

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
BUREAU OF EDUCATION AND  
SERVICES FOR THE BLIND  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010, 2011 AND 2012*

**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

July 10, 2013

### **AUDITORS' REPORT BUREAU OF EDUCATION AND SERVICES FOR THE BLIND FOR THE FISCAL YEARS ENDED JUNE 30, 2010, 2011 AND 2012**

We have examined the financial records of the Bureau of Education and Services for the Blind for the fiscal years ended June 30, 2010, 2011 and 2012. This report on our examination consists of the Comments, Recommendations and Certification which follow.

This audit examination of the Bureau of Education and Services for the Blind 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. Financial statement presentation and auditing have been done on a Statewide Single Audit basis to include all state agencies.

### **COMMENTS**

#### **FOREWORD:**

The Bureau of Education and Services for the Blind (BESB) operates primarily under the provisions of Title 10, Chapter 174, of the General Statutes. BESB provides services to the blind that assist them to overcome the disability of blindness or impaired vision with the goal of attaining the highest possible degree of self-sufficiency. The services provided include education, training, consultation, rehabilitation, employment, medical care and relief. During the 2009-2010 and 2010-2011 fiscal years, BESB was organized into the following five divisions:

Administration – includes finance and business operations, human resources, and electronic data processing functions. BESB's personnel, payroll, affirmative action and most business office functions were handled by the Department of Administrative Services' Small Agency Resource Team.

Children Services – provides special education from birth through high school (or age 21).

Adult Services – provides information, counseling, referral services and individualized instruction in techniques and skills used in activities of daily living.

Vocational Rehabilitation – provides diagnostic evaluations, vocational training and placement services to enhance employment opportunities.

Business Enterprise Program – provides financial and technical training and support to individuals who own or want to own their own business.

Effective July 1, 2011, in accordance with Public Act 11-44, the Board of Education and Services for the Blind became a part of the new Connecticut Department of Rehabilitation Services and is now known as the Bureau of Education and Services for the Blind. BESB contains four separate service units that provide a full range of services to clients of all ages. An Adult Services Unit serves as the central intake for clients and provides independent living training services to adults; a Children’s Services Unit provides braille instruction and support to children who are blind or visually impaired and professional and technical assistance to school districts; a Vocational Rehabilitation Unit that helps legally blind adults obtain and retain employment; and a Business Enterprise Unit that offers entrepreneurial opportunities to people who are blind. BESB maintains a confidential registry of people who are blind in Connecticut as required by statute.

Further information regarding the change in business structure and personnel is included under the section Significant Legislation.

This report is based upon the operations of the Bureau of Education and Services for the Blind as an agency and as a bureau under the Department of Rehabilitation Services.

During the audited period, Brian S. Sigman served as its executive director until March 1, 2011, when Mr. Sigman was named director of Education and Rehabilitation Services and acting director of BESB. Mr. Sigman continues to serve as the director of Education and Rehabilitation Services of BESB. On January 12, 2012, Dr. Amy Porter was appointed director of the Bureau of Rehabilitation Services and effective July 1, 2012, Dr. Porter was named commissioner of the Department of Rehabilitation Services.

**Board Members:**

In fiscal years ended June 30, 2010 and 2011, the Bureau of Education and Services for the Blind served as the central policy making authority in providing services to the blind and visually impaired in the state. As of July 1, 2011, BESB serves as an advisor to the Department of Rehabilitation Services in fulfilling its responsibilities in providing services to the blind and visually impaired in the state.

The advisory board members as of June 30, 2012, consisted of the following members with four vacancies:

Ex Officio Member:

Randy McKenney, designated to represent Roderick L. Bremby,  
Commissioner, Department of Social Services

Appointed Members:

Eileen Akers  
Christine Boisvert  
Stephen Thai  
Betty Woodward  
Patrick J. Johnson, Jr.  
Jay Kronfeld  
Randa Nesman Utter  
Alan N. Sylvestre, Chairman

In addition to the board members listed above, M. Carolyn Dodd, William DeMaio, Christopher Kuell and Carol Gillispie also served on the board during the audited period.

