



**UConn**

UNIVERSITY OF CONNECTICUT


**UConn  
HEALTH**

**JOINT AUDIT & COMPLIANCE  
COMMITTEE MEETING**

**JUNE 10, 2021**

**PUBLIC SESSION**

WEBEX: <https://uconn-cmr.webex.com/uconn-cmr/j.php?MTID=me9797fe21b1d81a35be067e98cecaea9>



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University of Connecticut & UConn Health  
**Joint Audit & Compliance Committee Meeting**

June 10, 2021

**Agenda**

10:00 am – 11:00 am - Executive Session / 11:00 am – 12:00 pm - Public Session

Meeting held by Webex: <https://uconn-cmr.webex.com/j.php?MTID=me9797fe21b1d81a35be067e98cecaea9>

(Note: this meeting will be recorded)

Topic	Proposed Action	Attachment
<b>Call to Order 10am</b>		
<b>Executive Session to discuss</b>	Review	None
<b>GENERAL</b>		
<b>1. General</b>		
• Opportunity for Public Comments*		None
• Minutes of the March 4, 2021 JACC Meeting	Approval	1.1
• Minutes of the April 30, 2021 JACC Meeting	Approval	1.2
<b>AUDIT</b>		
<b>2. External Audit Activities</b>		
• Status of External Audit Engagements	Update	2.1
• Marcum LLP- FY21 Fee Increase	Approval	2.2
• UConn John Dempsey Hospital’s Annual 340B Independent Audit	Presentation	2.3
• UConn Ryan White Annual 340B Independent Audit	Presentation	2.4
• Auditors of Public Accounts UConn Departmental Audit for the FYs 2016, 2017 and 2018	Presentation	2.5
<b>3. Significant Internal Audit Activities</b>		
• Status of Audits	Update	3.1
• Status of Audit Findings	Update	3.2
<b>COMPLIANCE</b>		
<b>4. Compliance Activities</b>		
• Significant Compliance Activities	Update	4.1
• Office of Healthcare Compliance and Privacy	Presentation	4.2
• Informational/Educational Items	Informational	4.3
<b>INFORMATION TECHNOLOGY</b>		
<b>5. Information Technology Update</b>		
• UConn Health	Update	5.1
• UConn	Update	5.2
<b>CLOSING</b>		
<b>6. Conclusion of Full Meeting</b>		

\* If members of the public wish to address the Committee during the Public Participation portion of the meeting, you must submit a request in writing 30 minutes prior to the start of the meeting (by 9:30 a.m.) to the following email address: [BoardCommittees@uconn.edu](mailto: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 Board.

# ATTACHMENT 1.1

**University of Connecticut & UConn Health  
Joint Audit & Compliance Committee Meeting  
Minutes of the March 4, 2021 Meeting**

WebEx Meeting

Attendees	
<b>Trustees/ Directors:</b>	Chair: M. Boxer, A. Dennis-LaVigne, B. Pollard, D. Toscano, F. Archambault, J. Gouin, R. Carbray, T. Holt
<b>Staff:</b>	A. Agwunobi, O. Andujar, N. Baker, C. Bernard, C. Bianchi, J. Blumenthal, K. Buffkin, W. Byerly, P. Casey, R. Corbett, A. Cunningham, T. Dominguez, T. Dyer, K. Fearney, M. Frank, N. Fuerst, E. Gallo, N. Gelston, M. Gendreau, J. Geoghegan, K. Goss, C. Gray, S. Guralnick, L. Hansen, H. Hildebrandt, K. Hill, D. Hook, S. Jordan, T. Katsouleas, A. Keilty, M. Kennedy, F. LaRosa, M. Lucas, L. Neal, S. O’Donovan, G. Perrotti, C. Podesta, A. Quaresima, K. Rourke, R. Rubin, J. Shoulson, J. Simpson, J. Sullivan, E. Vitullo, B. Woodaman, E. Zincavage
<b>State Auditors</b>	W. Felgate, A. Phung, M. Delaney
<b>CohnReznick</b>	C. Kurth, A. Marsh. R. Lyman

The meeting of the Joint Audit and Compliance Committee (JACC) was called to order at 10:02 a.m. by Committee Chair Boxer.

**ON A MOTION** made by Committee Chair Boxer, approved by Trustee Pollard and seconded by Trustee Archambault the JACC voted to go into executive session to discuss:

- C.G.S. 1-200(6)[E] – Preliminary drafts or notes that the public agency has determined that the public’s interest in withholding such documents clearly outweighs the public interest in disclosure. [1-210(b)(1)]
- C.G.S. 1-200(6)[E] – Records or the information contained therein pertaining to strategy and negotiations with respect to pending claims
- C.G.S. 1-200(6)[E] – Records, reports and statements privileged by the attorney-client relationship. [1-210(b)(10)]
- C.G.S. 1-200(6)[C] – Records of standards, procedures, processes, software and codes not otherwise available to the public, the disclosure of which would compromise the security and integrity of an information technology system. [1-210(b)(20)]

**Executive Session was attended by the following: JACC, BOT and BOD members:** M. Boxer, A. Dennis-LaVigne, B. Pollard, D. Toscano, F. Archambault, J. Gouin, R. Carbray, T. Holt; **President and Cabinet members:** A. Agwunobi, N. Fuerst, N. Gelston, R. Rubin, S. Jordan, T. Katsouleas **Senior Staff:** W. Byerly; A. Keilty, J. Simpson, J. Blumenthal, J. Geoghegan, J. Shoulson, P. Casey; **AMAS Staff:** T. Dyer, M. Gendreau, E. Gallo, K. Goss, M. Kennedy, F. LaRosa, G. Perrotti, A. Quaresima, E. Zincavage; **University Compliance Staff** O. Andujar, K. Fearney, S. Guralnick, K. Hill, L. Neal, E. Vitullo; **Portions of Executive Session were also attended by:** C. Bernard, C. Gray, C. Podesta

The Executive Session ended at 10:56 a.m., the JACC returned to public session at 10:58 a.m.

