AUDITORS' REPORT

Connecticut Technical Education and Career System

FISCAL YEARS ENDED JUNE 30, 2023 AND 2024

STATE OF CONNECTICUT
Auditors of Public Accounts

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INTRODUCTION

We are pleased to submit this audit of the Connecticut Technical Education and Career System (CTECS) for the fiscal years ended June 30, 2023 and 2024 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut Technical Education and Career System during the course of our examination.

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

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STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Connecticut Technical Education and Career System disclosed the following 26 recommendations, of which five were repeated from the previous audit.

Finding 1

Failure to Establish Effective Internal Control Structure

Criteria

The Office of the State Comptroller requires all executive branch agencies to establish and maintain an effective internal control structure and complete an annual self-assessment of their internal control systems.

Condition

CTECS did not establish or maintain an effective internal control structure. We observed systemic and widespread absence of current policies and procedures across critical operational areas, including asset management, expenditures, payroll, human resources, reporting, revenue collection, petty cash, and student activity funds. CTECS was often unable to provide adequate supporting documentation during our entire audit in these operational areas.

CTECS did not complete its annual internal control self-assessment for fiscal years 2023 and 2024 as required by the Office of the State Comptroller.

Context

CTECS reported revenues of $16 and $37 million and expenditures of $245 and $229 million for fiscal years 2023 and 2024. CTECS operates 20 locations, serving more than 11,000 high school students and over 3,000 adult learners.

Effect

Without proper internal controls, CTECS may not prevent, detect, or correct errors and irregularities and fraud, waste, and abuse. CTECS may not efficiently and effectively meet its objectives.

Cause

Management failed to make internal controls a priority and opted to decentralize the system's fiscal management.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should implement an effective internal control structure utilizing a system-wide approach. The system should complete its internal control self-evaluations as required by the Office of the State Comptroller.

Agency Response

"We agree with this finding. We acknowledge the audit's conclusion that the organization did not have sufficiently defined or consistently implemented internal control structures during the review period. While some informal practices existed, they did not meet the standards required for effective oversight, documentation, and compliance.

To address this gap, we are proposing to take the following corrective actions:

- Strengthening the Internal Control Framework
  Developing a formal internal control framework aligned with applicable state, federal, and grant requirements. Creating documentation control objectives, control activities, and monitoring expectations across all core functions.

- Clarifying Roles and Segregation of Duties
  Establishing clear role definitions, approval pathways, and segregation of duties for financial, procurement, and programmatic processes. Adding secondary review steps for high risk or high value transactions.

- Standardizing Processes and Documentation
  Creating and implementing Standard Operating Procedures (SOPs) for procurement, contracting, grant management, fiscal reconciliation, and reporting. Introducing standardized templates, checklists, and documentation protocols to ensure consistency and audit readiness.

- Implementing Monitoring and Quality Assurance
  Launching a quarterly internal review process to assess adherence to controls and identify areas for improvement. Assigning process owners responsible for ongoing monitoring and corrective action.

- Building Staff Capacity
  Providing staff training on the new control structures, documentation expectations, and compliance requirements. Integrating internal control training into onboarding for new employees.

We are committed to maintaining strong internal controls that safeguard resources, ensure compliance, and support transparent, accountable operations. These corrective actions steps will

strengthen our internal environment and will support continuous improvement moving forward."

Finding 2
Lack of Internal Controls over Receipts and Collections

Background

The Connecticut Technical Education and Career System (CTECS) provides various services to the public for a fee, including car repairs, construction, culinary and hospitality, and tuition-based adult education programs.

Criteria

The State Accounting Manual and Connecticut Technical Education and Career System production manuals require CTECS to establish internal controls over cash, receipts, and collections to minimize the risk of loss and to efficiently and effectively collect, record, and reconcile funds. This includes reconciling receipts to the accounting records.

Condition

Our review of 25 deposits, totaling $10,718, found that CTECS did not provide supporting documentation for 21. We identified multiple areas of concern, including the failure to properly prepare accountability reports, incomplete reconciliations, and inconsistent deposit procedures. We also noted a lack of sales reports for culinary services, deposit logs, and evidence of proper segregation of duties. In addition, CTECS did not always receive required payments for provided services.

Context

We reviewed deposits and collections recorded in the Vocational Education Extension Fund, which offset program costs. Transfers between the State Department of Education and CTECS were excluded from the population for testing. We randomly selected nine deposits totaling $4,229 from fiscal year 2023 with a population totaling $2.78 million and 16 deposits totaling $6,489 from fiscal year 2024 with a population totaling $4.39 million.

Effect

Fraud, waste and abuse of receipts could occur and not be prevented or detected and corrected. Lost revenue from services and tuition will negatively impact the ability to provide services as revenues are used to offset educational program costs.

Cause

Management did not allocate sufficient resources to develop and implement controls. Its decentralized approach to fiscal operations was not efficient or effective without compensating controls.

Prior Audit Finding

This finding has been previously reported in the last State Department of Education audit report covering the fiscal years 2021 and 2022. We previously reported on CTECS under the State Department of Education.

Recommendation

The Connecticut Technical Education Career System should develop and implement policies and procedures for receipts and collections. The system should reevaluate its decentralized approach to fiscal operations and implement appropriate and effective monitoring procedures.

Agency Response

"We agree with this finding. We acknowledge that internal controls over receipts and accounts receivable were not sufficiently documented or consistently applied during the audit period. This condition was primarily the result of staffing constraints within the fiscal function, which limited the ability to fully segregate duties and implement formalized controls while maintaining essential operations. This finding was previously reported and remains an area of focus.

To address this finding, management has prioritized corrective actions that are achievable and sustainable within current staffing capacity and that can be demonstrated by the next audit cycle:

- Documented Procedures
  In development, written standard operating procedures (SOPs) for receipts and accounts receivable will be finalized and implemented. These procedures will define receipt handling, recording, deposit timelines, documentation requirements, and reconciliation expectations.

- Compensating Controls and Oversight
  Where staffing levels prevent full segregation of duties, compensating controls will be in place, including documented supervisory review, secondary verification of deposits, and management sign-off on reconciliations.

- Reconciliations and Monitoring
  Regular reconciliations between receipt records, deposit documentation, subsidiary records, and the general ledger will be performed and retained. Evidence of supervisory review will be maintained and available for audit review.

- Staff Training and Accountability
  Fiscal and program staff involved in receipt processing will receive targeted guidance on the new procedures and internal control expectations to ensure consistent application.

- Centralization of Fiscal Staff

Effective January 1, 2026, the supervisory lines for all Fiscal Administrative Assistants (FAAs) were moved to the Central Office Fiscal leadership. These staff are being reorganized to support key functions within CTECS including procurement, payroll, grants, etc. to improve compliance with policies and procedures as well as budget planning. CTECS believes this centralization of fiscal staff will support greater compliance but also add critical staff capacity to the organization.

Management will monitor compliance with these controls and adjust procedures as staffing resources improve. These actions represent a realistic and measurable approach to strengthening internal controls over receipts and accounts receivable and preventing recurrence of this finding."

Finding 3

Hiring, Promotions, and Reclassification Issues

Criteria

The Department of Administrative Services (DAS) General Letter 226 provides guidance to state agencies concerning the required documentation when requesting a promotion by reclassification. DAS General Letter 29 establishes uniform procedures for temporary service in a higher classification.

DAS job specifications set forth requirements needed to qualify for a state position. The special requirements to become a coach, substitute teacher, and part or full-time teacher require a certificate issued by the State Board of Education in accordance with the Certification Regulations Concerning State Educator Certificates, Permits and Authorizations, with a secondary school endorsement.

Sections 5-228 of the General Statutes require agencies to notify DAS of the vacant position. Once approved, DAS will certify a listing of all named candidates.

Section 17a-227a of the General Statutes requires each applicant who has been offered conditional employment with the department to be fingerprinted and submit to a criminal history records check. Employment shall be considered conditional until the department receives and reviews the results.

The Connecticut State Library's record retention policies require agencies to maintain recruitment records for two years beyond filling or closing the position. Policies also require agencies to maintain a background check process for hired employees, personnel files, performance evaluation records, applications for

employment, and other important documents until 30 years after an employee's termination date.

Section 5-208 of the General Statutes, along with the DAS Compensation Manual and Managers Guide, establish that salary increases for managers are limited to a maximum of five percent, not to exceed the maximum rate of the applicable salary grade. The DAS Compensation Manual also outlines the proper methodology for calculating promotional salaries across different pay structures, including step plans, and the management and non-standard pay plans.

Condition

Our review of 25 employees hired, promoted, or rehired during the audited period disclosed:

- CTECS had no written policies and procedures and lacked internal controls over payroll and personnel.

- Various important documents were missing from 17 employee personnel files or not maintained in accordance with the state's record retention policies and Section 17a-227a of General Statutes. This included missing job applications, missing or incomplete I-9 forms (for U.S. citizenship and immigration services employment eligibility verification), documentation of the interview process, and support for background checks.

- In eight instances, CTECS did not provide documentation (e.g., valid educator certificates and coaching permits) to support whether employees were properly qualified prior to hire, promotion, or rehire.

- CTECS improperly promoted one employee in violation of DAS General Letter 29. CTECS improperly promoted an associate fiscal administrative officer to a fiscal administrative manager 1, bypassing the fiscal administrative supervisor position, during the audited period.

- In six instances, CTECS did not provide any documents to support promotions by reclassification as required by General Letter 226.

- In five instances, CTECS was unable to provide any documentation to determine if CTECS properly promoted employees to vacancies in accordance with Section 5-228 of the General Statutes, notified DAS of vacant positions, and used a DAS candidate listing.

- In one instance, CTECS miscalculated an employee's promotional salary in violation of the DAS Compensation Manual, resulting in the employee's biweekly pay being

$208 over what it should have been at the time of the increase. We estimated over $5,000 in annualized overpayments.

Context

During the audited period, there were 638 new hires, 261 promotions, and 822 rehires. We judgmentally selected 14 employees who had manual pay rate adjustments over 35%, and haphazardly selected 11 additional employees, for a total of 25 employees reviewed.

Effect

There is less assurance that CTECS hired and promoted the most qualified candidates. The quality of work suffers.

Cause

The condition resulted from a lack of management oversight and inadequate internal controls over payroll and personnel.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System and the Department of Administrative Services should strengthen internal controls over payroll, personnel, and promotions.

CTECS Response

"We agree in part with this finding.

As it pertains to personnel file records, background check documentation is not housed in a personnel file. Background check documentation is provided through a database, but we understand that it was not provided. In addition, not all applications would be kept in the personnel file, as some are housed and stored in Jobaps, depending on the position.

In regard to most other bullet points we agree with this finding and we are committed to working on internal controls to address the lack of policies and procedures. We have implemented HR Staff utilizing the salary calculation approval process through UKG prior to making offers to candidates to ensure accurate salary calculation. We will be implementing additional processes to ensure certifications are documented. We will be working with Athletic Directors on a process for hiring coaches to ensure no steps are missed.

For bullet #4, we disagree that the Fiscal Administrative Manager 1 promotion was improper because the appointing authority determined that the applicant was qualified for that position. We believe the salary is calculated appropriately because the FAM 1 was placed at the minimum of the range. DAS provided an authorizing letter for the FAM1 position effective March 8, 2024.

For bullet #7. we agree that the Fiscal Administrative Officer promotion, effective November 4, 2022, was calculated incorrectly.

The FAO was placed at AR 23/Step 3, however should have been placed at AR 23/Step 1. We will be developing a plan for repayment with the employee in consultation with their bargaining unit.

For vacancies we have implemented an internal approval process for review with leadership of all vacant position requests. We have also worked with our EEO unit to revise the recruitment process so that we are ensuring proper documentation and hiring procedures have been followed.

Lastly, we will be working on retraining HR staff as well as hiring managers on various processes regarding hiring and promotional transactions."

DAS Response

"DAS agrees, in part, with this finding for the items under the DAS Human Resources team's authority. Final decisions on candidate hiring are under the authority of agency heads per statutes 5-215(a) and 5-228. In addition to the improvements highlighted under the CTECS Response, DAS has recently launched E-Verify at the CTECS, which will verify and house all I-9 forms and documents for hired employees. CTECS has also just moved the education licensure and coaching permit process to human resources for better document management."

Auditors' Concluding Comments

The disagreement by CTECS for bulleted item #4 stems from the employee who was authorized to be appointed to a higher class as a Fiscal Administrative Supervisor but was placed two job classes above, to a Fiscal Administrative Manager 1 (FAM1) position. The employee was not qualified for the FAM1 position based on documentation provided and should not have been paid as an FAM1. Ultimately, the employee was permanently promoted to FAM1 two years after the appointment date using the experience earned from the temporary service as an FAM1, which does not appear to be in line with DAS policy. A two-year appointment period needs approval for the second year, which CTECS did not provide.

Finding 4
Minimum Leave Time Increment Issue

Criteria

Internal controls require the review and approval of timesheets to ensure accuracy and compliance with bargaining unit contracts. The following contracts include the minimum leave time increment an employee may charge:

- The Maintenance (NP-2) contract allows sick, vacation, and personal leave in half-hour increments.

- The Administrative Clerical (NP-3) contract allows vacation leave in 15-minute increments. Sick and personal leave are not specified.

- The Education Administrators (P-3A) contract allows sick leave in one-hour increments. Vacation and personal leave are not specified.

- The State Vocational Federation of Teachers (SVFT) contract allows sick and personal leave in 15-minute increments.

Condition

CTECS had 1,283 and 1,383 instances in which 208 and 247 employees charged leave time below the minimum increments set forth in their collective bargaining contracts during fiscal years 2023 and 2024, respectively.

Context

We queried Core-CT to identify and review all leave time below the minimum increments allowed in bargaining agreements during the audited period.

Effect

The use of leave time in increments less than the contractual minimum may result in an undue administrative burden.

Cause

There appears to be a lack of oversight in managing leave time.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should improve internal controls over the review and approval of timesheets to ensure compliance with minimum leave time increments in bargaining unit contracts.

Agency Response

"We agree with this finding. We acknowledge the conclusion that during the audit period, leave time was not consistently charged in accordance with the minimum leave increments established in applicable collective bargaining agreements. During this period, time and attendance reporting relied in part on manual processes and decentralized supervisory practices, which increased the risk of inconsistencies in how leave increments were applied and reviewed.

While supervisors reviewed and approved employee time, the absence of standardized system controls and formalized guidance specific to minimum leave increments contributed to instances where leave was recorded below contractual minimums. In addition, limited staffing resources during the transition to an independent agency constrained the ability to perform centralized monitoring of leave usage across bargaining units.

To address this issue, CTECS is implementing the following corrective actions:

- Improved Oversight and Guidance
  Reinforcing supervisory responsibility for reviewing leave entries to ensure compliance with bargaining unit requirements, including minimum leave time increments.

- Standardization of Practices
  Developing written guidance to clarify minimum leave increment requirements by bargaining unit and to promote consistent application across locations.

- System-Based Controls
  Continuing the transition to Core-CT Self Service time reporting, which will enhance automated controls, improve validation of leave entries, and strengthen audit trails.

- Risk Management Going Forward
  Prioritizing monitoring of leave reporting as part of payroll oversight activities to reduce the likelihood of recurrence.

These actions are intended to strengthen internal controls and improve compliance on a 'go-forward' basis. They do not change the conditions that existed during the audit period but reflect management's commitment to improving payroll and leave reporting practices."

Finding 5

Compensatory Time Not Properly Approved

Criteria

Collective bargaining agreements and the Department of Administrative Services' (DAS) Management Personnel Policy 17-01 require the agency head or their designee to preapprove compensatory time in writing.

To ensure compliance, agencies should properly code employees to their designated Core-CT bargaining unit and statutory compensatory time plans.

Condition

CTECS failed to preapprove 25 of 25 instances of compensatory time totaling 114 hours. Of the 25 instances reviewed, 21 did not receive any approval, and four were approved up to 11 days late. CTECS improperly enrolled two of 13 employees in the incorrect compensatory time plan.

Context

During the audited period, 261 employees earned a total of 5,507 hours of compensatory time. We judgmentally selected the 13 employees with the highest amount of compensatory time hours earned. We selected two days to review 12 of the employees and one day for another employee for a total of 114 hours of compensatory time earned. We also tested whether these employees were enrolled in the correct compensatory time plan.

Effect

The system's lack of internal controls over compensatory time increases the risk of fraud, waste, or abuse.

Cause

Management failed to oversee compensatory time and institute proper internal controls.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should implement effective internal controls to ensure compliance with compensatory time requirements set forth by the Department of Administrative Services and collective bargaining agreements.

Agency Response

"We agree with this finding. We acknowledge the audit's conclusion that compensatory time was not consistently preapproved or documented in accordance with Department of Administrative Services guidance and applicable collective bargaining agreements during the audit period. During this time, compensatory time requests and approvals were managed through a combination of manual processes and decentralized supervisory practices, which increased the risk of untimely approvals, incomplete documentation, and incorrect plan enrollment.

While compensatory time was earned and used in response to operational needs, written preapproval and standardized documentation were not always retained in accordance with established requirements. In addition, limited staffing resources and the absence of centralized electronic workflows constrained the agency's ability to perform consistent, system-based monitoring of compensatory time usage and plan assignments.

To address this finding, CTECS is implementing the following corrective actions:

- Reinforced Preapproval Expectations
  Emphasizing supervisory responsibility to ensure compensatory time is approved in advance, except in emergency circumstances, and that required documentation is retained.

- Improved Documentation and Oversight

Establishing clearer guidance for documenting compensatory time approvals and reviewing employee enrollment in the appropriate compensatory time plans.

- Transition to Electronic Controls
  Continuing the transition to Core-CT Self Service functionality, which will strengthen system-based controls, improve approval workflows, and enhance audit trails for compensatory time transactions.

- Risk Mitigation Going Forward
  Prioritizing compensatory time monitoring as part of payroll oversight activities to reduce the likelihood of recurrence.

These corrective actions are intended to strengthen internal controls and improve compliance on a go-forward basis. They do not alter the conditions that existed during the audit period but reflect management's commitment to improving payroll oversight and documentation practices."

Finding 6
Accrued Leave Payout Errors

Criteria

Various union contracts detail limits to employee benefits, including that pay increases effective on an employee's termination date shall not be applied to vacation and sick time payouts, and maximum payouts shall be limited to 60 days. The Core-CT Job Aid for Terminating an Employee requires the elimination of the employee's leave plan balances from the system.

Condition

CTECS overpaid four of 15 employees approximately $8,300 for their accrued time payouts by improperly including an increase and miscalculating the hours due. In ten instances, CTECS did not properly and permanently remove the leave balances.

Context

During the audited period, CTECS distributed sick and vacation accrual payouts totaling $2,105,124 for 128 employees. We haphazardly selected 15 employees with a total of $438,408 in separation payments.

Effect

There is less assurance payments are accurate. Overpayments result in waste and the need for additional resources to correct errors. Accrued leave time may be improperly paid again without prompt removal of balances upon separation.

Cause

Management failed to institute internal controls over accrued leave payments, including an established checklist to prevent such errors.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should strengthen internal controls to ensure separation payments are accurate and processed in accordance with collective bargaining agreements and leave balances are terminated in Core-CT upon employees' separation. CTECS should collect overpayments and reissue payments to underpaid employees.

Agency Response

"We agree with this finding. We acknowledge the audit's conclusion that, during the audit period, accrued leave payouts were not consistently calculated, reviewed, or processed in accordance with applicable collective bargaining agreements and established payroll procedures. During this period, separation payments relied in part on manual calculations and decentralized review practices, which increased the risk of calculation errors, incorrect pay rates, and incomplete system clean-up of leave balances.

Contributing factors included staffing constraints and the absence of standardized, system-based controls governing separation processing. While payroll staff and supervisors made reasonable efforts to process accrued leave payouts accurately, the lack of a formalized checklist and centralized review process limited the agency's ability to consistently ensure compliance and prevent errors.

To address this finding, CTECS is implementing the following corrective actions:

- Strengthened Review Procedures
  Reinforcing supervisory and payroll review of separation payments to verify leave balances, applicable pay rates, and contractual limits prior to payment.

- Standardization of Separation Processing
  Developing written guidance and checklists to support consistent calculation, approval, and documentation of accrued leave payouts.

- System Controls and Reconciliation
  Emphasizing timely reconciliation and removal of leave balances in Core-CT upon employee separation to reduce the risk of residual balances or misstatements.

- Risk Mitigation Going Forward

Prioritizing separation payments as a higher-risk payroll function within existing staffing resources to improve oversight and accuracy.

These corrective actions are intended to strengthen internal controls and improve compliance on a go-forward basis. They do not alter the conditions that existed during the audit period but reflect management's commitment to improving payroll accuracy and documentation."

Finding 7
Medical Certificates Not Obtained

Criteria

Section 5-247-11 of the Regulations of Connecticut State Agencies and collective bargaining agreements require employees to provide a medical certificate for any period of absence consisting of more than five consecutive workdays.

The Department of Administrative Services Family and Medical Leave Entitlements Manual requires forms and deadlines for requesting sick leave under the Family and Medical Leave Act (FMLA).

Condition

CTECS failed to require medical certificates or FMLA forms in three instances totaling 53 days for ten employees reviewed. Additionally, two employees submitted medical certificates over 30 days late.

Context

During the audited period, 192 employees charged sick leave for more than five consecutive days, totaling 2,583 days. We judgmentally selected 10 employees, five from each year, who charged consecutive sick leave in excess of six days, to focus on 93 employees with slightly higher usage, totaling 330 days of sick leave.

Effect

There is increased risk for unauthorized medical leaves, which could result in unnecessary costs to the state.

Cause

Management failed to institute internal controls to prevent or detect noncompliance.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should implement internal controls over medical leave to ensure employees

promptly provide medical certificates and Family Medical Leave Act documentation.

Agency Response

"We agree with this finding. HR has provided several notices to the business office and educated administrators on the importance of timely notification to HR on any employee absences of more than 5 days. HR has provided instructions that employees must return with a medical certificate. There are many instances in which HR is not notified. The transition to self-service CORE throughout the district we will be implementing will help with the appropriate controls for timesheet monitoring.

HR will work with payroll so that they can provide us with notification of employee absences of more than 5 days so that HR can properly notice employees of the requirement to return with a medical certificate."

Finding 8

Lack of Overtime Preapprovals

Criteria

Section 5-245 of the General Statutes provides that employees can receive overtime pay when authorized by their supervisor. The CTECS Overtime and Compensatory Time Policy and Procedures require advanced supervisory approval of non-emergency overtime. In emergency situations, which threaten life, property, and/or operations, prior approval for overtime is not required, but the system must prepare and retain appropriate documentation and justification within 24 hours. The policy also requires the timekeeper to retain overtime documentation for audit purposes.

Condition

CTECS did not properly preapprove overtime for 89 of 138 hours we reviewed worth nearly $7,000 during the audited period.

The CTECS payroll unit was authorized to charge up to 140 hours of emergency overtime for seven pay periods in fiscal year 2024, but charged 312 hours, an excess of 123% or an estimated $7,100 during the audited period.

In addition, CTECS did not retain appropriate documentation and justification for granting emergency overtime for the payroll unit during the audited period.

Three employees (two in maintenance and one in the fiscal office) received overtime payments exceeding $100,000 each during the audited period.

Context

During fiscal years 2023 and 2024, 283 CTECS employees earned $3,349,328 or 80,562 hours in overtime. We judgmentally selected 20 employees, ten with the highest overtime for each fiscal year, who earned $1,331,605 or 28,309 hours during the audited period.

Testing was expanded specifically to add four payroll unit employees for a total of 24 employees reviewed, because they used an excessive amount of emergency overtime.

Effect

Without proper preapproval, overtime may be subject to fraud, waste, or abuse leading to financial losses.

Cause

Management failed to properly oversee overtime.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should strengthen internal controls to ensure that supervisors preapprove overtime and document their approvals.

Agency Response

"We agree with this finding. We acknowledge the audit's conclusion that, during the audit period, overtime was not consistently preapproved or documented in accordance with applicable statutes, agency policy, and collective bargaining agreements. During this period, overtime requests and approvals were managed through a combination of manual processes and decentralized supervisory practices, which increased the risk of untimely approvals, incomplete documentation, and inconsistent retention of supporting records.

Contributing factors included staffing constraints following the agency's transition to independence and the absence of a centralized, system-based workflow to enforce preapproval requirements and document emergency overtime consistently. While overtime was incurred to support operational needs, written preapproval and timely justification, particularly for emergency overtime, were not always retained in accordance with established requirements.

To address this finding, CTECS is implementing the following corrective actions:

- Reinforced Preapproval Requirements
  Emphasizing supervisory responsibility to ensure overtime is preapproved in advance, except in documented emergency circumstances, and that required justification is completed and retained timely.

- Standardization of Overtime Documentation

Developing clearer written guidance to support consistent documentation, approval, and retention of overtime records across locations.

- System-Based Controls
  Continuing the transition to Core-CT Self Service functionality to strengthen approval workflows, improve audit trails, and enhance monitoring of overtime usage.

- Risk Mitigation Going Forward
  Prioritizing overtime oversight as part of payroll monitoring activities within existing staffing resources.

These corrective actions are intended to strengthen internal controls and improve compliance on a go-forward basis. They do not alter the conditions that existed during the audit period but reflect management's commitment to improving payroll oversight and documentation."

Finding 9
Dual Employment Issues

Criteria

Section 5-208a of the General Statutes provides that no state employee can be compensated for services rendered to more than one state agency unless the appointing authority of each agency certifies that the duties performed are outside the responsibility of the agency of principal employment, that the hours worked at each agency are documented and reviewed to preclude duplicate payment, and that no conflicts of interest exist between services performed.

Condition

Our review of 20 dual employment arrangements disclosed that 16 forms were not completed, one form was not signed by the primary agency, one form was not approved prior to the employee's secondary position start date and one employee worked an additional eight days after the last day of their approved assignment.

Context

CTECS had 468 and 458 employees that were dually employed during fiscal years 2023 and 2024, respectively. Of this total we judgmentally stratified the universe to focus on 96 nontenured, or part time employees, for which we haphazardly selected 20 employees, ten from each fiscal year.

Effect

The lack of prompt authorization and monitoring could result in conflicts and overpayments to employees who are dually employed.

Cause

CTECS does not have an adequate process to monitor dual employees.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should strengthen internal controls to ensure compliance with the dual employment provisions of Section 5-208a of the General Statutes.

Agency Response

"We agree with this finding. We have implemented a special process regarding completing dual employment forms for employees hired as coaches, and additional steps specific to nonexempt employees hired as coaches. HR will continue to ensure compliance with completed dual employment forms for employees working in multiple state positions, keeping in mind that dual employment forms are not required for SVFT employees who are working in other SVFT stipend positions. In addition, ancillary positions do not require a dual employment form."

Finding 10

Unadjusted Leave in Lieu of Accrual and Overstated Accrual Balances

Criteria

Core-CT allows agencies to temporarily use the Leave in Lieu of Accrual (LILA) time reporting code until it posts monthly accruals to an employee's leave balance. Core-CT Job Aid procedures require state agencies to review their monthly usage of LILA time reporting codes and adjust these hours to the appropriate leave accrual balances.

Condition

CTECS overstated accrual balances for 1,037 hours of unadjusted time for 79 employees.

Context

During the audited period, there were 110 employees with 1,223 hours of LILA charges. We excluded pending hourly adjustments for 31 employees totaling 186 hours and reviewed all remaining 79 employees with 1,037 hours.

Effect

Lack of monitoring of the use of the LILA time reporting code could result in employees using more leave time than they earned.

Cause

This appears to be the result of a lack of oversight by management in the monitoring of the LILA time reporting code.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should strengthen internal controls to ensure it monitors and promptly adjusts for the use of the Leave in Lieu of Accrual time reporting code.

Agency Response

"We agree with this finding. We acknowledge the audit's conclusion that, during the audit period, the use of the Leave in Lieu of Accrual (LILA) time reporting code was not consistently monitored and adjusted in a timely manner. As a result, LILA hours were not always reconciled to the appropriate leave accrual balances in accordance with Core-CT procedures.

During the audit period, time and attendance reporting relied in part on manual and decentralized processes, which limited the agency's ability to perform consistent, centralized monitoring of LILA usage. Contributing factors included staffing constraints following the agency's transition to independence and the absence of standardized procedures to routinely review and adjust LILA balances across bargaining units and locations.

While LILA was intended to be used as a temporary reporting mechanism, the lack of formalized oversight and documented review increased the risk that adjustments were delayed or not completed consistently.

To address this finding, CTECS is implementing the following corrective actions:

- Improved Monitoring of LILA Usage
  Reinforcing payroll oversight to regularly review LILA entries and ensure timely adjustment to the appropriate leave accrual balances.

- Standardization of Procedures
  Developing written guidance to clarify the proper use of the LILA time reporting code and the required reconciliation process.

- System-Based Controls
  Continuing the transition to Core-CT Self Service functionality to strengthen system controls, improve visibility of leave usage, and enhance audit trails.

- Risk Mitigation Going Forward

Prioritizing LILA monitoring as part of ongoing payroll oversight activities within existing staffing resources.

These actions are intended to strengthen internal controls and improve compliance on a 'go-forward' basis. They do not alter the conditions that existed during the audit period but reflect management's commitment to improving payroll accuracy and leave balance integrity."

Finding 11
Lack of Timesheet Oversight

Criteria

Sound business practices dictate that employees certify time worked, and managers or supervisors approve employee timesheets prior to issuing payment. Supervisors should have direct knowledge of work hours and locations.

Proper internal controls and state record retention requirements dictate that the agency should retain timesheets, attendance records, and manual adjustments to employee leave balances with evidence of justification and approval.

Condition

During the audited period, CTECS lacked formal written procedures for reviewing, approving, and retaining timesheets and other records, to support leave balance adjustments.

CTECS did not document why it adjusted leave balances for 20 employees during the audited period, totaling 2,792 hours. Fourteen of the 20 adjustments exceeded 100 hours each. We were unable to determine whether this was proper.

Of 25 employees' Core-CT timesheets reviewed during the audited period, CTECS was unable to provide the signed and approved timesheets which were to be submitted from the field to the timekeepers for entry into Core-CT.

Context

CTECS made 652 leave plan adjustments of ten or more hours totaling 18,511 hours during the audited period. We judgmentally selected and reviewed 20 of the highest adjustments and the corresponding timesheet periods in which those adjustments occurred and haphazardly selected five additional employees to review timesheet approvals only, totaling 25 selections.

Effect

There is reduced assurance that employee pay and leave adjustments were accurate and properly approved, resulting in a higher risk of fraud.

Cause

CTECS did not adopt a centralized formal timesheet approval and leave plan adjustment procedure during the audited period.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should develop and implement internal controls over the review, approval, and retention of timesheets and leave plan adjustments.

Agency Response

"We agree with this finding. During the audit period, timesheets were submitted and approved using manual processes, and oversight was not consistently documented or uniformly applied. This condition was influenced by staffing constraints, competing operational demands, and reliance on manual submission and approval methods, which limited management's ability to consistently evidence supervisory review. While timesheets were collected and payroll was processed, the absence of standardized procedures and retained documentation of supervisory approval reduced management's ability to demonstrate effective oversight and compliance during the audit period.

To address this finding, management has prioritized corrective actions that are achievable within current staffing capacity and can be demonstrated by the next audit cycle:

- Standardizing Manual Timesheet Oversight During Transition
  Written procedures will be implemented outlining supervisory responsibilities for reviewing and approving manually submitted timesheets, including verification of hours worked, leave usage, overtime authorization, and compliance with applicable policies. Documentation of review and approval will be retained during the transition period.

- Transition to Electronic Timesheet Submission
  The organization is currently transitioning to Core-CT Self Service, under which all timesheets will be submitted electronically by employees and routed directly to supervisors for review and approval. This system will provide standardized workflows, electronic approvals, and audit trails to strengthen oversight and documentation.

- Compensating Controls and Monitoring
  During the transition, compensating controls such as periodic management spot checks and secondary reviews will be performed and documented to mitigate risk associated with manual processes.

- Training and Accountability

Supervisors and staff will receive guidance on timesheet expectations, approval responsibilities, and documentation requirements, as well as training related to the Core-CT Self Service process.

Management will monitor adherence to these controls and adjust oversight practices as the electronic system is fully implemented. These actions represent a realistic and measurable approach to strengthening timesheet oversight and preventing recurrence of this finding."

Finding 12

Lack of Telecommuting Approvals

Criteria

The Department of Administrative Services (DAS) is responsible for implementing telecommuting guidelines for state employees according to Section 5-248i(a) of the General Statutes. Appendix A of the Office of Labor, Agreement on Final Telework Policy, lists all the bargaining units approved for telework. Employees in classification in Appendix A may apply for telework through the online portal on the DAS website. Employees must reapply every six months.

Agencies must provide DAS records of approved and denied telework requests in a format prescribed by DAS.

Condition

Two employees in senior positions appeared to telecommute, and CTECS failed to provide approved telecommuting schedules in accordance with DAS policy.

Context

The exceptions were incidental to our general payroll review as it was noted that a senior official was working from home when required to be in the office.

Effect

Without completed telework applications, agencies are exposed to a high risk of potential abuse of telecommuting, miscommunication, and an inability to verify employee telework schedules.

Cause

The condition resulted from a lack of management oversight.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should comply with the Department of Administrative Services

telecommuting guidelines and prohibit employees from teleworking without an approved agreement.

Agency Response

"We agree with this finding in part. The DAS Telework Agreement is only for the following bargaining units: NP-2, NP-3, NP-5, NP-6, P-1, P-2, P-3A, P-3B, P-4, P-5, P-6, P-7, P-8, and AFSCME Local 1588-covered Employees in the Office of Higher Education. This agreement was also extended to non-represented employees.

Employees in AFSA have a telework agreement within their union contract. The process for applying for telework if you are an AFSA member is different than the process for other individuals based on if they are utilizing the DAS telework agreement. CTECS needs to establish a better process for AFSA to request telework.

In addition, there is some telework that is being approved via an ADA accommodation, and it is going through a different approval process.

Lastly, we have informed IT of issues with the new online telework approval process, whereby approvals are only remaining within the system for 90 days. Following the approval, managers are losing access to their telework approvals. HR will work with IT to resolve this issue."

Auditors' Concluding Comments

The two employees noted in the Condition are not AFSA members.

Finding 13

Purchasing Internal Control Deficiencies

Criteria

The State Accounting Manual states that agencies must maintain uniform accounts payable processes with proper internal controls. It also requires that agencies certify expenditure accuracy, confirm that each payment has supporting documentation (receipt, approved purchase order or contract), and ensure payments are made only from original vendor invoices.

Section 4-98 of the General Statutes states that no budgeted agency may incur any obligation except by the issuance of a purchase order transmitted to the State Comptroller to commit to the agency's appropriations to ensure that funds are available for the purchase.

CTECS' procedures require an OF-95 requisition form for all purchases. Invoices cannot be paid unless principals approve

purchase orders at the school level, and the superintendent approves them at the central office using this form.

Condition

CTECS has no purchasing policies or procedures that assist with accuracy and completeness of the purchasing process.

Our review of 25 expenditures, totaling $12,439, found six missing OF-95 forms, eight missing approvals on OF-95 forms, five missing invoices, two underfunded at the time of purchase, one lack of itemization on vendor invoice, one recorded in the incorrect fiscal year, two recorded to incorrect accounts, one purchase made prior to the approved purchase order, one with no evidence of receipt, and two instances in which purchase information did not match Core-CT.

CTECS processed a fraudulent $33,300 vendor invoice submitted with a falsified OF-95 requisition form sent from a hacked email account. Contrary to CTECS procedures, the OF-95 lacked the required principal and superintendent approvals.

Context

We randomly selected 25 expenditures with 12 expenditures totaling $5,252 from fiscal year 2023 with a population totaling $40.3 million and 13 expenditures totaling $7,187 from fiscal year 2024 with a population totaling $51.8 million. The expenditure selection excluded personal services and utilities.

CTECS reported the hacked email and fraudulent payment to the Office of the State Comptroller and the Auditors of Public Accounts as required. After the incident, CTECS implemented a verbal verification process and planned to adopt an online fiscal processing system. The fraud was also reported to the Federal Bureau of Investigation and Connecticut State Police for investigation.

Effect

The system did not minimize the risk of errors and fraud to safeguard funds, which it did not properly control.

Cause

CTECS did not sufficiently allocate resources to the development, implementation, and oversight of internal controls governing the purchasing process.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System (CTECS) should strengthen internal controls governing the purchasing process.

Agency Response

“We agree with this finding. We acknowledge that during the audit period, purchasing activities were not consistently supported by fully

documented and standardized procedures. This condition was influenced by staffing constraints, decentralized purchasing activity, and the use of differing processes for grant-funded purchases versus general-fund purchases, which limited consistent application of approvals, documentation retention, and supervisory oversight.

While purchases were made to support operational and programmatic needs, the absence of uniform procedures and centralized monitoring reduced management's ability to consistently demonstrate compliance with procurement requirements, particularly for grant-funded expenditures subject to additional regulatory requirements.

To address this finding, management has prioritized corrective actions that are achievable within current staffing capacity and can be demonstrated by the next audit cycle:

- Standardizing Purchasing Procedures by Funding Source
  Written standard operating procedures (SOPs) will be implemented that clearly distinguish purchasing requirements for grant-funded versus general-fund expenditures. These procedures will address approval thresholds, documentation standards, allowability, and compliance with applicable grant and state procurement requirements.

- Strengthening Pre-Approval and Documentation Controls
  All purchases will require documented pre-approval in accordance with established thresholds. For grant-funded purchases, additional documentation supporting allowability, funding availability, and grant compliance will be required and retained.

- Centralized Oversight and Monitoring
  Management will perform periodic reviews of purchasing activity across both funding sources to ensure compliance with established procedures and documentation requirements. Exceptions will be identified and addressed promptly.

- Compensating Controls for Staffing Constraints
  Where staffing limitations restrict full segregation of duties, compensating controls such as secondary review and management spot checks will be implemented and documented.

- Training and Accountability
  Staff involved in purchasing and grant administration will receive guidance on updated procedures, with emphasis on the distinction between grant-funded and general-fund purchasing requirements.

Management will monitor adherence to these controls and adjust procedures as staffing resources improve."

Finding 14

Lack of Purchasing Card Internal Controls

Criteria

The State Comptroller's Purchasing Card Manual, states that purchasing card holders are responsible for completing their agency's reconciliation process, recording all purchases in a purchasing log, and maintaining all supporting documentation (such as receipts and packing slips). The manual also requires that cardholders must clearly state that purchases are exempt from sales tax.

The Office of the Comptroller Memorandum No. 2015-05 requires that newly acquired controllable property having a value of less than $5,000 must be reviewed to ensure assets are reported correctly.

Condition

Our review of 25 purchasing card transactions, totaling $65,226, disclosed 13 transactions without supporting documentation and 12 missing a purchase log. We also identified the system inappropriately paid sales taxes, recorded erroneous account codes in Core-CT, and did not record controllable property in property control records.

Context

We selected 25 transactions from multiple purchase cards. For fiscal year 2023, we judgmentally selected the three highest purchasing card transactions and randomly selected nine expenditures totaling $25,609 from a population of $364,484. For fiscal year 2024, we judgmentally selected the three highest purchasing card transactions and randomly selected ten additional expenditures totaling $39,617 from a population of $564,450.

Effect

There is an increased risk of misuse of purchasing cards when policies and procedures are not followed.

Cause

The lack of support and noncompliance with the Purchasing Card Manual appears to be due to a lack of management oversight.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education Career System should increase managerial oversight of purchasing card transactions to

ensure compliance with the State Comptroller's Purchasing Card Manual.

Agency Response

"We agree with this finding. We acknowledge that during the audit period, purchase card (P-Card) activity was not consistently supported by complete documentation, timely reconciliation, and uniform supervisory oversight. This condition was influenced by staffing constraints, decentralized card usage, and inconsistent application of existing procedures, which limited management's ability to consistently demonstrate compliance with purchasing and internal control requirements.

While purchase cards were used to support operational needs and reduce procurement delays, weaknesses in documentation retention, reconciliation timeliness, and review practices increased the risk of noncompliance and reduced transparency.

To address this finding, management has prioritized corrective actions that are achievable within current staffing capacity and can be demonstrated by the next audit cycle:

- Clarifying Purchase Card Procedures and Expectations
  Written procedures will be reinforced outlining allowable P-Card use, required supporting documentation, approval thresholds, and reconciliation timelines. These procedures will apply to both individual and department cards.

- Strengthening Documentation and Reconciliation Controls
  All P-Card transactions will require supporting documentation, including receipts, business purpose, and funding source. Transactions will be reconciled in a timely manner, with documentation retained and available for audit review.

- Supervisory Review and Oversight
  Supervisory review and approval of reconciled P-Card transactions will be required and documented. Management will perform periodic reviews of P-Card activity to identify exceptions, trends, or noncompliance.

- Compensating Controls for Staffing Constraints
  Where staffing limitations restrict layered review, compensating controls such as secondary review, management spot checks, and focused reviews of higher-risk transactions will be implemented and documented.

- Training and Accountability
  Cardholders, supervisors, and fiscal staff will receive guidance on P-Card responsibilities, documentation requirements, and compliance expectations.

Noncompliance will be addressed through corrective action, up to and including card suspension if warranted.

Management will monitor adherence to these controls and adjust procedures as staffing resources improve."

Finding 15

Property Control – Failure to Record and Report Assets Properly

Criteria

The State Property Control Manual sets forth the requirements for performing annual inventory, maintaining accurate property control records, submitting annual inventory reports to the Office of the State Comptroller, developing and implementing agency-wide policies and procedures for asset management, and tracking and maintaining accurate software records using a specific structure.

Condition

The Connecticut Technical Education and Career System did not perform annual physical inventories, promptly submit annual inventory reports to the State Comptroller, develop and implement agency-wide policies and procedures, and maintain and reconcile accurate software records.

We reviewed ten disposed items. We noted five of these assets took CTECS between 90 and 265 days to remove from their records after disposition. We could not determine if CTECS properly removed five other assets from their records. Three of these items, totaling $210,374, included a van, a bus, and a router machine. CTECS did not document the transfer of ownership, and we could not identify the resulting benefit from the trade-in process.

Context

CTECS reported $69,789,661 in primarily equipment on its inventory form for both fiscal years 2023 and 2024.

According to the State Comptroller's records, CTECS disposed of 215 and 570 items for fiscal years 2023 and 2024. Disposals totaled $582,598 and $3,746,184, respectively. We selected ten items, five from each year totaling $264,976 to follow up on a prior finding. We judgmentally selected five larger items and five haphazardly from the combined list of disposals.

Effect

There is less assurance that state property is secure from losses due to theft or fraud.

Cause

It appears that a lack of internal controls, managerial oversight and staff contributed to this condition.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should comply with the Office of the State Comptroller's requirements to implement effective internal controls over asset management.

Agency Response

"We agree with this finding. We acknowledge that during the audit period, asset additions, transfers, and disposals were not consistently recorded and reported in a timely and uniform manner. This condition was influenced by decentralized asset activity across multiple locations, reliance on manual documentation and handoffs, and staffing constraints, which limited the ability to implement full segregation of duties and continuous monitoring.

While assets were acquired and utilized to support operations and instructional programs, weaknesses in documentation flow, tagging, reconciliation, and oversight reduced management's ability to demonstrate full compliance with state property control requirements and CO-59 reporting.

To address this finding, management has prioritized corrective actions that are achievable within current staffing capacity and can be demonstrated by the next audit cycle:

- Standardizing Asset Management and CO-59 Procedures
  Written procedures will be reinforced to clearly define requirements for identifying, tagging, recording, transferring, and disposing of assets. These procedures will explicitly link asset activity to CO-59 reporting and define responsibilities at both the school and central office levels.

- Strengthened Reconciliation as a Compensating Control
  Given staffing limitations, reconciliations will serve as a primary compensating control. Periodic reconciliations will be performed between purchasing records, asset listings, physical inventory results, and the CO-59 Asset Management/Inventory Report. Discrepancies will be documented, reviewed by management, and resolved in a timely manner.

- Targeted Physical Inventory and Verification
  Physical inventory procedures will be reinforced with a risk-based approach, prioritizing higher-value and higher-risk asset categories. Inventory results will be reconciled to asset records and CO-59 reporting data, with documented supervisory review.

- Management Oversight and Spot Checks
  Where full segregation of duties is not feasible, compensating controls will include documented management spot checks, secondary reviews, and targeted monitoring of asset additions, disposals, and transfers to ensure accuracy and completeness.

- Training and Accountability
  Staff involved in purchasing, receiving, inventory, and reporting will receive guidance on asset identification, documentation standards, reconciliation requirements, and CO-59 reporting expectations.

Management will monitor adherence to these compensating controls."

Finding 16

Reporting Systems – Internal Controls and Noncompliance over Reporting Requirements

Criteria

Various sections of the General Statutes, State Accounting Manual, and state policies require the Connecticut Technical Education and Career System (CTECS) to submit reports. An adequate system of internal control should include a method for management to track and monitor the submission or posting of mandated reports.

Condition

CTECS did not have a policy to track and could not supply a list of its required reporting requirements. CTECS did not submit 26 statutorily required reports.

Context

We reviewed 31 reports CTECS was required to submit during the audited period.

Effect

Failure to comply with reporting requirements increases the risk that intended recipients will lack current information to make informed decisions about the system and its operations.

Cause

CTECS lacks internal controls and an effective centralized system to track and monitor its reporting requirements.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should establish internal controls and implement an effective centralized system to track its statutory reporting requirements.

Agency Response

"We agree with this finding. We acknowledge the audit's conclusion that the organization did not have sufficiently defined or consistently implemented internal control structures during the review period. While some informal practices existed, they did not meet the standards required for effective oversight, documentation, and compliance.

To address this gap, we are proposing to take the following corrective actions:

Strengthening the Internal Control Framework

- Developing a formal internal control framework aligned with applicable state, federal, and grant requirements.
- Creating documentation control objectives, control activities, and monitoring expectations across all core functions.

Clarifying Roles and Segregation of Duties

- Establishing clear role definitions, approval pathways, and segregation of duties for financial, procurement, and programmatic processes.
- Adding secondary review steps for high-risk or high-value transactions.

Standardizing Processes and Documentation

- Creating and implementing Standard Operating Procedures (SOPs) for procurement, contracting, grant management, fiscal reconciliation, and reporting.
- Introducing standardized templates, checklists, and documentation protocols to ensure consistency and audit readiness.

Implementing Monitoring and Quality Assurance

- Launching a quarterly internal review process to assess adherence to controls and identify areas for improvement.
- Assigning process owners responsible for ongoing monitoring and corrective action.

Building Staff Capacity

- Providing staff training on the new control structures, documentation expectations, and compliance requirements.

- Integrating internal control training into onboarding for new employees.

We are committed to maintaining strong internal controls that safeguard resources, ensure compliance, and support transparent, accountable operations. These corrective actions steps will strengthen our internal environment and will support continuous improvement moving forward."

Finding 17

Reporting Systems – Noncompliance with Agency Administered Construction Projects

Criteria

The Department of Administrative Services (DAS) Agency Administered Projects (AAP) Procedure Manual authorizes agencies to perform certain construction project activities and establishes specific requirements, including a request for approval using various forms depending on the project, quarterly status reports for active projects, closeout procedures, a certificate of compliance, and Form 715F, to certify that the completed project is in substantial compliance with state building and other applicable code requirements.

Condition

CTECS failed to provide evidence that it submitted proper documentation in accordance with the DAS AAP Manual for all ten projects reviewed. CTECS failed to provide certificates of compliance for all ten projects to prove the projects were in substantial compliance with state building and other applicable code requirements.

Context

CTECS reported 19 and 18 agency administered projects for fiscal years 2023 and 2024, respectively. We haphazardly selected ten projects, five from each fiscal year to follow up on a prior finding. We did not receive information on the project costs.

Effect

Failure to comply with the Agency Administered Projects Manual increases the risk of noncompliance with building and life safety reporting requirements.

Cause

CTECS lacks adequate internal controls over its administered projects.

Prior Audit Finding

This finding has previously been reported in the last five State Department of Education audit reports covering the fiscal years 2009 through 2022. We previously reported on CTECS under the State Department of Education.

Recommendation

The Connecticut Technical Education and Career System should establish internal controls and ensure compliance with the Department of Administrative Services Agency Administered Projects Manual.

Agency Response

"We agree with this finding. We acknowledge the audit's conclusion that the organization did not have sufficiently defined or consistently implemented internal control structures during the review period. While some informal practices existed, they did not meet the standards required for effective oversight, documentation, and compliance.

To address this gap, we are proposing to take the following corrective actions:

Strengthening the Internal Control Framework

- Developing a formal internal control framework aligned with applicable state, federal, and grant requirements.
- Creating documentation control objectives, control activities, and monitoring expectations across all core functions.

Clarifying Roles and Segregation of Duties

- Establishing clear role definitions, approval pathways, and segregation of duties for financial, procurement, and programmatic processes.
- Adding secondary review steps for high-risk or high-value transactions.

Standardizing Processes and Documentation

- Creating and implementing Standard Operating Procedures (SOPs) for procurement, contracting, grant management, fiscal reconciliation, and reporting.
- Introducing standardized templates, checklists, and documentation protocols to ensure consistency and audit readiness.

Implementing Monitoring and Quality Assurance

- Launching a quarterly internal review process to assess adherence to controls and identify areas for improvement.
- Assigning process owners responsible for ongoing monitoring and corrective action.

Building Staff Capacity

- Providing staff training on the new control structures, documentation expectations, and compliance requirements.
- Integrating internal control training into onboarding for new employees.

We are committed to maintaining strong internal controls that safeguard resources, ensure compliance, and support transparent, accountable operations. These corrective action steps will strengthen our internal environment and will support continuous improvement moving forward."

Finding 18

Lack of Policy and Procedures over Petty Cash

Criteria

The State Accounting Manual requires that internal controls over petty cash should be documented in an agency's petty cash policy or procedures.

Sound internal controls dictate that departmental policies and procedures should reflect current practices and be available to all users.

Condition

CTECS has not developed a written policy and procedures over petty cash since separating from the State Department of Education.

Context

The Office of the State Comptroller and the Office of the State Treasury approved and authorized $10,000 in response to CTECS' request to establish a petty cash account. Each of the 18 schools has between $250 to $600 of petty cash funds. Our review was limited to determining if CTECS had policies and procedures to guide employees and whether the administration appropriately monitored petty cash activities.

Effect

The failure to provide policies and procedures and appropriate monitoring of petty cash does not provide the necessary guidance to staff. The risk of misappropriation due to error or fraud increases when internal controls are not followed.

Cause

Management did not appropriately prioritize the development of policies and procedures over petty cash.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should establish a system policy and procedures over petty cash in accordance with the State Accounting Manual.

Agency Response

"We agree with this finding. We acknowledge that during the audit period, petty cash activity was not governed by current, formally adopted, and consistently applied written policies and procedures. While limited guidance existed in older or program-specific documentation, petty cash controls were not standardized or uniformly implemented, which reduced management's ability to demonstrate adequate oversight, accountability, and compliance.

Petty cash was maintained to support limited operational needs; however, the absence of updated procedures and consistent documentation practices increased risk and reduced transparency. To address this finding, management has prioritized corrective actions that are achievable within current staffing capacity and can be demonstrated by the next audit cycle:

- Establishing Formal Petty Cash Policies and Procedures
  Written policies and procedures will be developed and implemented governing petty cash use, including allowable expenditures, fund limits, custodial responsibility, documentation requirements, reconciliation expectations, and replenishment processes.

- Minimizing Reliance on Petty Cash
  Management will evaluate petty cash usage and reduce or eliminate petty cash where feasible by utilizing alternative purchasing methods, such as purchase orders or purchase cards, which provide stronger controls and audit trails. Petty cash will be maintained only where operationally necessary and appropriately justified.

- Designating Custodial Responsibility and Safeguards
  Where petty cash is retained, custodians will be formally designated and responsible for safeguarding funds, maintaining logs and receipts, and ensuring that cash on hand plus documentation equals the authorized fund balance.

- Strengthening Oversight and Reconciliation
  Periodic reconciliations and supervisory reviews will be performed and documented. Compensating controls, including management spot checks, will be implemented where staffing constraints limit layered review.

- Training and Accountability
  Staff involved in petty cash handling will receive guidance on updated procedures and expectations to ensure consistent application.

Management will monitor compliance with these controls and continue to reduce reliance on petty cash as alternative procurement methods are expanded."

Finding 19

Student Activity Fund - Dormant Accounts

Criteria

The Connecticut Technical Education and Career System (CTECS) has published extensive policies and procedures to establish controls over student activity program funds. The policies and procedures define proper control responsibilities for superintendents, principals, and others to provide reasonable assurance that assets are safeguarded, and transactions are authorized, valid, complete, and accurate. CTECS procedures state that when principal must be held in trust, the funds will be deposited in an interest-bearing account, preferably the Treasurer's Short Term Investment Fund (STIF).

Condition

Over $1 million in student activity funds currently sit dormant within the Treasurer's Short Term Investment Fund. In addition, one school could not provide its checking account trial balance for fiscal year 2024.

Context

STIF account balances as of June 30, 2024, totaled $1,425,233. Each school's balance ranged from $19,605 to $518,700.

Effect

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

Cause

A lack of training for CTECS business staff contributed to this condition. Administrators hesitate to access historical funds to support current activities.

Prior Audit Finding

This finding has previously been reported in the last three State Department of Education audit reports covering the fiscal years 2016 through 2022. We previously reported on CTECS under the State Department of Education.

Recommendation

The Connecticut Technical Education and Career System should train its business staff regarding the maintenance and utilization of student activity program funds.

Agency Response

"We agree with this finding. We acknowledge that during the audit period, Student Activity Fund (SAF) activities were not consistently supported by standardized procedures, complete documentation, and uniform oversight. While policies and guidance for SAF operations existed, they were not consistently applied across all locations and activities, which limited management's ability to demonstrate effective internal controls and compliance.

SAF transactions were processed to support student programs; however, weaknesses in documentation retention, approval practices, reconciliation, and supervisory review increased the risk of error and reduced transparency.

To address this finding, management has prioritized corrective actions that are achievable within current staffing capacity and can be demonstrated by the next audit cycle:

- Standardizing SAF Procedures and Expectations
  SAF policies and procedures will be reviewed, clarified, and reinforced to ensure consistent application across all schools and programs. This includes requirements for collections, disbursements, approvals, documentation, deposits, and reconciliations.

- Strengthening Documentation and Reconciliation
  All SAF transactions will require appropriate supporting documentation and recorded approvals. Regular reconciliations of SAF activity will be performed and retained, with evidence of supervisory review available for audit review.

- Clarifying Roles and Oversight Responsibilities
  Roles and responsibilities for SAF oversight, including advisors, business office staff, and management, will be clearly communicated to ensure accountability and segregation of duties where feasible.

- Oversight and Compensating Controls
  Where staffing constraints limit layered review, compensating controls such as periodic management spot checks and targeted reviews of higher-risk activities will be implemented and documented.

- Training and Accountability
  Staff and advisors involved in SAF activities will receive guidance on procedures, documentation standards, and compliance expectations to promote consistent application.

Management will monitor adherence to these controls and adjust practices as staffing resources improve. These actions represent a realistic and measurable approach to strengthening Student Activity Fund controls and preventing recurrence of this finding."

Finding 20

Student Activity Fund - Trustee Dividend Payments

Criteria

The Connecticut Technical Education and Career System (CTECS) Student Activity Program Policies and Procedures Manual allows for donations of securities. Internal Revenue Service (IRS) Publication 1281 states that payers making certain payments must withhold a specified percentage and remit it to the IRS under certain conditions. Dividends and interest payments are subject to backup withholding if the payee has not completed IRS Form W-9 to tax certify their account.

Condition

Our review identified common stock in which the dividend payments included federal withholding taxes deducted at a 27.5% rate from May 2022 to August 2024 and a 52% rate prior to May 2022.

Context

This is the only instance of stock owned by CTECS.

Effect

The Student Activity account is not receiving the full benefit of the common stock dividend due to the federal withholding reduction.

Cause

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

Prior Audit Finding

This finding has previously been reported in the last three State Department of Education audit reports covering the fiscal years 2016 through 2022. We previously reported on CTECS under the State Department of Education.

Recommendation

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

dividends. If the system cannot accomplish this certification, it should seek assistance from the Office of the Attorney General.

Agency Response

"We agree with this finding. We acknowledge that during the audit period, Student Activity Fund (SAF)/program activities were not consistently supported by standardized procedures, complete documentation, and uniform oversight. While policies and guidance for SAF operations existed, they were not consistently applied across all locations and activities, which limited management's ability to demonstrate effective internal controls and compliance.

SAF transactions were processed to support student programs; however, weaknesses in documentation retention, approval practices, reconciliation, and supervisory review increased the risk of error and reduced transparency.

To address this finding, management has prioritized corrective actions that are achievable within current staffing capacity and can be demonstrated by the next audit cycle:

- Standardizing SAF Procedures and Expectations
  SAF policies and procedures will be reviewed, clarified, and reinforced to ensure consistent application across all schools and programs. This includes requirements for collections, disbursements, approvals, documentation, deposits, and reconciliations.

- Strengthening Documentation and Reconciliation
  All SAF transactions will require appropriate supporting documentation and recorded approvals. Regular reconciliations of SAF activity will be performed and retained, with evidence of supervisory review available for audit review.

- Clarifying Roles and Oversight Responsibilities
  Roles and responsibilities for SAF oversight, including advisors, business office staff, and management, will be clearly communicated to ensure accountability and segregation of duties where feasible.

- Oversight and Compensating Controls
  Where staffing constraints limit layered review, compensating controls such as periodic management spot checks and targeted reviews of higher-risk activities will be implemented and documented.

- Training and Accountability
  Staff and advisors involved in SAF activities will receive guidance on procedures, documentation standards, and compliance expectations to promote consistent application.

In addition, CTECS has met with the State Treasurer's office to understand policies related to these funds and educate fiscal staff to improve compliance. Management will monitor adherence to these controls and adjust practices as staffing resources improve. These actions represent a realistic and measurable approach to strengthening Student Activity Fund controls and preventing recurrence of this finding."

Finding 21

Noncompliant Network Security Policy

Background

The Office of Policy and Management (OPM) established the Network Security Policy and Procedures reporting requirements and associated standards to ensure that critical information is protected, and data flow is not interrupted by unauthorized access.

Criteria

The OPM Network Security Policy requires each agency's network security policy address provisions about system access control (passwords and logins), system privileges (granting and revoking access), and computer network changes (external connections, and wireless use).

Condition

The CTECS Network Security Policy is not compliant with the OPM Network Security Policy since it does not sufficiently address the OPM provisions.

Context

Network security policies affect all computers connected to state networks. Such infrastructure provides essential support for agency operations.

Effect

Information on state networks can be compromised, modified, or viewed by unauthorized individuals.

Cause

The condition appears to be due to a lack of management oversight.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should work with the Department of Administrative Services to revise their Network Security Policy to comply with the Office of Policy and Management Network Security Policy.

CTECS Response

"We agree with this finding. While key network security controls are currently implemented and operating, the formal Network Security Policy does not comprehensively comply with all aspects of the controls, roles, and standards set by OPM.

Corrective Action Plan:
Management has revised and completed the Network Security Policy updates to ensure it fully documents network security standards as set by OPM.

The updated policy is being reviewed by CTECS' Legal Department and appropriate stakeholders, and we're awaiting formally approval. Once approved, it will be communicated to relevant staff and incorporated into ongoing security governance processes."

DAS Response

"DAS acknowledges this finding; however, conditions have changed since the initial finding was reported, and statewide policy work will therefore have greater applicability to this area in the future. DAS-BITS and OPM jointly established the IT Policy & Governance Steering Group under the published IT Policy Governance Process (effective July 25, 2025), pursuant to C.G.S. §§ 4-5, 4-8, 4-65a, 4-66, 4d-1(3), and 4d-8a. All policies align with NIST CSF 2.0. The Steering Group has published the IT Information Security Policy and Cyber Incident Response Planning Policy, with Foreign Travel, Password, and Data Classification policies in progress. Each sets minimum security baselines for all executive branch agencies.

An Access Control Policy covering the full account lifecycle is targeted for publication this fiscal year, alongside Acceptable Use and other IT security policies. These will formalize the controls DAS BITS staff already follow operationally and improve controls alignment where appropriate.

One of the Steering Group's key goals is to author statewide IT security policies that establish the floor, not the ceiling, of security controls. Agencies may adopt statewide policies directly or develop their own complementary policies, provided those policies meet or exceed the statewide baseline.

CTECS can adopt this statewide policy, which would directly address the auditor's concerns."

Finding 22

Lack of Disaster Recovery Plan

Criteria

The National Institute of Standards and Technology (NIST) Special Publication 800-53 recommends establishing a contingency plan

addressing critical processes and functions that includes alternate resources to resume processing, identification of responsible personnel, and restoration priorities. The plan should be properly distributed and regularly tested.

Condition

CTECS has not developed a comprehensive disaster recovery plan.

Context

All of CTECS' mission critical software is software as a service (SaaS) which is purchased from outside vendors. This includes PowerSchool's application which is the Student Information System for CTECS. This application houses all demographic, grading, transcripts, schedules, attendance, instructional planning, and data dashboards for CTECS.

Effect

The lack of a comprehensive disaster recovery plan could contribute to delays in the recovery process in the event of an interruption to CTECS' information systems.

Cause

CTECS believes that their vendors are responsible for disaster recovery.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should work with the Department of Administrative Services to develop and routinely test a comprehensive information technology disaster recovery plan.

CTECS Response

"We agree with this finding. Management acknowledges the audit finding. While certain backup and recovery activities are performed operationally, a comprehensive, formally documented Disaster Recovery Plan has not been developed or approved.

Corrective Action Plan:
Management will develop and formally document a Disaster Recovery Plan that defines the approach for restoring critical IT systems and services following a disruptive event. The plan will include, at a minimum:

- Identification and prioritization of critical systems and services.
- Defined roles and responsibilities for disaster recovery activities.
- Recovery objectives and general restoration procedures.

- Alignment with existing backup, incident response, and business continuity processes.

The completed plan will be reviewed by appropriate stakeholders, formally approved, and maintained as part of the organization's IT governance framework. Management will also establish a process for periodic review and updates to ensure continued relevance."

DAS Response

"DAS agrees that continuity planning for mission-critical business functions is essential. As the audit notes, CTECS primarily relies on a Software as a Service (SaaS) solution for its mission-critical applications. In this operating model, primary responsibility for restoring the underlying application, infrastructure, backups, and data resides with the SaaS providers in accordance with their contractual disaster recovery commitments. CTECS and DAS/BITS share responsibility for ensuring those capabilities meet the agency's operational needs through appropriate planning, vendor oversight, and continuity planning.

Corrective actions include:

- Review existing SaaS contracts to validate disaster recovery commitments, including documented recovery objectives, testing practices, and service level agreements.
- Incorporate verification of vendor disaster recovery capabilities into ongoing contract governance and vendor management processes.
- Develop and maintain agency Business Continuity Plans that address operational continuity during prolonged SaaS service interruptions.
- Periodically review and exercise business continuity procedures to ensure agency readiness and alignment with enterprise continuity standards.

DAS/BITS will continue partnering with CTECS to implement enterprise standards while supporting agency-specific operational requirements."

Finding 23

Lack of Contract for Purchase of Information Technology Services

Criteria

Section 4a-51 of the General Statutes gives the Department of Administrative Services (DAS) the authority to enter contracts for

state agency purchases. While this is intended to save money through the state's consolidated purchasing power, it only applies to services in the contracts.

Condition

CTECS purchased nearly $110,000 information technology services using a DAS contract that excluded these purchases. These services included $16,275 for subscriptions, $88,605 for maintenance, and $4,875 for virtual training.

Context

Contracted information technology services are varied and specialized, making it essential that each service is explicitly addressed within the contract.

Effect

CTECS may not have received the best possible pricing.

Cause

The condition appears to be due to a lack of management oversight.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should strengthen purchasing internal controls over information technology to ensure that purchases of services are specifically covered under a Department of Administrative Services contract.

Agency Response

"We agree with this finding. The software was originally procured, over 15 years ago, to meet a specific business need; however, its use was expanded to support additional functions that were not explicitly covered under the existing contractual agreement. This resulted in a misalignment between actual system usage and approved contractual terms.

Corrective Action Plan: Management will take the following actions to address the finding:

- Conduct a review of the current software usage to confirm alignment with business requirements and contractual terms.
- Work with procurement and legal stakeholders to either amend the existing contract to reflect actual usage or discontinue use of functionality that is outside the approved scope.
- Reinforce software acquisition and approval processes to ensure future vendor use is reviewed and approved prior to implementation or expansion of use.

- Update internal tracking and oversight practices in accordance with established software asset management policies.

Status / Target Completion:
Corrective actions, and an RFP for a state-wide PowerSchool contract, with the additional requirements, is in progress."

Finding 24

Assets Held by Unclaimed Property

Background

The Office of the State Treasurer's Unclaimed Property Division safeguards assets turned over in accordance with state law until the rightful owners are located. The division's primary objective is to reunite rightful owners or their heirs with unclaimed property. Businesses remit this property to the Treasurer after they lose contact with a person or entity after three to five years.

Criteria

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

Condition

The Office of the State Treasurer Unclaimed Property Division currently holds 17 technical high schools' dormant unclaimed property. We identified 90 items totaling $52,821 dating from 2006 through 2023, valued from $1 to $26,329.

Context

We noted 90 technical high school items on the Treasurer's unclaimed property website as of October 2025.

Effect

The technical high schools did not receive the full benefit of their property.

Cause

This was due to lack of staff and personnel changes.

Prior Audit Finding

This finding has been previously reported in the last three audit reports covering the fiscal years 2016 through 2022. We previously reported on CTECS under the State Department of Education.

Recommendation

The Connecticut Technical Education and Career System should contact the Office of the State Treasurer to claim 17 technical high schools' unclaimed property.

Agency Response

"We agree with this finding. While we have taken steps to claim this property, we have not successfully completed the task. We are operationalizing a meeting with the State's Treasurer Unclaimed Property Division to work in concert and resolve these pending items.

CTECS will also seek to further strengthen compliance and prevent recurrence, management has implemented the following actions:

- Ongoing Monitoring and Review
  Procedures have been reinforced to ensure periodic review of outstanding balances and identification of potential unclaimed property on a timely basis.

- Defined Responsibility and Oversight
  Responsibility for monitoring and reporting unclaimed property has been clarified within the fiscal function to ensure accountability and continuity despite staffing limitations.

- Documentation and Retention
  Evidence supporting unclaimed property review, submission, and resolution will be retained to demonstrate compliance in future audit periods."

Finding 25

Late Posting of Board of Director Minutes

Criteria

Section 1-225 of the General Statutes requires the meetings of all state agencies to be available for public inspection and posted to the agency's website no later than seven days after the meeting.

Condition

We reviewed 19 CTECS board of directors meeting minutes from fiscal years 2023 and 2024 and found they were posted 16 to 158 days late.

Context

The board previously operated under the State Department of Education and was transferred to CTECS when it became a separate entity.

Effect

The board did not comply with freedom of information requirements. As a result, the public could not review board activities.

Cause

These meetings occurred during COVID-19 and CTECS's transition as a new agency.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should work with its board to ensure it complies with the Freedom of Information Act.

Agency Response

"We agree with this finding. CTECS acknowledges that board of directors meeting minutes were not consistently posted in a timely manner and recognizes the importance of timely posting to support transparency, public access, and compliance.

The primary contributing factor to this finding was insufficient staff capacity to support board operations, including the preparation, distribution, and posting of board meeting packets, materials, and minutes.

While board related responsibilities have expanded, support for these functions was not adequately aligned to meet the operational demand. As a result, delays occurred in the timely posting of approved minutes.

While there continues to be no administrative assistant in the Executive Director's office, CTECS has prioritized board support and compliance by assignment to other staff. All meeting agendas are posted in a timely way, meeting recordings are made public, and minutes will be posted in compliance with state and FOIA rules. The CTECS website also houses all Advisory Board related meeting agendas and minutes."

Finding 26

Unauthorized Use of an External Payment System

Criteria

Section 3-112(a)(4) of the General Statutes indicates that the Comptroller shall prescribe the mode of keeping and rendering all public accounts of state departments or agencies and institutions supported by the state or receiving state aid appropriated by the General Assembly. The State Accounting Manual identifies Core-CT as the official book of record for the State of Connecticut.

In addition, agencies must secure the Office of the State Comptroller's (OSC) approval prior to establishing or revising any accounting procedures that affect official state records and/or procedures.

Condition

CTECS improperly utilized a contractor without the State Comptroller's approval to pay referees and umpires at various

vocational technical schools beginning July 1, 2023. The State Comptroller issued a cease-and-desist letter on December 27, 2023.

While CTECS discontinued use of the vendor and recouped $128,252 in unused funding, OSC noted duplicate payments to referees and umpires. Core-CT and the vendor's payment system paid $8,270 in 82 duplicate payments to referees and umpires during approximately six months in fiscal year 2024.

Context

The executive director signed the contract in April 2023. The system paid the contractor $38,930 in June 2023 for establishment and implementation of the payment system and an unlimited subscription. The system paid an annual average of $348,867 to referees and umpires from fiscal years 2021 to 2023.

Effect

In addition to the wasteful payments to the contractor, referees, and umpires, those who received duplicate payments were subject to potential tax implications. Statewide financial reporting would also be affected in the absence of recording such payments.

Cause

CTECS did not follow established procedures to use a vendor's payment system outside of Core-CT.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Technical Education and Career System should work with the Office of the State Comptroller to seek reimbursement of overpayments to referees and umpires.

Agency Response

"We agree with this finding. The Connecticut Technical Education and Career System (CTECS) acknowledges the finding related to the use of an external payment system for the payment of referees and umpires during fiscal year 2024.

CTECS utilized the vendor's payment system in connection with athletic officiating services during the agency's early operational period. At the time, CTECS management was not fully cognizant of the requirement to obtain prior approval from the Office of the State Comptroller (OSC) before establishing or using an external payment system outside of Core CT.

Upon receipt of the cease-and-desist letter issued by OSC on December 27, 2023, CTECS immediately discontinued use of the vendor and took steps to recoup unused funds associated with the contract, totaling $128,252.

CTECS worked with OSC to assess the payments processed through the vendor's system and confirmed that duplicate payments totaling $7,916 to referees and umpires occurred during the period of use.

CTECS is cooperating with OSC's ongoing efforts related to identifying and addressing these overpayments, including reimbursement and any related tax implications.

Since discontinuing use of the vendor, all referee and umpire payments are processed through Core CT, which is the State's official accounting system of record. CTECS management has reinforced internal controls and staff awareness regarding the requirement to obtain OSC approval prior to implementing any accounting procedures or payment methods that impact State financial records.

CTECS concurs with the recommendation and will continue to coordinate with the Office of the State Comptroller regarding reimbursement of the identified overpayments."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the Connecticut Technical Education and Career System (previously included in the State Department of Education) contained six recommendations strictly related to the Connecticut Technical Education and Career System, one has been implemented or otherwise resolved and five have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
The Connecticut Technical Education and Career System should contact the Office of the State Treasurer to claim 18 technical high schools' unclaimed property.	REPEATED Modified Form Recommendation 24
The Connecticut Technical Education and Career System should improve its controls to ensure that it complies with the Department of Administrative Services Agency Administered Projects Procedure Manual.	REPEATED Modified Form Recommendation 17
The Connecticut Technical Education and Career System should take the necessary steps to adequately and promptly address internal control deficiencies identified in internal audit reports.	RESOLVED
The Connecticut Technical Education and Career System should comply with established internal controls for processing cash receipts.	REPEATED Modified Form Recommendation 2
The Connecticut Technical Education and Career System should train its business staff regarding the maintenance and utilization of student activity program funds.	REPEATED Recommendation 19
The Connecticut Technical Education and Career System should take the appropriate steps to tax certify its student activity accounts to prevent the withholding of federal tax from common stock dividends. If the system cannot accomplish this certification, it should seek assistance from the Office of the Attorney General.	REPEATED Recommendation 20

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Connecticut Technical Education and Career System in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2023 and 2024. The objectives of our audit were to evaluate the:

1. The Connecticut Technical Education and Career System's internal controls over significant management and financial functions;

2. The Connecticut Technical Education and Career System's compliance with policies and procedures internal to the Connecticut Technical Education and Career System or promulgated by other state agencies, as well as certain legal provisions; and

3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

In planning and conducting our audit, we focused on areas of operations based on assessments of risk and significance. We considered the significant internal controls, compliance requirements, or management practices that in our professional judgment would be important to report users. The areas addressed by the audit included payroll and personnel, revenue and cash receipts, accounts receivable, purchasing and expenditures, asset management, reporting systems, information technology, student activity accounts, capital projects, unclaimed property, and petty cash. We also determined the status of the findings and recommendations in our prior audit report.

During fiscal year 2023, the State Department of Education administered accounts payable, accounts receivable, purchasing, budget management, travel, and general accounting for the Connecticut Technical Education and Career System. The Department of Administrative Services provided human resources and information technology services for the Connecticut Technical Education and Career System during the audited period. Our audit reviewed these functions, based on assessments of risk and significance, as they relate to the Connecticut Technical Education and Career System. Our review did not include reviewing other aspects of the State Department of Education's or Department of Administrative Services' operations.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the Connecticut Technical Education and Career System and certain external parties. We also tested selected transactions. Our transaction selections were designed to provide sufficient and appropriate evidence to support our findings, conclusions, and recommendations. This testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. We obtained this information from various available sources including the Connecticut Technical Education and Career System's management and state information systems. It was not subject to our audit procedures. For the areas audited, we identified

1. Deficiencies in internal controls;

2. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures; and

3. A need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Connecticut Technical Education and Career System.

ABOUT THE AGENCY

Overview

The roles and responsibilities of the Connecticut Technical Education and Career System (CTECS) are identified under Title 10, Chapter 164, Part VI of the General Statutes. It is established under Section 10-95 of the General Statutes, and is a public, statewide system of technical education and career schools that offer full-time comprehensive secondary education, as well as part-time and evening, programs in vocational, technical, technological, and post-secondary education and training. CTECS has approximately 11,000 technical high school students as well as 3,000 adult learners who attend part-time and evening apprenticeship and extension programs.

CTECS provides a unique and rigorous learning environment that: (1) ensures student academic success and trade/technology mastery; (2) prepares students for postsecondary education, including apprenticeships, and immediate productive employment; and (3) responds to employers' and industries' current and emerging global workforce needs and expectations through business/school partnerships.

CTECS was established as an independent agency effective July 1, 2022, in accordance with Public Acts 19-117 and 17-237. It previously existed under the State Department of Education.

Organizational Structure

CTECS is governed by a board that consists of 11 members: (1) four executives of Connecticut-based employers who are nominated by the Connecticut Employment and Training Commission established pursuant to Section 31-3h, and appointed by the Governor, (2) five members appointed by the State Board of Education, (3) the Commissioner of Economic and Community Development, and (4) the Labor Commissioner. The Governor shall appoint the chairperson. The chairperson of the CTECS board shall serve as a nonvoting ex-officio member of the State Board of Education.

The executive director is the agency head responsible for the system's operation, administration and financial accountability. The superintendent reports to the executive director and remains responsible for the operation and administration of the system's schools and all other educational matters. Dr. Ellen Solek served as CTECS executive director effective July 20, 2022, and resigned December 3, 2024. Dr. Alice Pritchard was appointed as the new executive director effective November 29, 2024, and continues to serve in such capacity.

The executive director and superintendent oversee CTECS administration, Legal, Labor Relations, Affirmative Action, Personnel, Communications, Pupil Services, Fiscal, Curriculum and Instruction, and School Development and Accountability departments. In accordance with a memorandum of understanding, the State Department of Education provided training to CTECS staff and the following functions for CTECS for fiscal year 2023: accounts payable, accounts receivable, purchasing, budget management, travel, purchase card program, and general accounting. The Department of Administrative Services provides the system's human resources and information technology services.

CTECS consists of 17 high schools, one technical education center, and two postgraduate schools for airframe mechanics and aircraft maintenance technology.

Significant Legislative Changes

Notable legislative changes that took effect during the audited period are presented below:

- Public Act 22-118, Sections 271 through 298 and 514, effective July 1, 2022, made numerous conforming, minor, and technical changes related to transitioning CTECS into an independent agency; addressed specific duties of the CTECS executive director and superintendent; and made conforming changes to maintain CTECS teachers and professional staff as members in the Teachers' Retirement System.

- Public Act 23-150, Section 8, effective July 1, 2023, required the CTECS board to study its programs to determine whether they align with available technical careers in Connecticut.

- Public Act 23-167, Section 33, effective June 28, 2023, required the Connecticut Technical Education Career System executive director to convene a working group to determine the feasibility, cost, and plan to develop an aerospace advanced manufacturing high school.

Financial Information

General Fund Receipts and Expenditures

General Fund receipts were $28,767 and $350,716 in fiscal years 2023 and 2024, respectively. A summary of General Fund expenditures during the audited period follows:

	Fiscal Year Ended June 30,	
	2023	2024
Personal Services	$ 163,387,475	$ 164,866,832
Other Expenses:		
Electricity	8,312,713	7,777,464
Natural Gas	2,218,349	1,927,698
Subscriptions	1,786,503	2,043,621
Premises Security Guards	1,971,579	1,183,945
Premises Repair/Maintenance Services	1,496,361	2,373,387
Other	11,142,481	13,106,522
Total	**$ 190,315,461**	**$ 193,279,469**

During the audited period, personal services accounted for 85 percent of the General Fund expenditures. The majority of Other Expenses was for utilities, maintenance, security and subscriptions.

Federal and Other Restricted Accounts Fund Receipts

A summary of Federal and Other Restricted Accounts Fund receipts during the audited period follows:

	Fiscal Year Ended June 30,	
	2023	2024
School Lunch Regional Vocational Technical Schools (RVTS) Federal	$ 6,435,604	$ 6,578,445
Individuals Disability Part B	3,539,004	2,251,720
Title I – Improving the Academic Achievement of the Disadvantaged	3,718,459	1,630,340
American Rescue – Intra-Agency	19,322,195	20,415
Other	1,060,583	2,379,844
Total	**$ 34,075,845**	**$ 12,860,764**

The decrease in fiscal year 2024 revenue was primarily due to the reduction of American Rescue Plan funding.

Federal & Other Restricted Accounts Fund Expenditures

A summary of Federal and Other Restricted Accounts Fund expenditures during the audited period follows:

	Fiscal Year Ended June 30,	
	2023	2024
School Lunch Regional Vocational Technical Schools (RVTS) Federal	$ 6,267,659	$ 8,766,360
Individuals Disability Part B	3,072,418	2,999,922
Title I – Improving the Academic Achievement of the Disadvantaged	3,174,246	4,048,678
American Rescue – Intra-Agency	8,195,704	16,641,543
School Emergency Relief – Elementary and Secondary School Emergency Relief (ESSER)	4,296,009	1,922,773
School Construction Projects	4,927,045	800,632
Other	1,707,682	2,117,925
Total	**$ 31,640,763**	**$ 37,297,833**

The fluctuation in School Lunch RVTS Federal was due to an increase of $1,344,391 in salaries and wages in fiscal year 2024. The fluctuation in Title I – Improving the Academic Achievement of the Disadvantaged was mostly due to a $612,000 increase in education and training for employees during fiscal year 2024. The fluctuation in American Rescue – Intra-Agency was due to an increase of $1,357,881 and $4,619,732 in salaries and wages and educational services, respectively for fiscal year 2024. The decrease in School Emergency Relief ESSER was due to the closing of the grant.

Vocational Education Extension Fund Revenue

The Vocational Education Extension Fund (VEEF), an enterprise fund, operates under the provisions of Section 10-95e of the General Statutes. The fund was used to account for the revenues and expenses of adult education programs during the audited period and includes an industrial account for production activities conducted at the Connecticut Technical Education and Career System. A summary of Vocational Education Extension Fund revenue during the audited period follows:

	Fiscal Year Ended June 30,	
	2023	2024
Non-Budgeted Operating Appropriation	$ 1,397,908	$ 1,670,908
Vocational Education Industrial Account	1,068,926	1,199,463
Total	**$ 2,466,834**	**$ 2,870,371**

Vocational Education Extension Fund Expenditures

A summary of Vocational Education Extension Fund expenditures during the audited period follows:

	Fiscal Year Ended June 30,	
	2023	2024
Non-Budgeted Operating Appropriation	$ 2,226,502	$ 2,850,489
Vocational Education Industrial Account	809,611	996,296
Total	**$ 3,036,113**	**$ 3,846,785**

The growth in expenditures for fiscal year 2024 appears to be due to increases in management consultant fees, subscriptions, food and beverages, and manufacturing supplies.

Capital Improvements and Other Expenditures

Capital improvements totaled $4,065,498 and $10,973,147 for fiscal years 2023 and 2024 and increased due to financing alterations, improvements, and equipment for the Technical High School System, as well as new and replacement vehicles for student transportation.