**Significant Legislation:**

During the 2011 Session of the General Assembly, the following significant legislation was enacted:

Public Act 11-44, effective July 1, 2011, created a new consolidated agency known as the Department of Rehabilitation Services (DORS), which provides services to individuals who are blind or visually impaired and deaf or hearing impaired. It transferred all of the administrative and programmatic functions of the Bureau of Education and Services for the Blind and the Commission on Deaf and Hearing Impaired to the Department of Rehabilitation Services. DORS also took over the functions of the Bureau of Rehabilitation Services, previously within the Department of Social Services. The act also transfers from the Department of Motor Vehicles a unit that evaluates and trains people with disabilities to operate motor vehicles, and from the Department of Labor, the employee rehabilitation program of the Workers' Compensation Commission to BESB.

During the June 2012 Special Session of the General Assembly, the following significant legislation was enacted as follows:

Public Act 12-1, Section 28, effective July 1, 2012, repealed Section 17b-650a of the General Statutes and substituted the following:

There will be a Department of Rehabilitation Services and the Department of Social Services will provide administrative support services until the Department of Rehabilitation Services no longer requires and stops these services, or until June 30, 2013, whichever is earlier. The Department of Rehabilitation Services will be responsible for providing services to the deaf and hearing impaired, to the blind and visually impaired, and providing rehabilitation services in accordance with the provisions of the general statutes involving the Department of Rehabilitation Services. The Department of Rehabilitation Services will be the successor

authority to the Bureau of Rehabilitation Services in accordance with the provisions of sections 4-38d, 4-38e and 4-39.

The department head will be the commissioner of Rehabilitation Services, who is appointed by the Governor in accordance with the provisions of sections 4-5 to 4-8.

**RÉSUMÉ OF OPERATIONS:**

Funding for agency programs was provided mainly by General Fund appropriations and the Federal and Other Restricted Accounts Fund.

**General Fund:**

**Receipts:**

General Fund receipts for the fiscal years ended June 30, 2010, 2011 and 2012, totaled \$35, \$5,426, and \$716, respectively, as compared to \$5,959 for the fiscal year ended June 30, 2009. Receipts consisted mainly of refunds of expenditures.

**Expenditures:**

General Fund expenditures for the three fiscal years examined and the prior fiscal year are summarized below:

|   | <u>2009</u>                | <u>Fiscal Year Ended June 30,</u> |                            | <u>2012</u>                |
|---|----------------------------|-----------------------------------|----------------------------|----------------------------|
|   |                            | <u>2010</u>                       | <u>2011</u>                |                            |
| State aid grants  |                            |                                   |                            |                            |
| Educational Aid for Blind and Visually Handicapped Children | \$2,539,421                | \$1,608,971                       | \$1,494,827                | \$1,348,643                |
| Vocational Rehabilitation – Blind                           | 566,354                    | 565,733                           | 616,834                    | 690,312                    |
| Vocational Rehabilitation – Disabled                        | 0                          | 0                                 | 0                          | 6,808,705                  |
| Employment Opportunities                                    | 0                          | 0                                 | 0                          | 829,192                    |
| Enhanced Employment   | 467,110                    | 476,735                           | 466,390                    | 476,795                    |
| Other   | <u>99,453</u>              | <u>70,897</u>                     | <u>82,370</u>              | <u>94,624</u>              |
| Total State Aid Grants                                      | 3,672,338                  | 2,722,336                         | 2,660,421                  | 10,248,271                 |
| Personal Services and Employee Expenses                     | 6,238,750                  | 6,047,366                         | 6,219,845                  | 6,549,476                  |
| Purchased and Contracted Services                           | 2,300,636                  | 2,181,785                         | 2,188,826                  | 3,260,265                  |
| Equipment, Other  | <u>251,273</u>             | <u>54,799</u>                     | <u>76,286</u>              | <u>43,781</u>              |
|   | <b><u>\$12,462,997</u></b> | <b><u>\$11,006,286</u></b>        | <b><u>\$11,145,378</u></b> | <b><u>\$20,101,793</u></b> |

State aid grants are provided for in Sections 10-295 through 10-310 of the General Statutes. Those statutes provide for specialized vision-related instruction, educational programs, goods and services; and vocational rehabilitation services. For fiscal years 2009-2010 and 2010-2011, a decrease in state aid grants was due to decreases in funding for the Educational Aid for Blind and Visually Handicapped Children and a decrease in both personal services and purchased and contracted services due to budget cuts and recessions. For fiscal year 2011-2012, an increase in total General Fund expenditures was related to the consolidation with the Department of Rehabilitation Services. These increases in expenditures were due to the inclusion of the state grants, Vocational Rehabilitation – Disabled, and Employment Opportunities, and an increase in personal services and employee expenses and purchased and contracted service expenditures.

**Special Revenue Funds:**

BESB utilized three special revenue funds during the 2009-2010 and 2010-2011 audited period, the Federal and Other Restricted Accounts Fund; the Vending Facility Operators Fringe Benefits Fund; and the Capital Equipment Purchase Fund.

During the 2011-2012 audited period, BESB utilized five special revenue funds. These included the three referenced in the paragraph above as well as the consolidated program areas, including the Workers Compensation Fund and the Special Transportation Fund. Expenditures from the Workers Compensation Fund totaled \$1,749,893 and consisted mainly of personal services and fringe benefits totaling \$699,647 and rehabilitation services totaling \$1,027,636. Expenditures from the Special Transportation Fund consisted mainly of personal services totaling \$121,916.

Expenditures from the Capital Equipment Purchase Fund totaled \$38,372 during the audited period.

**Federal and Other Restricted Accounts Fund:**

**Receipts:**

Federal and Other Restricted Accounts Fund receipts consisted primarily of federal grants and vending machine commissions. Receipts for the three fiscal years examined and the prior fiscal year are summarized below:

|                    | <b><u>Fiscal Year Ended June 30,</u></b> |                           |                           |                           |
|--------------------|--|---------------------------|---------------------------|---------------------------|
|                    | <b><u>2009</u></b>                       | <b><u>2010</u></b>        | <b><u>2011</u></b>        | <b><u>2012</u></b>        |
| Federal Grants     | \$3,996,171                              | \$4,255,178               | \$4,854,161               | \$4,364,822               |
| Vending Operations | 2,263,678                                | 2,717,469                 | 2,046,284                 | 1,980,432                 |
| All Other          | <u>116,538</u>                           | <u>95,218</u>             | <u>87,140</u>             | <u>96,388</u>             |
| Total Receipts     | <b><u>\$6,376,387</u></b>                | <b><u>\$7,067,865</u></b> | <b><u>\$6,987,585</u></b> | <b><u>\$6,441,642</u></b> |

The increase in receipts in the 2009-2010 fiscal year was mainly attributed to the receipt of American Recovery and Reinvestment Act funds and an increase in non-federal aid for the Business Enterprise Program. For the 2010-2011 fiscal year, an increase in federal grants for the Vocational Rehabilitation Program and a decrease in the non-federal aid for the Business Enterprise Program was noted. In the 2011-2012 fiscal year, a decrease in federal grants for the Vocational Rehabilitation Program was noted.

**Expenditures:**

Expenditures for the three fiscal years examined and the prior fiscal year are summarized below:

|                          | <b>Fiscal Year Ended June 30,</b> |                           |                           |                           |
|--------------------------|-----------------------------------|---------------------------|---------------------------|---------------------------|
|                          | <b><u>2009</u></b>                | <b><u>2010</u></b>        | <b><u>2011</u></b>        | <b><u>2012</u></b>        |
| Federal                  | \$4,282,736                       | \$4,666,707               | \$4,346,679               | \$4,510,571               |
| Other than Federal:      |                                   |                           |                           |                           |
| Vending Facility Program | 2,764,594                         | 2,352,936                 | 2,461,158                 | 2,260,970                 |
| All Other Accounts       | <u>92,740</u>                     | <u>105,717</u>            | <u>106,904</u>            | <u>33,764</u>             |
| Total Expenditures       | <b><u>\$7,140,070</u></b>         | <b><u>\$7,125,360</u></b> | <b><u>\$6,914,741</u></b> | <b><u>\$6,805,305</u></b> |

**Vending Facility Program:**

Under Section 10-303 of the General Statutes, authority is granted to BESB to operate food service facilities, vending stands and vending machines on property owned or leased by the state or any municipality. The primary purpose of this program is to provide entrepreneurial opportunities to blind individuals by providing vending facility sites for their use under BESB's Business Enterprise Program. As of June 30, 2012, forty-five vending facility operator sites were in operation.

BESB used the Federal and Other Restricted Accounts Fund and the Vending Operators Fringe Benefits Fund to account for the vending facility program. Total program receipts were \$2,717,469, \$2,046,284, and \$1,980,432 during the fiscal years ended June 30, 2010, 2011 and 2012, respectively. Total expenditures were \$2,352,936, \$2,461,158 and \$2,260,970 during the same periods. Receipts were mainly from vending machine commissions from BESB's statewide contract with Coca-Cola and expenditures were primarily for program operating costs including establishing and maintaining vendor operator locations.

**Program Review – Business Enterprise Program:**

Section 2-90 of the General Statutes authorizes the Auditors of Public Accounts to examine the operation of state agencies to determine the effectiveness in achieving a legislative purpose. We have conducted such a review of the Business Enterprise Program which was established under Sections 10-303 and 10-304 of the Connecticut General Statutes for the development of high quality business ventures for participants who desire to become entrepreneurs. Under permits with host agencies, entrepreneurs operate businesses that range from gift shops to full scale restaurants. The entrepreneurs derive the full profits from their operations. This program also provides training and business consultation on an ongoing basis to these entrepreneurs.

Our objective was to determine whether the Business Enterprise Program was complying with its statutory responsibilities and stated policies, was providing proper training and supporting its Business Enterprise Program managers, and was documenting this training and support in its records.

The program qualifications state that an applicant must be blind as defined by state regulations, registered for services with BESB, be a citizen of the United States, qualified to operate a vending facility after going through suitable program training, and have executed a vending facility operating agreement.

The program benefits include all the business earnings, health insurance and retirement benefits through access to the state insurance and retirement programs, individualized training and advancement, which is based upon the performance and achievement of the individual.

Screening of potential applicants and their desire for this entrepreneurial opportunity includes a two-week work evaluation that will determine whether they are interested in the potential opportunity, expose them to the environment in which they will work, and give them an opportunity to try the many skills needed to successfully operate their own business.

After it has been determined that the person wants to continue, an academic training lasts approximately four weeks. The training includes such areas as customer relations, menu and product services, merchandising, marketing, purchasing and receiving, food product service costing, inventory control, budgeting and tax collecting and reporting. Following the academic training, the individual will engage in six to eight weeks of functional skill development in the above, through on-the-job training at an existing facility or through practice sessions at the Business Enterprise Training Center in Hartford. This training will include the safe use of facility equipment, production of goods, customer service including cash register use, and facility maintenance, and cleaning.

Proper certification in food sanitation must be obtained by the potential business manager. This is done through a food safety sanitation course, which is included in the training period.

Conclusion:

Our review noted concerns with the Business Enterprise Program, including the lack of documentation supporting operator evaluations, training information, operator agreements and permits. Our recommendation regarding this program is detailed under the Conditions of Records, Recommendation 4.

## CONDITION OF RECORDS

Our review of the records of the Bureau of Education and Services for the Blind revealed the following areas that warrant comment.

### **Payroll and Personnel:**

*Background:* The Bureau of Education and Services for the Blind is responsible for the completion and approval of timesheets as well as approval of leave time, including compensatory time. The Department of Administrative Services (DAS) is responsible for processing BESB's payroll and personnel actions through Core-CT, the state's accounting system.

*Criteria:* The Education Administrators (P-3A) Collective Bargaining Agreement (CBA) - Article 34 Sick Leave - section one (c), states that education consultants within BESB who work the equivalent of a 10-month year shall not accrue sick leave during the months of July and August. Pursuant to the Education Administrators (P-3A) Bargaining Unit Agreement Contract, Article 31 Vacations – section 2, education consultants within BESB who work the equivalent of a 10-month year shall not accrue vacation leave during the months of July and August.

The Education Administrators (P-3A) Collective Bargaining Agreement (CBA) - Article 31 Vacations - section one, states that each year, every bargaining unit employee shall earn paid vacation credits for each completed month of service, as follows: 0-5 years, 1 2/3 days per month; over 5 and including 10 years, 1 3/4 days per month; over 10 and up to, and including 20 years, 1 5/6 days per month; over 20 years, 2 1/12 days per month.

The Social and Human Services (P-2) Contract - Article 18 Overtime - section three, lists several classifications that are exempt from overtime and states that exempt employees shall be allowed to accumulate compensatory time during a four-month period of July through October, November through February or March through June.

*Condition:* Our review of payroll and personnel records of BESB disclosed the following deficiencies:

- One 10-month employee, covered under the P-3A collective bargaining agreement, accrued sick leave for nine months (78.75 hours) rather than the ten months (87.50 hours) they should have accrued.
- Inconsistencies were noted between the Core-CT Maintain Time Reporter Data and Compensatory Plan Enrollment screens for

three of 19 sampled employees. The Core-CT Maintain Time Reporter Data screen displays that they are eligible for overtime although the Compensatory Plan Enrollment screen indicates they are enrolled in a compensatory time plan. In addition, the job titles of these employees are not included on the list of exempt job titles in the P-2 contract.

- Seven 10-month employees accrued vacation leave at 12.83 hours per month based upon the bargaining unit (P-3A) rate consistent with the 11-20 years of service. However, these accruals were not based upon actual years of service. For six of the seven reviewed, the years of service did not fall within this range.
- Leave time continued to accrue for one employee after termination of state service.

*Effect:*

Non-compliance with bargaining unit contract provisions for leave time accruals could result in incorrect leave balances and employees using time they are not entitled to or losing time that they are entitled to.

Inconsistencies between bargaining unit contracts and Core-CT employee information can lead to errors in payroll processing and possible under/overpayments.

Leave accruals of the separated employee continued to be factored into the reporting of compensated absences on the state's financial statements.

*Cause:*

DAS did not have adequate procedures in place for the processing of payroll and personnel to prevent these errors from occurring.

*Recommendation:*

The Bureau of Education and Services for the Blind should improve controls over applying and processing payroll and personnel benefits in order to be in compliance with the bargaining unit agreements as well as state laws and regulations. (See Recommendation 1.)

*Agency Response:*

“The agency agrees with this finding. The payroll and human resource functions formerly administered by the Department of Administrative Services on behalf of the Bureau of Education and Services for the Blind (BESB) have been consolidated into the newly formed Department of Rehabilitation Services (DORS). Administrative functions formerly handled by the Department of Administrative Services for BESB are now covered by DORS. Corrective action will be taken by the Business Services Unit of DORS to ensure compliance in the future.”

**Purchasing, Receiving and Expenditures:**

*Background:* The Bureau of Education and Services for the Blind is responsible for purchasing and receiving. The Department of Administrative Services is responsible for the processing of accounts payables for BESB.

*Criteria:* The State Accounting Manual establishes guidelines for processing vendor payments. These guidelines include criteria for determining the correct receipt date to be used in the processing of vendor payments. Proper completion of receipt dates is important because receipt dates are used to calculate vendor accounts payable for inclusion in year-end GAAP reporting.

Section 4-98(a) of the General Statutes states that, except for emergency purchases, no budgeted agency shall incur any obligation, by order, contract or otherwise, except by the issuance of a purchase order or any other documentation approved by the Comptroller.

State contracts are executed with specific price lists for the agencies to purchase from particular vendors.

*Condition:* Our review of forty expenditure transactions revealed:

- The incorrect receipt date was used on three transactions.
- Services were received prior to the issuance of a purchase order for five transactions.
- For two expenditure transactions, quoted prices were used instead of contract prices. In one transaction, the agency overpaid the vendor by \$184. In a review of other amounts paid for this particular item, we noted that the vendor again was paid the quoted price instead of the contracted price, resulting in overpayment that totaled \$368. We also noted advertising space was paid at a quoted price instead of the listed price per the contract.

*Effect:* Incorrect receipt dates could result in the improper reporting of year-end vendor payables and a lack of compliance with generally accepted accounting principles.

Incurring an obligation without a valid commitment circumvents budgetary controls and increases the risk that funding will not be available at the time of payment.

Items purchased using quoted prices instead of contract prices could

result in the state overpaying on purchases and circumventing controls. In one particular instance, the agency overpaid \$384 for an item.

*Cause:* It appears that there is some confusion as to the correct receipt date to use for various expenditures.

Controls over the processing of expenditure transactions were inadequate to prevent this error from occurring.

It is BESB policy to obtain a quote from the vendor for items purchased rather than verifying quotes to the contract price.

*Recommendation:* The Bureau of Education and Services for the Blind should strengthen controls to ensure that the proper receipt date is recorded on the payment vouchers processed through Core-CT and that funds are committed prior to the purchasing of goods and services. It should also make sure that the correct contract pricing is used when making a purchase. (See Recommendation 2.)

*Agency Response:* “The agency agrees with this finding. The procurement and accounts payable functions formerly administered by the Bureau of Education and Services for the Blind and the Department of Administrative Services have been consolidated into the newly formed Department of Rehabilitation Services (DORS). Corrective action will be taken by the Business Services Unit of DORS to ensure compliance in the future. Recovery of the overpayment reported in the audit finding has occurred.”

### **G-1 Internal Control Questionnaire:**

*Criteria:* The Office of the State Comptroller’s (OSC) Memorandum No. 2011-08 stated that each agency was required to complete the internal control questionnaire contained in the Internal Control Guide by June 30, 2011. At the end of the questionnaire, there is a form that the agency head and the business manager must sign to confirm that the information entered into the questionnaire is complete and accurate.

*Condition:* Sections of the internal control questionnaire that were due and submitted on July 1, 2011 were not completed. The Department of Administrative Services completes the internal control questionnaire for those agencies using its business, payroll and human resources services. However, due to the fact that some business functions are still completed by personnel at BESB, DAS did not complete the data processing, purchasing or property control sections of the questionnaire. In addition, DAS did not complete the payroll and personnel section although they are responsible for this function on BESB’s behalf.

- Effect:* Contrary to the OSC requirement, sections of the internal control questionnaire were not completed.
- Cause:* DAS did not complete the sections on the questionnaire for the business functions that BESB was performing. BESB was unaware that DAS was not completing these sections and, therefore, did not know it had to complete these sections.
- Recommendation:* The Bureau of Education and Services for the Blind’s internal control questionnaire should be completed in its entirety by those responsible for each section. (See Recommendation 3.)
- Agency Response:* “The agency agrees with this finding. The administrative functions formerly administered by the Bureau of Education and Services for the Blind and the Department of Administrative Services have been consolidated into the newly formed Department of Rehabilitation Services (DORS). Corrective action will be taken by the Business Services Unit of DORS to ensure compliance in the future with completion of the required Internal Control Questionnaire.”

### **Program Review – Business Enterprise Program - Documentation**

*Background:* The Business Enterprise Program provides entrepreneurial opportunities, including training and business consultation, to people who are blind. Potential candidates for this program must be blind as defined by state regulations, registered for services with BESB, be a citizen of the United States, certified as qualified to operate a vending facility after going through suitable program training, and have executed a vending facility operating agreement.

Once a potential candidate is identified and interested in the program, a math aptitude test must be passed with a minimum score of 70. A two-week work evaluation is given to determine whether the candidate is really interested, expose the candidate to the work environment and give the candidate the opportunity to try the skills needed to successfully operate a business. The training program consists of an academic training period of approximately four weeks and on-the-job training of six to eight weeks. For those seeking to manage facilities requiring food licenses, a food safety sanitation course is included in the training.

*Criteria:* Section 10-303-8 of the State Regulations specifies that, in accordance with requirements of section 395.3(a)(8) of federal regulations adopted to implement the Randolph-Sheppard Act BESB, with the active participation of the committee of blind vendors, shall develop and maintain a training program for blind persons covering each aspect of

vending facility operation and, where appropriate, upward mobility training or retraining of all blind licensees. The division and the committee shall establish and maintain standards to be met by trainees for satisfactory completion of the training program and the division shall certify as qualified to operate a vending facility all trainees who have met the standards.

The vending facility training program shall include such basic components as pertinent laws and regulations, including the Randolph-Sheppard Act, business math and use of the cash register, accounting and money changing, financial reporting and analysis, taxes, merchandising, inventory control, housekeeping, food sanitation, food preparation and menu planning, safety, vending machine operation, personnel management, and other specialized training as requested by the vendor/trainee. After successful completion of formal training, trainees shall be provided on-the-job training in accordance with procedures established in the training program developed by these regulations.

*Condition:*

Our review of six operators revealed inadequate documentation of operator assessments and training. While notes existed on the electronic system regarding training, they did not provide details on the types and the rating of these operators, nor their initial assessments.

- For four of the six operators reviewed, we were unable to ascertain whether formal assessments of the aptitude of the potential operator were performed.
- For all six operators, BESB could not produce proof that weekly assessments were given and that a minimum of two assessments were done and the scores for these assessments.
- Documentation of the length, type or level of training could not be obtained.
- We could not obtain adequate documentation to determine whether the training manuals were reviewed by those operators, and any comments the trainers may have made on these reviews.

We were unable to locate evidence of three of six operator agreements and four of six operator licenses. In addition, for the three agreements contained in the files, these were provisional and not the final agreements. And while the electronic system notes that these are in place for all six operators, original copies should be maintained in the files or scanned into the electronic system.

*Effect:* We could not determine whether adequate assessments, training and agreements were in place as stipulated by state regulations.

*Cause:* We were informed that these files may be archived and/or assessments and training documents may not have been documented uniformly by the field supervisors.

*Recommendation:* The Business Enterprise Program should maintain hard or electronic copies of potential operator preliminary assessment results and training information as well as all licenses and agreements. (See Recommendation 4.)

*Agency Response:* “The agency agrees with this finding. A process of scanning the training reports, licenses and agreements into the client’s electronic case file has been put in place. The program had previously relied on paper copies to be placed into paper files. Additionally, all active files have been reviewed to insure their completeness. The trainers have been advised as to the documentation that is required.”

## RECOMMENDATIONS

### *Status of Prior Audit Recommendations:*

- The Bureau of Education and Services for the Blind should comply with the State Property Control Manual and perform complete annual physical inspection of assets. This recommendation was resolved.
- Internal controls should be strengthened to ensure that the proper receipt date is recorded on vouchers processed through Core-CT. This recommendation will be repeated as Recommendation 2.
- The oversight agency should ensure that receipts are accounted for in a timely manner. This recommendation was resolved.
- Greater care needs to be used in applying and processing payroll and personnel benefits in order to be in compliance with state laws and regulations and bargaining unit contract agreements. This recommendation is being repeated as Recommendation 1.
- The Bureau of Education and Services for the Blind should ensure that all contract requirements are complied with and the required reports are obtained. This recommendation was resolved.
- The Bureau of Education and Services for the Blind should comply with the State Property Control Manual and reconcile the amounts reported on the Asset Management/Inventory Report/GAAP Reporting Form CO-59 with reports currently available on Core-CT in order to accurately determine those assets that need to be reported. This recommendation was resolved.

### *Current Audit Recommendations:*

- 1. The Bureau of Education and Services for the Blind should improve controls over applying and processing payroll and personnel benefits in order to be in compliance with the bargaining unit agreements as well as state laws and regulations.**

#### Comment:

Leave time accrual rates were incorrectly applied based upon a set rate instead of years of service, were not applied over the correct number of months the employee was eligible to receive, or continued to accrue for a terminated employee. Inconsistencies were noted on related Core-CT benefit screens between compensatory time and overtime. Contrary to the bargaining unit

agreement, compensatory time was earned instead of overtime paid.

2. **The Bureau of Education and Services for the Blind should strengthen controls to ensure that the proper receipt date is recorded on the payment vouchers processed through Core-CT and that funds are committed prior to the purchase of goods and services and that the correct contract pricing is used when making a purchase.**

Comment:

The receipt date was recorded incorrectly in Core-CT for three of the 40 expenditure transactions reviewed. Services were received prior to the issuance of a purchase order for five transactions. For two expenditure transactions selected for review and one additional expenditure transaction, quoted prices were used instead of the contract prices.

3. **The Bureau of Education and Services for the Blind's internal control questionnaire should be completed in its entirety by those responsible for each section.**

Comment:

Sections of the internal control questionnaire that were due and submitted on July 1, 2011 were not completed.

4. **The Business Enterprise Program should maintain hard or electronic copies of potential operator preliminary assessment results and training information as well as all licenses and agreements.**

Comment:

Our review of six operators revealed inadequate documentation existed on operator assessments and training as well as current licenses and agreements.

## **INDEPENDENT AUDITORS' CERTIFICATION**

As required by Section 2-90 of the General Statutes, we have audited the books and accounts of the Bureau of Education and Services for the Blind for the fiscal years ended June 30, 2010, 2011 and 2012. This audit was primarily limited to performing tests of BESB's compliance with certain provisions of laws, regulations, contracts and grant agreements and to understanding and evaluating the effectiveness of BESB's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grant agreements applicable to BESB are complied with, (2) the financial transactions of BESB are properly initiated, authorized, recorded, processed, and reported on consistent with management's direction, and (3) the assets of BESB are safeguarded against loss or unauthorized use. The financial statement audits of the Bureau of Education and Services for the Blind for the fiscal years ended June 30, 2010, 2011 and 2012, 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 Bureau of Education and Services for the Blind complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grant agreements and to obtain a sufficient understanding of the internal controls 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:**

Management of the Bureau of Education and Services for the Blind is responsible for establishing and maintaining effective internal control over financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts, and grants. In planning and performing our audit, we considered the Bureau of Education and Services for the Blind's 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 BESB's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grant agreements, but not for the purpose of expressing an opinion on the effectiveness of BESB's internal control over those control objectives. Accordingly, we do not express an opinion on the effectiveness of the Bureau of Education and Services for the Blind's internal control over those control objectives.

A *deficiency in internal control* 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 and correct on a timely basis, unauthorized, illegal or irregular transactions, or breakdowns in the safekeeping of any asset or resource. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that non compliance which could result in significant unauthorized, illegal, irregular or unsafe transactions and/or material noncompliance with certain provisions of laws, regulations,

contracts, and grant agreements that would be material in relation to BESB's financial operations will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance with requirements was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over BESB's financial operations, safeguarding of assets, or compliance with requirements that we consider to be material weaknesses, as defined above. However, we consider the following deficiencies, described in detail in the accompanying Condition of Records and Recommendations sections of this report, to be significant deficiencies: Recommendation 1 - Payroll and Personnel; Recommendation 2 – Purchasing, Receiving and Expenditures; and Recommendation 4 – Business Enterprise Program. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### **Compliance and Other Matters:**

As part of obtaining reasonable assurance about whether the Bureau of Education and Services for the Blind 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 BESB'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 BESB's management in the accompanying Condition of Records and Recommendations sections of this report.

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

This report is intended for the information and use of BESB's 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 cooperation and courtesies extended to our representatives by the personnel of the Bureau of Education and Services for the Blind, the Department of Rehabilitation Services, and the Department of Administrative Services during this examination.



Christine J. Delaney  
Principal Auditor

Approved:



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts