, regulations, contracts and grants, and to understanding and evaluating the effectiveness of the agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the agency are complied with, (2) the financial transactions of the agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the agency are safeguarded against loss or unauthorized use. The financial statement audits of the Department of Developmental Services, for the fiscal years ended June 30, 2010 and 2011, are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Department of Developmental Services complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grants and to obtain a sufficient understanding of the internal control to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Internal Control over Financial Operations, Safeguarding of Assets and Compliance:

In planning and performing our audit, we considered the Department of Developmental Services' internal control over its financial operations, safeguarding of assets, and compliance with requirements as a basis for designing our auditing procedures for the purpose of evaluating the agency's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grant agreements, but not for the purpose of providing assurance on the effectiveness of the agency's internal control over those control objectives.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance requirements was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial operations, safeguarding of assets and compliance with requirements that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect on a timely basis unauthorized, illegal, or irregular transactions or the breakdown in the safekeeping of any asset or resource. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the agency's ability to

properly initiate, authorize, record, process, or report financial data reliably, consistent with management's direction, safeguard assets, and/or comply with certain provisions of laws, regulations, contracts, and grant agreements such that there is more than a remote likelihood that a financial misstatement, unsafe treatment of assets, or noncompliance with laws, regulations, contracts and grant agreements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the following deficiencies, described in detail in the accompanying Condition of Records and Recommendations sections of this report, to be significant deficiencies in internal control over financial operations, safeguarding of assets and compliance with requirements: Recommendation 2 concerning the awarding, disbursement and monitoring of Individual and Family Grant funds.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with certain provisions of laws, regulations, contracts, and grant agreements or the requirements to safeguard assets that would be material in relation to the agency's financial operations, noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions, and/or material financial misstatements by the agency being audited will not be prevented or detected by the agency's internal control.

Our consideration of the internal control over the agency's financial operations, safeguarding of assets, and compliance with requirements, was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the monitoring of Individual and Family Grants described above is a material weakness.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Department of Developmental Services complied with laws, regulations, contracts and grant agreements, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the agency's financial operations, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which we reported to agency management in the accompanying Condition of Records and Recommendations sections of this report.

The Department of Developmental Services' responses to the findings identified in our audit are described in the accompanying Condition of Records section of this report. We did not audit the Department of Developmental Services' response and, accordingly, we express no opinion on it.

This report is intended for the information and use of agency management, the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited.

CONCLUSION

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



Gary P. Kriscenski
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts