



UConn

UNIVERSITY OF CONNECTICUT

**UConn
HEALTH**

**JOINT AUDIT & COMPLIANCE
COMMITTEE MEETING**

APRIL 30, 2021

PUBLIC SESSION

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University of Connecticut & UConn Health
Special Joint Audit & Compliance Committee Meeting
 April 30, 2021

Agenda

Executive Session 2pm – 2:45pm Public Session 2:45pm-3pm

Meeting held by Webex: [Click Here to Enter Meeting](#)

Topic	Proposed Action	Attachment
1. Call to Order at 2pm		
2. Executive Session		
3. Opportunity for Public Comments (limited to agenda items)*	None	None
4. Independent Audit of UConn 2000 Projects	Presentation	1.1
5. Travel and Entertainment Policy	Approval	None
6. Conclusion of Full Meeting		

* If members of the public wish to address the Committee during the Public Participation portion of the meeting, limited to agenda items, you must submit a request in writing 30 minutes prior to the start of the meeting (by 1:30 p.m.) to the following email address: BoardCommittees@uconn.edu. Please indicate your **name, telephone number, and topic** to be discussed. Per the University By-Laws, the Board may limit public comment. As an alternative, you may also submit your comments via email which will be shared with the Committee.

(A recording of the meeting will be posted on the Board website <https://boardoftrustees.uconn.edu/> within seven days of the meeting.)

ATTACHMENT 1.1

University of Connecticut & UConn Health
Special Joint Audit & Compliance Committee Meeting
April 30, 2021
Independent Audit of UConn 2000 Projects

Background:

A Request for Proposal is being developed to select an independent auditor to conduct annual audits of UConn 2000 projects for the next five years as required under General Statute Section 10a-109z. The contract for the previous five years required the independent auditor to issue an opinion on the Schedule of UCONN 2000 Construction Projects and Schedule of UCONN 2000 Reported Project Values. UConn is responsible for the preparation and fair presentation of these Schedules.

Proposed Change:

We are proposing to not include the aforementioned opinion in the new contract. Provided below summarizes the support for this proposed change:

1. The provisions of General Statute Section 10a-109z does not specifically state an opinion is required. The provisions of this statute states *“The Board of Trustees for The University of Connecticut shall select and appoint independent auditors, as defined in subdivision (7) of section 4-230, to annually conduct an audit of any project of UConn 2000, as defined in subdivision (25) of section 10a-109c. Such audit shall review invoices, expenditures, cost allocations and other appropriate documentation in order to reconcile project costs and verify conformance with project budgets, cost allocation agreements and applicable contracts.”*
2. An audit is defined as a formal examination of an organization's or individual's accounts or financial situation. Many types of audits are performed that do not issue opinions, such as internal audits, IRS audits, and audits performed by the Federal Office of Inspector General.
3. If an opinion is required, Section 10a-109z would have been specific to require such an opinion similar to General Statute Section 4-37f (8), which pertains to the audit of the Foundation. Section 4-37f (8) states that *“... The auditor shall submit (i) a report that includes an opinion regarding the financial statements and a management letter, and (ii) a report that includes an opinion on conformance of the operating procedures of the foundation with the provisions of sections 4-37e to 4-37i...”*
4. UConn would save approximately \$90,000 annually with a total contract savings of approximately \$450,000. The projection is based on the previous cost of the opinions, which represents approximately 63% of the total costs incurred over the last five years.
5. The opinion does not provide much value because the opinion is determined on whether the two Schedules are presented fairly in all material respects. To reach a level where the Schedules are not presented fairly in all material respects is unlikely. Further, UConn does receive an opinion on its financial statements. The source of the construction project expenditures reported in the UConn financial statements is the same source used to prepare the UConn 2000 Schedules. The audits of the UConn 2000 Projects are completed subsequent to the issuance of the UConn audited financial statements.

Conclusion:

UConn would like to develop the Request for Proposal to require the next auditor to perform only those procedures that are necessary to meet the provisions of General Statute Section 10a-109z.

University of Connecticut
Prepared by Project Accounting
Office of the Associate Vice President, Financial Operations and Controller
As of March 22, 2021

Summary of UConn 2000 Audit and AUP Fees: FY16 - FY20

	Actual				
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Audit	\$ 88,250	\$ 95,000	\$ 99,000	\$ 104,312	\$ 77,000
UCH EPIC/EMR Add	-	25,000	-	-	-
Add'l Report Audit	5,000	-	7,500	-	-
AUP	48,250	48,500	43,000	45,312	35,055
Add'l Report AUP	5,000	5,000	5,000	-	-
Total Fees	146,500	173,500	154,500	149,625	112,055
Expenses	2,000	1,000	518	375	467
Total	\$ 148,500	\$ 174,500	\$ 155,018	\$ 150,000	\$ 112,522
Without UCH EPIC	\$ 148,500	\$ 149,500	\$ 155,018	\$ 150,000	\$ 112,522
Audit-# of Projects (exc EPIC)	17	24	36	44	59
Audit Amount (exc EPIC)	\$ 204,004,000	\$ 262,532,604	\$ 482,088,270	\$ 602,715,834	\$ 172,255,353
AUP Expenditure Amount	\$ 115,824,417	\$ 216,755,166	\$ 155,619,109	\$ 290,680,516	\$ 336,087,701

Summary of UConn 2000 Audit Adjustments: FY16 - FY20

Audit Summary of Substantially Completed Projects					
	2020	2019	2018*	2017	2016
Audit Adjustments, Management Comments or Informal Recommendations	0	0	0	0	0

Summary of UConn 2000 AUP Exceptions: FY16 - FY20

Agreed Upon Procedures Exception Summary					
Type	2020	2019	2018*	2017	2016
UConn Expenditure	3	2	11	3	7
UConn Contract	1	0	1	10	1
UCH Expenditure	0	0	1	2	1
UCH Contract	0	0	0	0	0
Total	4	2	13	15	9

*2018 was the first year of "split" AUP reports, where AUP procedures on projects funded with bonds other than UConn 2000 are reported separately from UConn 2000 funded projects. Summary above includes all AUP exceptions.