

STATE OF CONNECTICUT

**AUDITORS' REPORT
OFFICE OF PROTECTION AND ADVOCACY
FOR PERSONS WITH DISABILITIES
FOR THE FISCAL YEARS ENDED
JUNE 30, 1998, 1999 AND 2000**

**AUDITORS OF PUBLIC ACCOUNTS
KEVIN P. JOHNSTON ♦ ROBERT G. JAEKLE**

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November 2, 2001

**AUDITORS' REPORT
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FOR THE FISCAL YEARS ENDED JUNE 30, 1998, 1999 AND 2000**

We have made an examination of the records of the Office of Protection and Advocacy for Persons with Disabilities (Advocacy Office) for the fiscal years ended June 30, 1998, 1999 and 2000.

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 the internal control structure policies and procedures established to ensure such compliance.

This report on that examination consists of the Comments, Condition of Records, Recommendations and Certification which follow.

COMMENTS

FOREWORD:

The Advocacy Office operates under the provisions of Title 46a, Chapter 813, Sections 46a-7 through 46a-13a of the General Statutes, to provide protection and advocacy for persons with disabilities. The Advocacy Office is responsible for five Federally funded programs and several specific State statutory mandates.

The Advocacy Office's primary mission is to protect people with disabilities who are at risk from abusive and neglectful conditions and to work to advance the cause of equal rights for persons with disabilities and their families. By Federal law, protection and advocacy organizations must be independent of service providing agencies. Protection and advocacy organizations must have the authority and capacity to conduct investigations, provide information and referrals, pursue legal and

administrative remedies and educate policy makers.

The Agency, operating through three operating divisions and an administrative unit, provides information and referral services, advocacy services and legal representation in selected matters.

Section 46a-10 of the General Statutes, provides that the Advocacy Office shall be administered by an Executive Director appointed by the Governor. Mr. James D. McGaughey served as Executive Director throughout the audited period.

In accordance with Section 46a-9 of the General Statutes, a Board of Protection and Advocacy for Persons with Disabilities, referred to as the Advocacy Board, is to serve in an advisory capacity to the Advocacy Office. The Governor is empowered to appoint 15 persons to the Advocacy Board. As of June 30, 2000, board members were as follows:

Darlene Foster, Chairperson	Hiedi Mark	Walter Pelensky
Cynthia Stamandinoli	Robert Wood	Kathryn Coffin
Nora Ellen Groce	Carol M. Grabbe	Peter Tyrell, Esq.
Eileen M. Furey, Ph.D.	Cathy Cook	Phyllis D. Zlotnick
Edward Mambruno	Fritzie Levine	Sujelia Y. Gomez

Quincy S. Abbot, Durcell Dillon, Judith Greene, Stephen Greenspan, Ph.D., Karen Kangas, Lawrence Kaplan, M.D., Edward Kennedy, Jr., Howard Klebanoff, Esq., Zaida Santiago and Suzanne Tucker also served on the board during the audited period.

Section 46a-9 of the General Statutes requires that ten of the fifteen members be either persons with disabilities or parents or guardians of people with disabilities and, further, that at least four of those ten have, or represent developmental disabilities.

RÉSUMÉ OF OPERATIONS:

General Fund receipts totaled \$1,036,053, \$984,060 and \$1,021,753 during the fiscal years ended June 30, 1998, 1999 and 2000, respectively. Such receipts were mainly Federal contributions from the U. S. Department of Health and Human Services and the U. S. Department of Education drawn against letter of credit arrangements totaling \$781,700, \$806,439 and \$730,700, respectively. Other sources of Federal contributions included Social Services Block Grant (CFDA #93.667) funds, passed through the Connecticut Department of Social Services.

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A summary of receipts for the audited fiscal years is presented below:

	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>
Refunds of Prior Years' Expenditures	\$ 1,747	\$ 243	\$ 532
Refunds of Current Year Expenditures	2,092	1,596	1,495
Restricted Contributions			
Federal contributions	1,029,823	970,571	1,010,526
Other than Federal contributions		500	
Refunds of restricted appropriations	<u>2,391</u>	<u>11,150</u>	<u>9,200</u>
Total Receipts	<u>\$1,036,053</u>	<u>\$984,060</u>	<u>\$1,021,753</u>

General Fund expenditures totaled \$3,191,616, \$3,272,032 and \$3,468,964 during the fiscal years ended June 30, 1998, 1999 and 2000, respectively. A comparison of total General Fund expenditures for the audited period fiscal years follows:

	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>
Personal services	\$1,749,487	\$1,839,950	\$2,086,385
Contractual Services	401,541	381,001	370,841
Commodities & Equipment	<u>26,693</u>	<u>23,540</u>	<u>58,317</u>
Total Budgeted Accounts	2,177,721	2,244,491	2,515,543
Restricted Appropriations	<u>1,013,895</u>	<u>1,027,541</u>	<u>953,421</u>
Totals	<u>\$3,191,616</u>	<u>\$3,272,032</u>	<u>\$3,468,964</u>

Budgeted expenditures increased by \$239,471, \$66,770 and \$271,052 during the three audited years, respectively. Overall net increases during the audited period mainly reflected increases in personal service costs. Personal service costs represented over 75 percent of total expenditures from budgeted appropriations. Contributing to the larger increases in personal service costs was the contractual increase in hours of the standard workweek in fiscal year 1997-1998 and the 27th or extra pay period in fiscal year 1999-2000. Fees for outside professional services accounted for the largest portion of total contractual service expenditures. A large increase in these fees, beginning in fiscal year 1997-1998, was due to an annual budget increase of \$100,000 per year transferred from the Department of Mental Retardation to the Advocacy Office for representation of Connecticut Association of Retarded Citizens (CARC) vs. Thorne class members. Other charges to this account represented contractual payments for advocacy representation in various parts of the State.

Full time employees at the close of each fiscal year under review charged against budgeted appropriations totaled 33, 35 and 37, respectively. In addition to the full time positions paid from budgeted funds, there were ten full-time positions paid from Federal funds in each of the three fiscal years reviewed.

Disbursements from Restricted Contributions accounts in fiscal years 1997-1998, 1998-1999 and 1999-2000 amounted to \$1,013,895, \$1,027,541 and \$953,421, respectively. These expenditures, charged to Federal accounts, consisted mainly of personal services and fringe benefit charges

amounting to \$819,853, \$826,623 and \$811,299, respectively. Other disbursements from Federal appropriations consisted mainly of outside professional and consulting services, indirect cost recoveries and grants to nonprofit and municipal organizations.

Besides General Fund expenditures, expenditures from the Capital Equipment Purchase Fund (#1872) amounted to \$30,273, \$36,686 and \$45,241 in the three audited years, respectively.

PROGRAM EVALUATION:

Under the provisions of Section 2-90 of the General Statutes, the Auditors of Public Accounts are authorized to conduct performance audits of programs and activities. We noted that the Abuse Investigation Division of the Advocacy Office has the authority to investigate allegations of abuse or neglect of clients of the Department of Mental Retardation (DMR) and that DMR also conducts these investigations. For our program evaluation, we selected the operations of the Abuse Investigation Division and its reliance on investigations performed by DMR. Our objective was to determine to what extent the Advocacy Office relies on DMR and its private providers for these investigations.

The Abuse Investigation Division was created in 1985 to ensure that allegations of abuse and neglect of mentally retarded adults could be reported to a central authority and to ensure, that if reported, such allegations would be investigated. The program is staffed by investigators who make an initial determination, regarding whether an alleged victim needs protective services from DMR, before proceeding to find facts or to monitor the investigative efforts of DMR or other agencies.

All medical personnel (doctors, nurses, psychologists, etc.), police officers, teachers, social workers, clergymen and any person paid for caring for persons in any facility serving persons with mental retardation are mandated by Section 46a-11b of the General Statutes to report abuse or neglect of persons with mental retardation within five days. The Advocacy Office has jurisdiction over reports of abuse or neglect of people with mental retardation who are 18 through 59 years old. Both the Advocacy Office and DMR make each other aware of all allegations of abuse and neglect of people with mental retardation in that age group. At the time the allegation is shared, the parties will determine who will conduct the investigation. Reports of investigation, including substantiation status, will be forwarded to the Abuse Investigation Division of the Advocacy Office for all investigations conducted by DMR or its service providers.

The following is a summary of the Abuse Investigation Division's activity and the department performing the primary investigation for the last two Federal fiscal years ended September 30th:

Year	Advocacy Office	DMR	DMR Private Providers	Other Departments	Not Eligible for Review	Total Allegations
1999	186	311	477	37	257	1,268
2000	266	370	531	25	179	1,371

As the above statistics show, DMR and its private providers were involved in 1,689 out of 2,203 cases, or over 75 percent of the investigations performed during the two prior Federal years. The Abuse Investigation Division has a liaison with each of the five DMR regions (North Central,

Northwest, South Central, Southwest and Eastern) plus the Southbury Training School. These liaisons report the findings of DMR and DMR private provider investigators to the Advocacy Office regarding abuse and neglect allegations. The Advocacy Office investigators will review DMR and its private provider investigations to ensure that thorough investigations have been completed and that logical conclusions have been reached based on the evidence gathered. Questions or disputes on the investigations or findings will be resolved by the DMR liaison through discussions with the DMR or the DMR private provider's investigator and the Advocacy Office's Abuse Investigation Division. If a resolution is not reached by discussions with the liaisons, the Abuse Investigation Division Program Director seeks resolution through the DMR Central Office Director of Investigators and/or the Commissioner of DMR.

In conclusion, it can be seen that the Advocacy Office relies heavily on the investigative efforts of DMR and its private providers in determining whether abuse or neglect has occurred in DMR licensed settings. This is due primarily to the large volume of claims of abuse or neglect filed with the Abuse Investigation Division on an annual basis. Also, the Advocacy Office is the only agency with authority to conduct investigations in non-DMR settings, such as family homes.

CONDITION OF RECORDS

Our review of the records of the Advocacy Office revealed two areas requiring improvement or attention, as discussed in this section of the report.

Federal Indirect Cost Recoveries:

- Criteria:* The State of Connecticut's *Indirect Cost and Fringe Benefit Cost Recovery Manual*, Part 3.2, requires that indirect costs be charged periodically (at least annually) to each Federal grant or program. Historically, at the Advocacy Office, these charges had been processed and recovered shortly after the close of the prior Federal year, which ends on September 30th.
- Condition:* There were no indirect cost recoveries processed during the 1999-2000 fiscal year for four different Federal programs. The four Federal programs were Developmental Disabilities (CFDA #93.138), Client Assistance Program (CFDA #84.161), Protection & Advocacy for Individuals with Mental Illness (CFDA #93.138) and Protection & Advocacy for Individual Rights (CFDA #84.240). These indirect cost recoveries of over \$38,000 had not been processed by the time we completed our field work.
- Effect:* The Agency's Federal expenditures were understated by over \$38,000 for the 1999-2000 fiscal year. Also, this caused a delay in these monies being transferred to the State Comptroller.
- Cause:* The Agency overlooked the fact that indirect cost recoveries had not been processed for its Federal programs.
- Recommendation:* The Agency should develop procedures to ensure that Federal indirect cost recoveries are processed on a yearly basis. (See Recommendation 1)
- Agency Response:* "The Office of Protection and Advocacy concurs with the finding and will comply with The Auditor's recommendation. Agency procedures will be established to ensure the timely processing of cost recoveries."

Meetings of the Advocacy Board:

- Criteria:*
1. Pursuant to Section 1-225 of the Connecticut General Statutes, all public agencies of the State are required to file a schedule of their regular board meetings with the Secretary of the State not later than January 31st of each year or file a notice of each special meeting with the Secretary of the State not less than twenty-four hours prior to the time of such meeting.

2. Section 46a-9 of the Connecticut Statutes provides for a Board of Protection and Advocacy for Persons with Disabilities (Advocacy Board) to serve in an advisory capacity to advise the executive director on matters relating to advocacy policy, client service priorities and issues affecting persons with disabilities.

Conditions:

1. During the last three calendar years, three Board meetings were held in 1998 and four meetings in 2000. Of those meetings, the Secretary of the State was notified only of the meeting held on April 18, 2000, as required by statute.

2. Although new Advocacy Board appointments were made or old appointments renewed in May 1999, the board did not meet at all during calendar year 1999.

Effects:

1. The Agency was not in compliance with the board meeting notification requirements of the General Statutes in six out of seven meetings held from 1998 through 2000.

2. The Advocacy Board was unable to offer any advice or guidance to the executive director of the Advocacy Office during 1999, when no meetings were held.

Causes:

1. It appears that the Agency neglected to inform the Secretary of the State of all meetings in 1998 and failed to inform the Secretary of the State of additional meetings other than the April 18th meeting in 2000.

2. The former Board Chair moved to Colorado in 1998 and a new Chair was not appointed until December 1999.

Recommendation:

The Agency should comply with the meeting notification provisions of Section 1-225 of the Connecticut General Statutes and notify the Secretary of the State of all regular and special meetings of the Advocacy Board and encourage the Advocacy Board to hold meetings on a regular basis. (See Recommendation 2)

Agency Response:

“At its May 22, 2001 meeting, the Board adopted a schedule of meetings for the balance of the year 2001. The Secretary of the State’s Office was notified of this schedule on July 2, 2001. The Agency will work with the Board to ensure that it develops and adopts a schedule of meetings for the upcoming calendar year at its last meeting each year. The Agency will then forward the schedule to the Secretary of the State by the statutory deadline of January 31st.”

RECOMMENDATIONS

Our previous audit examination of the Advocacy Office contained two recommendations. A summary of those recommendations and the action taken follows:

Status of Prior Audit Recommendations:

- The Advocacy Board should comply with Section 1-21 (transferred to Section 1-225 in 1999) of the General Statutes and maintain minutes of all meetings. Of the four meetings that were held in calendar year 2000, minutes were available for review and this recommendation is not being repeated.
- Improved oversight is needed over attendance at Advocacy Board meetings. Although we did not notice instances of extreme absenteeism, we noted other deficiencies in Advocacy Board meetings which are addressed in Recommendation 2 below.

Two recommendations resulting from our current examination are presented below.

Current Audit Recommendations:

- 1. The Agency should develop procedures to ensure that Federal indirect cost recoveries are processed on a yearly basis.**

Comments:

Historically, Federal indirect cost recoveries had been processed and recovered shortly after the end of the Federal year. For fiscal year 1999-2000 these indirect costs recoveries of over \$38,000 had not been processed by the time we completed our field work.

- 2. The Agency should comply with the meeting notification provisions of the Section 1-225 of the Connecticut General Statutes and notify the Secretary of the State of all regular and special meetings of the Advocacy Board and encourage the Advocacy Board to hold meetings on a regular basis.**

Comments:

During the audited period no meetings were held from October 1998 until January 2000. Of the seven meetings held in 1998 and 2000, the Secretary of the State was notified of only the meeting held on April 18, 2000.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Office of Protection and Advocacy for Persons with Disabilities (Advocacy Office) for the fiscal years ended June 30, 1998, 1999 and 2000. 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 Advocacy Office for the fiscal years ended June 30, 1998, 1999 and 2000, are included as a part of our Statewide Single Audit of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial-related 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 Advocacy Office complied in all material or significant respects with the provisions of the 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.

Compliance:

Compliance with the requirements of laws, regulations, contracts and grants applicable to the Advocacy Office is the responsibility of the Advocacy Office's management. As part of obtaining reasonable assurance about whether the Agency complied with laws, regulations, contracts, and grants, 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 for the fiscal years ended June 30, 1998, 1999 and 2000, we performed tests of its compliance with certain provisions of the laws, regulations, contracts, and grants. However, providing an opinion on compliance with these 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial or less than significant instances of noncompliance, which are described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

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

The management of the Advocacy Office is responsible for establishing and maintaining effective internal control over its financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts and grants applicable to the Agency. In planning and performing our audit, we considered the Agency's internal control over its financial operations,

safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the internal control over those control objectives.

However, we noted certain matters involving the internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that, in our judgment, could adversely affect the Agency's ability to properly record, process, summarize and report financial data consistent with management's authorization, safeguard assets, and/or comply with certain provisions of laws, regulations, contracts, and grants. We believe the following findings represent reportable conditions: all Advocacy board meetings were not reported to the Secretary of the State and Federal indirect cost recoveries were not processed on a yearly basis.

A material or significant weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants or the requirements to safeguard assets that would be material in relation to the Agency's financial operations or noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions to the Agency being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over the Agency's financial operations and over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material or significant weaknesses. However, we believe that neither of the reportable conditions described above is a material or significant weakness.

This report is intended for 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 extended to our representative by the personnel of the Advocacy Office during the course of our audit.

Charles F. Smith, III
Staff Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts