

Federal Single Audit
of the
State Education Resource Center
(A Component Unit of the State of Connecticut)
For the Year Ended June 30, 2020

**State Education Resource Center
(A Component Unit of the State of Connecticut)
For the Year Ended June 30, 2020**

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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditors' Report

**Board of Directors
State Education Resource Center**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Education Resource Center ("SERC"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SERC's basic financial statements, and have issued our report thereon dated January 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SERC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SERC's internal control. Accordingly, we do not express an opinion on the effectiveness of SERC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Board of Directors
State Education Resource Center**

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether SERC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SERC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SERC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 14, 2021

**Federal
Single
Audit**



**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance;
and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

Independent Auditors' Report

**Board of Directors
State Education Resource Center**

Report on Compliance for Each Major Federal Program

We have audited the State Education Resource Center's ("SERC") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SERC's major federal programs for the year ended June 30, 2020. SERC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of SERC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SERC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SERC's compliance.

**Board of Directors
State Education Resource Center**

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Opinion on Each Major Federal Program

In our opinion, SERC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of SERC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SERC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SERC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Board of Directors
State Education Resource Center**

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Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the State Education Resource Center, a component unit of the State of Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SERC's basic financial statements. We issued our report thereon dated January 14, 2021, which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 14, 2021

**State Education Resource Center
(A Component Unit of the State of Connecticut)**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
Passed through State Department of Education:				
State Administrative Expenses for Child Nutrition	10.560	12060-SDE64165-30634	\$ -	\$ 19,046
<u>U.S. Department of Education:</u>				
Passed through Capitol Region Education Council (CREC):				
Statewide Family Engagement Centers	84.310A	N/A	-	32,642
Passed through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	12060-SDE64300-20404-2020	-	10,694
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027A	12060-SDE64215-20977-2020	-	4,509,936
School Safety National Activities	84.184	12060-SDE64155-22684-2020	-	206,637
Education for Homeless Children and Youth	84.196A	12060-SDE64165-20770-2020	-	1,197
Supporting Effective Instruction State Grant	84.367	12060-SDE64300-20264-2020	-	5,288
Student Support and Academic Enrichment Program (Title IV)	84.424A	12060-SDE64180-22854-2020	-	18,831
Total U.S Department of Education				4,785,225
<u>U.S. Department of Health and Human Services:</u>				
Passed through State Department of Mental Health and Addiction Services:				
State Targeted Response to the Opioid Crisis Grants	93.788	12060-MHA51290	-	294,692
Total Federal Awards			\$ -	\$ 5,098,963

N/A - Not available or not applicable

See Notes to Schedule of Expenditures of Federal Awards.

**State Education Resource Center
(A Component Unit of the State of Connecticut)**

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

1. Basis of presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the State Education Resource Center ("SERC") under programs of the federal government. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Because the Schedule presents only a selected portion of the operations of SERC, it is not intended to and does not present the financial position, changes in net position, or cash flows of SERC.

2. Summary of significant accounting policies

- A. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B. Under agreement with the State of Connecticut Department of Education, SERC applies a restricted indirect cost rate of 10.77% to restricted programs and 32.97% unrestricted indirect cost rate to other programs.

3. Prior year findings and questioned costs

There were no prior year audit findings or questioned costs.

**State Education Resource Center
(A Component Unit of the State of Connecticut)**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

Type of auditors' report issued on compliance
for major programs: Unmodified Opinion

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR Section 200.516(a)? yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.027A	Special Education Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes x no

II - Findings - Financial Statement Audit

None.

III - Findings and Questioned Costs – Major Federal Award Programs Audit

None.