



University of Connecticut and University of
Connecticut Health Center

Financial Statements as of and for the year ended
June 30, 2020

Communication to the Joint Audit and Compliance
Committee

March 4, 2021



This document provides an outline of our audits of the University of Connecticut (UConn) and the University of Connecticut Health Center (UConn Health). It is intended for the use of the Joint Audit and Compliance Committee, UConn's Board of Trustees, UConn Health's Board of Directors, management and others affiliated with UConn and/or UConn Health. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this document is a matter of public record and its distribution is not limited. We would be happy to elaborate on any of the matters discussed herein, or any other matters of interest.



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Audit Opinions

The University of Connecticut system includes

- UConn
- UConn Health
- The University of Connecticut Foundation

We audited, and expressed opinions on the financial statements of, only

- UConn
- UConn Health
 - Includes the John Dempsey Hospital
 - Includes the Finance Corporation
 - Includes the UConn Medical Group

We do not audit

- The University of Connecticut Foundation. Legal restrictions essentially prevent us from accessing University of Connecticut Foundation records except in special circumstances.

Audit opinions

- UConn's basic financial statements present fairly, in all material respects, the financial position of UConn as of June 30, 2020 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.
- UConn Health's basic financial statements present fairly, in all material respects, the financial position of UConn Health as of June 30, 2020 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reliance on Other Auditors

We placed reliance on audits performed by other auditors of

- The John Dempsey Hospital
- The Finance Corporation
- The UConn Medical Group

We did not review the working papers of the other auditors

- We relied on their professional reputation.
- We performed various supplementary audit procedures that addressed component units of UConn Health.
- We requested representations from the other auditors stating that they were:
 - o Independent
 - o Aware that we intended to place reliance on their audits
 - o Familiar with applicable accounting and auditing standards



Internal Control

Internal control

- An audit involves consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Accordingly, we express no such opinion regarding UConn's or UConn Health's internal control.
- However, we did evaluate internal control and did place reliance on internal control in our audits of UConn and UConn Health.
- We are required to report significant control deficiencies (conditions less severe than a material weakness, yet important enough to merit attention by those charged with governance) and material weaknesses (control deficiencies that create 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) to management and those charged with governance.

Integration with Other Audits

Integration with other audits

- Audit procedures carried out to support our opinions on the financial statements are integrated with procedures carried out in connection with other audits we perform at UConn and UConn Health.
 - Statutorily required (Section 2-90 of the General Statutes) departmental audits addressing compliance with laws and regulations and internal control.
 - Our audit of the basic financial statements of the State of Connecticut.
 - Our audit of federal financial assistance under the requirements of the Federal Single Audit Act (at UConn and UConn Health this is generally limited to a review of Federal Research and Development, Higher Education Emergency Relief Fund, Coronavirus Relief Fund and Student Financial Assistance).
- Our departmental audits are performed in accordance with generally accepted government auditing standards (GAGAS) for performance audits. Our other audits, including our audits of UConn's and UConn Health's financial statements, are carried out in accordance with GAGAS for financial audits. For financial audits, GAGAS incorporate by reference generally accepted auditing standards (GAAS) promulgated by the American Institute of Certified Public Accountants. Therefore, all financial audits carried out in accordance with GAGAS are also carried out in accordance with GAAS.
- Though we perform our audits of UConn's and UConn Health's financial statements in accordance with GAGAS for financial audits, our reports on those audits are issued under GAAS, as permitted by paragraph 6.37 of the 2018 revision of *Government Auditing Standards* (also known as the Yellow Book).
- As the procedures undertaken for purposes of our audits of the financial statements are integrated with those undertaken for other purposes, they are sometimes of greater extent than would be necessary if our sole objective was to express an opinion on the financial statements.

Required Communications

Management letter

- We do not issue a formal management letter at the conclusion of our financial statement audit.
- Significant findings related to our audit of federal financial assistance are conveyed in the variety of reports required under the Single Audit Act.
- Any other significant compliance and control findings are reported in our next departmental audit report.
- Those relevant to the financial statements would be included in this presentation.

Our responsibilities under generally accepted auditing standards:

- As stated in our engagement letter dated April 28, 2020, our responsibility, as described in professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. Our audit does not relieve management or those charged with governance of their responsibilities.

Planned scope and timing of the audit:

- We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated April 28, 2020.

Accounting estimates:

- Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were for:
 - The net pension liability and other pension-related measures.
 - The net liability and other related measures for postemployment benefits other than pensions.
 - UConn Health's malpractice reserves.

Required Communications

Difficulties encountered in performing the audit:

- We encountered no difficulties in dealing with management in performing and completing our audit.

Disagreements with management:

- Professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. None arose during the course of our audit.

Management representations:

- We requested certain representations from management that are included in the management representation letters dated December 30, 2020 and December 31, 2020 for both UConn and UConn Health, respectively.

Required Communications

Summary of Uncorrected Misstatements (Iron Curtain Approach)¹ for the Year Ended June 30, 2020

UConn

	<u>Over (Under) Statement</u>
<u>Statement of Net Position</u>	
Net Position:	
Invested in capital assets, net of related debt	\$ (358,862)
Restricted expendable, capital projects	\$ (1,953,315)
Unrestricted	\$ 2,312,177

¹ Uncorrected misstatements related to prior periods have already been communicated to you under separate cover



Required Communications

Summary of Uncorrected Misstatements (Iron Curtain Approach)¹ for the Year Ended June 30, 2020

UConn Health

There is no uncorrected misstatements.

¹ Uncorrected misstatements related to prior periods have already been communicated to you under separate cover

Required Communications

Other information in documents containing audited financial statements

- Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise UConn's and UConn Health's basic financial statements.
- Management's Discussion and Analysis, the Schedules of Proportionate Share of Collective Net Pension Liability, the Schedules of Pension Contributions and the Schedule of Other Post-Employment Benefits are not a required part of the basic financial statements but are required supplementary information under accounting principles generally accepted in the United States of America.
 - We applied certain limited procedures to the required supplementary information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.
 - We did not audit the information and do not express an opinion or provide any assurance on it.
- The introductory and statistical sections and consolidating statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.
 - We did not audit the information and do not express an opinion or provide any assurance on it.

Major issues discussed with management

- We audit UConn and UConn Health on an ongoing basis and discuss significant issues as they arise.

Management advisory services

- We do not perform management advisory services.