**Tab 1 - General**

There were no public comments.

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University of Connecticut & UConn Health  
**Joint Audit & Compliance Committee Meeting**  
**Minutes of the March 4, 2021 Meeting**

WebEx Meeting

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**ON A MOTION** made by Committee Chair Boxer, approved by Trustee Pollard and seconded by Trustee Gouin the minutes of the December 16, 2020 JACC meeting were approved.

**Tab 2 – External Audit Activities**

F. LaRosa provided an update on the ongoing external engagements.

C. Kurth from CohnReznick presented the four reports related to the UCONN 2000 Construction Projects.

A. Phung from the Auditors of Public Accounts presented the UConn and UConn Health financial statements for the fiscal year ended June 30, 2020.

**Tab 3 – Significant Internal Audit Activities**

F. LaRosa provided an update on the status of audit assignments.

F. LaRosa provided an update on the status of audit findings.

**Tab 4 – Compliance Activities**

K. Fearney provided an update on compliance activities.

K. Fearney provided an update on university compliance data and trends.

**Tab 5 – Information Technology Updates**

C. Podesta provided an update on UConn Health IT projects.

C. Bernard provided an update on the UConn IT projects.

There being no further business, **ON A MOTION** made by Committee Chair Boxer, approved by Director Carbray and seconded by Trustee Gouin, the meeting was adjourned at 11:25 a.m.

Respectfully submitted,  
*Molly Kennedy*

University of Connecticut & UConn Health  
**Joint Audit & Compliance Committee Meeting**  
**Minutes of the April 30, 2021 Meeting**

WebEx Meeting

Attendees	
<b>Trustees/ Directors:</b>	Chair: M. Boxer, B. Pollard, D. Toscano, J. Gouin, R. Carbray, T. Holt
<b>Staff:</b>	A. Agwunobi, O. Andujar, C. Bernard, C. Bianchi, J. Blumenthal, W. Byerly, P. Casey, L. Curickshank, G. Daniels, T. Dyer, K. Fearney, M. Fitch, M. Frank, N. Fuerst, E. Gallo, B. Gelston, M. Gendreau, J. Geoghegan, C. Gray, S. Guralnick, L. Hansen, H. Hildebrandt, K. Hill, D. Hook, S. Jordan, M. Kennedy, F. LaRosa, M. Lucas, L. Neal, G. Perrotti, M. Portfolio, A. Quaresima, K. Rourke, R. Rubin, J. Simpson, E. Vitullo, E. Zincavage

**1. Opening**

The meeting of the Joint Audit and Compliance Committee (JACC) was called to order at 2:00 p.m. by Committee Chair Boxer.

**2. Executive Session anticipated**

**EXECUTIVE SESSION**

**ON A MOTION** made by Committee Chair Boxer, approved by Director Carbray and seconded by Trustee Gouin the JACC voted unanimously to go into executive session to discuss:

- C.G.S. 1-210(b)(1)– Preliminary drafts or notes that the public agency has determined that the public’s interest in withholding such documents clearly outweighs the public interest in disclosure.
- C.G.S. 1-200(6)(B) – Records or the information contained therein pertaining to strategy and negotiations with respect to pending claims
- C.G.S. 1-210(b)(10) – Records, reports and statements privileged by the attorney-client relationship.
- C.G.S. 1-210(b)(20)– Records of standards, procedures, processes, software and codes not otherwise available to the public, the disclosure of which would compromise the security and integrity of an information technology system.

**Executive Session was attended by the following: JACC, BOT and BOD members:** M. Boxer, B. Pollard, D. Toscano, J. Gouin, R. Carbray, T. Holt; **President and Cabinet members:** A. Agwunobi, C. Lejuez, N. Fuerst, R. Rubin, S. Jordan; **Senior Staff:** W. Byerly, J. Simpson, J. Blumenthal, J. Geoghegan, P. Casey; **AMAS Staff:** T. Dyer, M. Gendreau, H. Hildebrandt, E. Gallo, M. Kennedy, F. LaRosa, G. Perrotti, A. Quaresima, E. Zincavage; **University Compliance Staff** O. Andujar, K. Fearney, B. Gelston, S. Guralnick, K. Hill, L. Neal, E. Vitullo; **Executive Session was also attended by:** C. Bernard, M. Mundrane, G. Daniels

The Executive Session ended at 3:15 p.m.

**OPEN SESSION**

The JACC returned to public session at 3:16 p.m.

DRAFT

University of Connecticut & UConn Health  
**Joint Audit & Compliance Committee Meeting**  
**Minutes of the April 30, 2021 Meeting**

WebEx Meeting

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**3. Public Participation**

There were no public comments.

**4. Independent Audit of UConn 2000 Projects**

F. LaRosa provided an update on the UConn 2000 external audit plan.

**5. Travel and Entertainment Policy**

**ON A MOTION** made by Committee Chair Boxer, approved by Trustee Gouin and seconded by Trustee Pollard the UConn travel policy was unanimously approved by the JACC.

**6. Conclusion of Full Meeting**

**ON A MOTION** made by Committee Chair Boxer, approved by Trustee Gouin and seconded by, Director Holt the JACC Committee voted unanimously to adjourn the meeting.

There being no further business appearing, the JACC meeting was adjourned at 3:20 p.m.

Respectfully submitted,

*Molly Kennedy*



# ATTACHMENT 2.1

University of Connecticut & UConn Health  
**Joint Audit & Compliance Committee Meeting**

June 10, 2021

**Status of External Audit Engagements**

Auditor	Area	Scope	Audit Period	Status	Status of Findings			
					Total	No Further Action	Open	Disagreed
Marcum, LLP	UConn Health	Financial Statement Audit	FY 20	Report Issued 12/16/20	5		5	
BKD	UConn Athletics	NCAA agreed upon procedures performed on all revenues, expenses, and capital expenditures for, or on behalf of, the Athletics Program	FY 20	Report Issued 12/21/20	No Findings Reported			
CohnReznick, LLP	UConn & UConn Health	Annual audit of UCONN 2000 substantially completed projects and agreed upon procedures	FY 20	Report Issued 3/4/21	No Findings Reported			
Pharmacy Optimization Consultants	UConn Health	Audit of UConn Health's Covered Entities 340B Drug Pricing Program required by Health Resources and Services Administration	CY 20	-Two Audits Issued March 2021 -One Audit is underway	7	2	5	
State Auditors	UConn	Annual Audit of Federal Funds required under the Federal Single Audit Act	FY 20	Audit is underway				
State Auditors	UConn Health	Annual Audit of Federal Funds required under the Federal Single Audit Act	FY 20	Audit is underway				
State Auditors	UConn	Annual audit of financial statements included in the Comprehensive Annual Financial Reports	FY 20	Report Issued 12/30/20	No Findings Reported			
State Auditors	UConn Health	Annual audit of financial statements included in the Comprehensive Annual Financial Reports	FY 20	Report Issued 1/8/21	No Findings Reported			
State Auditors	UConn	Departmental Statutory Required Audit (CGS Sec 2-90)	FYs 16, 17, 18	Report Issued 4/13/21	28	18	5	5
State Auditors	UConn Health	Departmental Statutory Required Audit (CGS Sec 2-90)	FYs 17, 18	Report Issued 7/7/20	14	10	2	2

# ATTACHMENT 2.2

**TO:** Members of the Joint Audit & Compliance Committee

**FROM:** Frank LaRosa  
Chief Audit Executive

**DATE:** June 10, 2021

**SUBJECT:** Approval of Fee Increase Marcum, LLP – UConn Health Financial Statements FY 2021

**RECOMMENDATION**

The Office of Audit and Management Advisory Services seeks the Joint Audit and Compliance Committee (JACC) approval of the fee increase of \$25,565.15 requested by Marcum LLP to provide audit services for UConn Health’s John Dempsey Hospital, UConn Medical Group, and UConn Health Finance Corporation for the 2021 fiscal year. The total fee is an increase from \$156,435 to \$182,000.15.

**BACKGROUND**

On February 16, 2017, the JACC approved a three year contract with the accounting firm, Marcum, LLP to perform and report on UConn Health’s clinical businesses, notably John Dempsey Hospital and UConn Medical Group, and the UConn Health Finance Corporation, for the 2017 to 2019 fiscal years. On March 5, 2020, the JACC approved a two-year contract extension and the fees with the Marcum LLP to perform the services for fiscal years 2020 and 2021.

The increase of \$25,565.15 in the fee approved for fiscal 2021 are for services not originally contemplated at the time the fee was originally approved at the March 5, 2020 JACC meeting including: COVID and regulatory disclosure work, the additional incorporation of UHPSI (Specialty Pharmacy Corp.), and the audit of the Home Office Allocation.

The Office of Audit and Management Advisory Services seeks JACC approval for this fee increase.

Approved by the Joint Audit & Compliance Committee at their \_\_\_\_\_ meeting.

**Marcum LLP**  
Amendment Schedule of Fees

Fiscal Year Ending June 30, 2021

<b>4.2.3</b>	<b>Optional Renewal Term</b>	<b>Amount</b>
4.2.3.1	JDH fixed annual audit fee	\$ 99,804.15
4.2.3.2	UMG fixed annual audit fee	\$ 39,536.80
4.2.3.3	UCHCFC fixed annual audit fee	\$ 36,871.99
4.2.3.4	Circle Road form 990 fixed annual fee	\$ 3,713.15
4.2.3.5	JDH (Audit) annual mileage reimbursement cap	\$ 1,225.34
4.2.3.6	UMG annual mileage reimbursement cap	\$ 424.36
4.2.3.7	UCHCFC annual mileage reimbursement cap	\$ 424.36
	<b>Total</b>	<b>\$182,000.15</b>

# ATTACHMENT 2.3

# UCONN JOHN DEMPSEY HOSPITAL'S ANNUAL 340B INDEPENDENT AUDIT



03/31/21

Executive Summary of 340B Annual Independent Audit

## EXECUTIVE SUMMARY OF 340B ANNUAL INDEPENDENT AUDIT

### BACKGROUND

UConn John Dempsey Hospital (JDH) is located in Farmington, Connecticut and is registered as a Disproportionate Share Hospital (DSH) on the OPAIS database as DSH070036 with a start date of April 1, 2009 and last recertification date of September 8, 2020. UConn John Dempsey Hospital has registered child sites, as well as registered contract pharmacies. Currently, MacroHelix (for a portion), Verity, Wellpartner, and Walgreens are utilized as TPAs for the Covered Entity and EMR is Epic.

UConn John Dempsey Hospital contracted with 340B Compliance Partners to conduct the annual independent external audit of both the mixed-use and contract pharmacy settings for analysis of program compliance. This audit was conducted with a kick-off, pre-audit conference call on February 16, 2021 and (virtual) portion was on March 2<sup>nd</sup>-4<sup>th</sup>, 2021. Auditors were Sherri Faber, Joshua Gue, and Jami Dean.

### SCOPE AND METHODOLOGY

340B Compliance Partners has completed the procedures related to the compliance with the 340B Drug Pricing Program in accordance with the Health Resources and Services Administration's (HRSA's) guidance for Covered Entities as of March 2nd of 2021. These procedures were agreed to by Senior Management and the Department of Pharmacy of UConn John Dempsey Hospital. The following areas of compliance testing were completed:

- A. Knowledge during pre-audit conference call
- B. Accuracy of 340B Database
- C. Verification of Eligibility (local government agreement, registered on OPAIS)
- D. Medicaid Carve In/ Carve Out Status
- E. Policy and Procedure Review
- F. Sample of Dispensations tested for eligibility for 340B
- G. Accumulator review for eligibility and replenishment records where applicable
- H. Diversion tests
- I. Contract Pharmacy Compliance (dates of contract vs registration on HRSA database)
- J. Provider File review
- K. Test staff knowledge of program (ordering process, eligibility)
- L. GPO Prohibition test
- M. Medicare billing with modifiers as appropriate
- N. Internal audit process



O. Multi-disciplinary committee meetings

P. Contract Pharmacy agreement(s) are complete with 12 areas identified by HRSA

The compliance testing included transaction testing of randomly selected items from the time period of July 1, 2020 through December 31, 2020. Portions of this audit were completed remotely as well as virtually with the team for the remainder.

## PROCEDURE NOTES AND FINDINGS

### Procedure A: Knowledge during pre-audit conference

Staff participated in a kick-off call in February 2021. We followed agenda as set forth by the Bizzell Group along with Q&A. Appropriate questions asked by team to prepare for a HRSA audit in the future.

### Procedure B: Accuracy of 340B Database

Reviewed addresses, dates of registration on OPAIS database. Some of the address pieces like “drive” is DR either on the contract or on the database for example or St versus Street. May consider having an amended agreement with all these exactly matching the OPAIS database. Review contracts as part of internal Q&A process moving forward for any changes.

### Procedure C: Verification of Eligibility

Covered Entity meets eligibility requirements of DSH percentage for a not-for-profit and are part of the State with documentation in place. They have additionally recertified appropriately in September 2020.

### Procedure D: Medicaid Carve-In, Carve-Out Status

Covered Entity is listed as Carve-In status on the Medicaid Exclusion File on the OPAIS database. In contract pharmacy, Medicaid is carved-out.

### Procedure E: Policy and Procedure Review

Policies and Procedures may be enhanced for best practice and include all required elements. Suggest expanding detail for inventory management and ordering process. Purchasers are articulate regarding the internal process so may just incorporate workflow into P&P.

### Procedure F: Sample of Dispensations tested for eligibility for 340B

Samples were selected from all identified universes: mixed-use within the Covered Entity, Employee Pharmacy, clinics, and contract pharmacies for a total of #120 samples. Thorough analysis was completed for as many as possible for each dispensation including:

- Ordering Provider eligibility
- Location eligibility
- Insurance Coverage
- Responsibility of care evidence of encounters

- Administration date/time documented in mixed-use and clinic
- Patient status at time of documented 340B eligibility
- Line-item billing identified with modifiers if appropriate
- Accumulator and replenishment review (contract pharmacy)
- Chart documentation of prescription sent to contract pharmacy matching date written on prescription

### OBSERVATIONS:

- UConn JDH 340B team is knowledgeable, engaged, and striving for ultimate compliance for the program. Of note, the 340B Program Coordinator now has the ACE.
- UConn JDH utilizes “bill on administration” which more closely ties patient status at time of administration of a medication- this is positive
- UConn JDH elects to Carve-In for Medicaid. The State of Connecticut does not require modifiers or AAC billing at this time for physician administered medications (hospital administered drugs). This was verified during the audit period and email provided to UConn for their records.
- Both shipping addresses on OPAIS have additional 4 digits added to zip code as -0000. Need to verify if this is accurate.
- Automated dispensing cabinets in registered child sites is optimal for compliance; so great setup with those.
- JDH staff responsible for internal audits should have access to UB04 to verify NPI, NDC, HCPCS, and modifiers.
- Provider file submitted does not list a column or contracted vs employed- that is a part of the Data Request List from HRSA.
- Confusion with JG/TB modifiers for Medicare- found JG modifiers on Medicaid claims and is also mentioned in email included in data submission mentions JG on Medicaid. - only required for Medicare. This will not harm anything but currently JG is placed on ALL G and K status meds whether or not they are purchased at 340B which would result in a reduction of reimbursement. Need a process between pharmacy and those responsible for modifiers to review G and K status list quarterly to place a TB modifier on G status and JG modifier on K status drugs purchased at 340B.
- Several Walgreens dispenses were seen to be sitting in accumulator as full package sizes and not being replenished which may lead to being “reconciled” due to being slow movers (not reaching full package size in contracted time period) or full package not replenished timely. Want to monitor this because CE does not benefit from these and is worse off financially than Walgreens would have been due to dispensing fee.
- Pharmacy staff involved in purchasing are very articulate about their processes and the details in which the orders are split.
- With Data Request List, 3A is missing- need to provide a narrative of how data was collected.
- With Data Request List for Pharmacy Services Agreements, now have to highlight the signatures and dates signed as well as who the contract is between- looking for Covered Entity and Child Sites as well as highlighting pharmacy locations with addresses.

FINDINGS:

- Oversight of program- for the mixed-use area, expand QA to include cross reference of ordering provider to most recent eligible provider file being sent to TPAs

AREAS FOR IMPROVEMENT:

- Addresses for some areas of the organization have changed and all need to match on OPAIS for child sites specifically with address on prescriptions going to contract pharmacies.
- Policies and Procedures could be expanded ex. More specific inventory management section for mixed-use
- OPAIS Database edits: multiple address mismatches in contract pharmacy registrations with abbreviations and more importantly missing additional information on address ex. UConn Health Pharmacy has "STE 108" on OPAIS but that is missing on the contract.
- As a best practice for internal review, consider addition of review of NDC billed compared to wholesale invoices as well as review of appropriate billing modifiers (JG and TB) along with HCPCS billing units as they appears on the UB04.

Procedure G: Accumulator review for eligibility and replenishment records where applicable

Walgreens appeared to have full packages waiting to be replenished but delayed.

Procedure H: Diversion tests

No "inpatient status" of patient on any of the 340B dispensations tested.

Procedure I: Contract Pharmacy Compliance

Ongoing internal audit process in place for all contract pharmacies.

Procedure J: Provider File Review

This file is extensive and should include medical residents. May consider a second eligible provider file for mixed-use to add those who would not write prescriptions for the contract pharmacy space i.e., CRNAs.

Procedure K: Test Staff Knowledge of Program

Held discussion with staff responsible for ordering medications and working in the central pharmacy in mixed-use setting. Processes in place to order on appropriate accounts.

Procedure L: GPO Prohibition

Periodic review of current contracts utilized by materials management is suggested.

Procedure M: Medicare Billing with Modifiers as appropriate

Samples requiring modifiers for Medicare were observed.

Procedure N: Internal Audit Process

Audits were conducted in mixed-use setting and all other universes, mimicking the HRSA audit process for each sample chosen. Process was spelled out in P&P. Ensure adequate resources to internally audit as well as maximize savings on the ordering side. Need to add QA to mixed-use dispenses eligible for 340B.

Procedure O: Multi-disciplinary Committee Meetings

Covered Entity has this committee established and meets as indicated in P&P.

Procedure P: Contract Pharmacy agreement(s) complete with 12 elements identified by HRSA

Three are national chains with templated contracts with amendments and the others meet 12 elements identified by HRSA; however, some need to more clearly speak to Medicaid MCOs.

SUMMARY

Review above comments and determine if you would challenge any findings as you would have 30 days to do so. Next, develop a corrective action plan within 60 days from receipt of report. Keep in mind with a HRSA audit, all CAPS would be expected to be fully implemented and attestation received within six months of approval of the CAP. The CAP would include all Findings and AFI (Areas for Improvement).

This report is intended solely for the information and use of UCONN senior management, 340B Oversight Committee, pharmacy personnel, and HRSA (if requested) and is not intended to be and should not be used by another other than those specified parties.

We appreciate the opportunity to work with your team to ensure compliance with your 340B Program.

Any questions related to this report may be directed to 340B Compliance Partners at:

[sfaber@340BCompliancePartners.com](mailto:sfaber@340BCompliancePartners.com)

or (304) 964-3903



CONFIDENTIAL

**FINDINGS AND AREAS FOR IMPROVEMENT OF THE INDEPENDENT OUTSIDE AUDIT  
FOR JDH 340B PROGRAM**

The JDH 340B program underwent an outside independent mock audit as required by Health Resources and Services Administration (HRSA). This audit was conducted by 340B Compliance Partners with a kick-off, pre-audit conference call on February 16<sup>th</sup>, 2021 and virtual portion on March 2<sup>nd</sup> – 4<sup>th</sup>, 2021. 340B Compliance Partners completed the procedures related to the compliance with the 340B Drug Pricing Program in accordance with the Health Resources and Services Administration's (HRSA's) guidance for Covered Entities.

**FINDINGS:**

1. Finding: *"Oversight of program- expand QA to include cross reference of ordering provider to most recent eligible provider file being sent to TPAs."*

During the 340B Compliance Partners external audit review of our quality assurance process employed in our 340B eligibility compliance sample testing, specifically of our mixed-use area quality assurance (QA) process, identified a gap in our QA process. The QA process purpose is to validate all 340B qualified orders meet the 340B eligibility requirements. The eligibility requirement elements include qualified location, qualified patient status, and qualified prescribing practitioner. The current QA process does not include a cross-reference to the most recent eligible qualified practitioner file that was submitted to our TPA (third party administrator).

JDH 340B Management Response:

JDH 340B Management agrees that the QA process must be expanded to include with the auditor's assessment and recommendation regarding this finding. The 340B Program is an outpatient drug program and so with respect to mixed-use areas where both inpatients and outpatients are seen, covered entities must be able to prove that 340B qualified orders for medications in these areas are written by eligible providers, administered to outpatients, and in an eligible point of service. While several steps currently exist in our QA process to test medication dispensation 340B eligibility, in order to prevent the auditors identified gaps, the JDH 340B team has added the following step to the QA process to monitor for diversion and for eligible prescribers:

- Verify the prescriber for each sample claim is on a Master eligible provider list maintained by the 340B team and within the most recent list submitted to the TPA.

*Completion Date: 5/3/2021*

**AREAS FOR IMPROVEMENT:**

1. AFI: *"Addresses for some areas of the organization have changed and all need to match on OPAIS for child sites specifically with address on prescriptions going to contract pharmacies."*

During a review of sample electronic-prescriptions (sample #42 and #117), the auditors identified an OPAIS data base error with respect to addresses. The electronic-prescriptions from Neag Cancer Center, had the address as '135 Dowling Way, Farmington CT 06030' however on OPAIS '263 Farmington Avenue, Farmington CT 06030' was listed.

JDH 340B Management Response:

JDH 340B Management agrees with the auditor's assessment and recommendation regarding this finding. A covered entity is responsible for the accuracy of all data as it appears on the OPAIS database. The OPAIS database is the website which contains all the registration and demographic information for covered entities as well as associated child sites and contract pharmacies. If any of this information changes, it is the Covered Entity's responsibility to update the OPAIS database with the correct information in a timely manner. JDH 340B Management has identified clinics, located on the UConn Health main campus, that are no longer using the main campus address of 263 Farmington Avenue on their electronic-prescriptions. These clinics are now using the new patient friendly wayfinding addresses, i.e. 135 Dowling Way. JDH 340B Management will be updating the OPAIS database to denote the patient friendly wayfinding addresses as the Street Address and keep the main campus address as the Billing Address.

*Completion Date: 7/31/2021*

2. AFI: *"Policies and Procedures could be expanded ex. More specific inventory management section for mixed-use."*

Part of the criteria for this required Independent Outside Audit is a review of the Covered Entity's Policy & Procedures. During this review, the auditors observed our Policy & Procedures were lacking specific language explaining the inventory management system used in mixed-use areas such as: process for virtual inventory with explanation of wholesale accounts, process for check-in, the split when ordering and if product was missing.

JDH 340B Management Response:

JDH 340B Management agrees with the auditor's assessment and recommendation regarding this AFI. HRSA expects Covered Entities to have detailed policies and procedures as related to their 340B programs. This should include explaining the inventory management system used in mixed-use areas where both inpatients and outpatients are seen such as the Emergency Department. JDH 340B Management expanded its Policy and Procedures by adding language specific to inventory management for mixed-use areas of the hospital explaining wholesale accounts, and processes of the split, ordering and check-in. The updated policy has been approved by the 340B Oversight Committee.

*Completion Date: 5/11/2021*

3. AFI: *"OPAIS Database edits: multiple address mismatches in contract pharmacy registrations with abbreviations and more importantly missing additional information on address ex. UConn Health Pharmacy has "STE 108" on OPAIS but that is missing on the contract."*

Part of the criteria for this required Independent Outside Audit is a review of the Covered Entity's Contract Pharmacies' addresses found on our Pharmacy Services Agreements (PSA). These addresses are then compared to the HRSA OPAIS database. The auditors identified several Accredo pharmacies with address discrepancies (i.e. S vs South, Ave vs Avenue, Street vs ST) between the OPAIS database and the PSA as well as UConn Health Pharmacy.

JDH 340B Management Response:

JDH 340B Management disagrees with the auditor's assessment and recommendation regarding this AFI with respect to 'multiple address mismatches'. 340B covered entities contract with pharmacies to provide services to the covered entity's patients, including the service of dispensing the entity-owned 340B drugs. In order to engage in a contract pharmacy arrangement, the entity and pharmacy must have a written contract that aligns with the compliance elements listed in the HRSA guidance, and list the contract pharmacy on 340B Office of Pharmacy Affairs Information System (OPAIS) during a quarterly registration period. The Covered Entity shall ensure the demographic details listed in these

Pharmacy Service Agreements for each contract pharmacy location match the registration information for the contract pharmacy that is listed on the HRSA - OPAIS database. Our Accredo contract pharmacy had identified an issue with the HRSA OPAIS database where a process change at HRSA initiated the use of the USPS address, rather than the address in the DEA database. Accredo worked through the issue with HRSA and provided JDH 340B Management written confirmation stating that HRSA will not list these demographic variances as a finding during an audit. However, we do agree that there is a discrepancy with the specific example provided by the auditors. JDH 340B team will add "STE 108" during our upcoming contract amendment in July of 2021.

*Completion Date: 7/31/2021*

4. AFI: *"As a best practice for internal review, consider addition of review of NDC billed compared to wholesale invoices as well as review of appropriate billing modifiers (JG and TB) along with HCPCS billing units as they appears on the UB04"*

During the 340B Compliance Partners external audit review of our quality assurance process employed in our 340B eligibility compliance sample testing, specifically of our mixed-use area quality assurance (QA) process, an identified area for improvement was tracing the accumulations of 340B qualified dispensations within our TPA accumulators to be consistent with the NDC/HCPCS code identified on the UB04.

JDH 340B Management Response:

JDH 340B Management agrees with the auditor's assessment and recommendation regarding this AFI with respect to reviewing the NDC billed on the UB04 and the subsequent NDC recently purchased on the wholesale invoice. In select areas of the organization which do not use barcode medication scanning for medication administration documentation, the NDC billed will be a defaulted NDC set within EPIC. A defaulted NDC on multi source generics have an increased risk of not being the NDC administered and/or NDC purchased. An entities 340B accumulations should tally behind the most recent NDC purchased and/or the actual NDC administered, and hence coincide with the UB04. Therefore, the organization should strive to conduct and implement barcode scanning throughout the organization in all areas of medication administration. The bar code scanning activity is the primary source to capture the NDC, particularly in pharmaceuticals which are multi-source generics and likely multiple NDC's are part of the same inventory.

The action plan and recommendation is an organizational wide operational change that may require additional hardware, training, program build, and leadership project management. The JDH 340B team is partnering with JDH leaders to lend support for this organizational initiative for adoption and change. This AFI is identified as best practice and the 340B team does not have a definitive timeline for when this adoption in practice will take place. The JDH 340B team will keep this AFI as an open ongoing agenda item on the 340B Oversight Committee and continually report out on the organizations progress to adopt barcode medication administration scanning in all areas.

*Completion Date: 8/3/2021*



# ATTACHMENT 2.4

# UConn RYAN WHITE ANNUAL 340B INDEPENDENT AUDIT



03/07/21

Executive Summary of 340B Annual Independent Audit

**EXECUTIVE SUMMARY OF 340B ANNUAL INDEPENDENT AUDIT**

## BACKGROUND

UCONN Ryan White Program is located in Farmington, Connecticut and is registered as a Ryan White Part A on the OPAIS database as RWI06030 with a start date of January 1, 2012 and last recertification date of February 23, 2021. University of Connecticut Ryan White Part A has registered contract pharmacies. Currently, Wellpartner, Walgreens and Curant serve as TPAs for the Covered Entity.

UCONN Ryan White contracted with 340B Compliance Partners to conduct the annual independent external audit of both the mixed-use and contract pharmacy settings for analysis of program compliance. This audit was conducted with a kick-off, pre-audit conference call on February 2, 2021 and onsite portion (virtual audit) was on February 24<sup>th</sup>, 2021. Auditors were Sherri Faber, Jami Dean, and Joshua Gue.

## SCOPE AND METHODOLOGY

340B Compliance Partners has completed the procedures related to the compliance with the 340B Drug Pricing Program in accordance with the Health Resources and Services Administration's (HRSA's) guidance for Covered Entities as of February 24<sup>th</sup> of 2021. These procedures were agreed to by Senior Management and the Department of Pharmacy of UCONN Ryan White Program. The following areas of compliance testing were completed:

- A. Knowledge during pre-audit conference call
- B. Accuracy of 340B Database
- C. Verification of Eligibility (Grant, local government agreement, registered on OPAIS)
- D. Medicaid Carve In/ Carve Out Status
- E. Policy and Procedure Review
- F. Sample of Dispensations tested for eligibility for 340B
- G. Accumulator review for eligibility and replenishment records where applicable
- H. Diversion tests
- I. Contract Pharmacy Compliance (dates of contract vs registration on HRSA database)
- J. Provider File review
- K. Test staff knowledge of program (ordering process, eligibility)
- L. Internal audit process
- M. Multi-disciplinary committee meetings
- N. Contract Pharmacy agreement(s) are complete with 12 areas identified by HRSA

The compliance testing included transaction testing of randomly selected items from the time period of July 1, 2020 through December 31, 2020. Portions of this audit were completed remotely as well as onsite for the remainder.

## PROCEDURE NOTES AND FINDINGS

Procedure A: Knowledge during pre-audit conference

Staff participated in a kick-off call on February 2, 2021. Agenda followed as set forth by the Bizzell Group along with Q&A. Appropriate questions asked by team to prepare for a HRSA audit in the future.

Procedure B: Accuracy of 340B Database

Reviewed addresses, dates of registration on OPAIS database. Some of the address pieces like “Lane” is “LN” either on the contract or on the database for example or Drive versus Dr. May consider having an amended agreement with all these exactly matching the OPAIS database, particularly for zip code discrepancies.

Procedure C: Verification of Eligibility

Covered Entity meets eligibility requirements of being part of a grant award to be a Ryan White Part A and last recertified on the OPAIS on February 23, 2021 with NOFO HRSA-93-914.

Procedure D: Medicaid Carve-In, Carve-Out Status

Covered Entity was listed as Carve-Out status on the Medicaid Exclusion File on the OPAIS database.

Procedure E: Policy and Procedure Review

Policies and Procedures may be enhanced for best practice and include all required elements.

Procedure F: Sample of Dispensations tested for eligibility for 340B

Samples were selected from all identified universes: There were a total of #60 samples selected from contract pharmacy for the six-month period. Thorough analysis was completed for each dispensation including:

- Ordering Provider eligibility
- Location eligibility
- Insurance Coverage
- Responsibility of care evidence of encounters
- Patient status at time of documented 340B eligibility
- Accumulator and replenishment review (contract pharmacy) or demonstrated invoice
- Chart documentation of prescription sent to contract pharmacy matching date written on prescription

**FINDINGS:**

Most samples met all compliance checks. Sample #30 and #53- need to verify start date of provider with so many residents rotating through, one may be missed.

**AREAS FOR IMPROVEMENT:**

Be sure to include a sample invoice for each pharmacy ordering account for ones that would have data during the 6-month period.

Procedure G: Accumulator review for eligibility and replenishment records where applicable

Accumulator and replenishment verified except replenishment not available for Curant.

Procedure H: Diversion tests

Most prescriptions originated from the eligible site.

Procedure I: Contract Pharmacy Compliance

TPA used to determine eligibility and process for inventory management in P&P. Ongoing internal audit process in place for all contract pharmacies.

Procedure J: Provider File Review

This file is up to date internally and best practice is to include a spreadsheet of provider, NPI, contracted or employed designation and a column for a termination date if applicable

Procedure K: Test Staff Knowledge of Program

Held discussion with staff responsible for program. Continue to look for educational opportunities.

Procedure L: Internal Audit Process

Audits were conducted in contract pharmacy space and covered at 340B Oversight Committee Meeting.

Procedure M: Multi-disciplinary Committee Meetings

Covered Entity participates in a joint meeting with the other two 340B designations within UCONN. May want to include separate agenda section for each Covered Entity.

Procedure N: Contract Pharmacy agreement(s) complete with 12 elements identified by HRSA

National chains have templated agreements.

## SUMMARY

Review above comments and determine if you would challenge any findings as you would have 30 days to do so. Next, develop a corrective action plan within 60 days of receipt of report. Keep in mind with a HRSA audit, all CAPS would be expected to be fully implemented and attestation received within six months of approval of the CAP. The CAP would include all Findings and AFI (Areas for Improvement).

This report is intended solely for the information and use of UCONN Ryan White senior management, 340B Oversight Committee, pharmacy personnel, and HRSA (if requested) and is not intended to be and should not be used by another other than those specified parties.

We appreciate the opportunity to work with your team to ensure compliance with your 340B Program.

Any questions related to this report may be directed to 340B Compliance Partners at:

[sfaber@340BCompliancePartners.com](mailto:sfaber@340BCompliancePartners.com)

or (304) 964-3903



**FINDINGS AND AREAS FOR IMPROVEMENT OF THE INDEPENDENT OUTSIDE AUDIT  
FOR RYAN WHITE 340B PROGRAM**

*The Ryan White 340B program underwent an outside independent mock audit as required by Health Resources and Services Administration (HRSA). This audit was conducted by 340B Compliance Partners with a kick-off, pre-audit conference call on February 2nd, 2021 and virtual portion on February 24th, 2021. 340B Compliance Partners completed the procedures related to the compliance with the 340B Drug Pricing Program in accordance with the Health Resources and Services Administration's (HRSA's) guidance for Covered Entities.*

**FINDINGS:**

1. Finding: "Most samples met all compliance checks. Sample #30 and #53- need to verify start date of provider with so many residents rotating through, one may be missed."

It is the covered entities' responsibility to ensure patients are eligible to receive 340B purchased drugs. The Final Notice Regarding Section 602 of the Veterans Health Care Act of 1992 Patient and Entity Eligibility details the requirements that must be met for a patient to be eligible. One of the requirements states "the individual receives health care services from a health care professional who is either employed by the covered entity or provides health care under contractual or other arrangements (e.g. referral for consultation) such that responsibility for the care provided remains with the covered entity." As such RWI 340B program assesses those healthcare professionals whose prescriptions are filled with 340B medications to ensure eligibility. While RWI follows these requirements operationally, we did not provide a complete/unfiltered list of providers (specifically residents/fellows) to the auditors as part of the data request.

*RWI 340B Management Response:*

RWI 340B Management does not fully agree with the auditor's assessment and recommendation regarding this finding. Prior to the virtual portion of the audit process, the 340B team had supplied the auditor's with a filtered list of residents/fellows. The filtering only accounted for residents/fellows rotating through the infectious disease clinic (Ryan White) at the start of the academic year. A complete/unfiltered list of residents and fellows was subsequently presented to the auditors during the virtual phase of the audit. We were able to verify that the providers referenced in the sample claims above were both active as residents/fellows at UConn Health at the time they wrote the corresponding orders (samples #30 & #53).

Although the RWI 340B team does not maintain a list of Resident/Fellows, we will (for future audits) be providing auditor's with a complete and unfiltered list of residents/fellows that will correspond to the audit period in addition to the "full time" provider list that is currently maintained by the 340B team.

*Completion Date: 2/24/2021*

**AREAS FOR IMPROVEMENT:**

1. AFI: "Be sure to include a sample invoice for each pharmacy ordering account for ones that would have data during the 6-month period."

A covered entity (CE) is responsible for the 340B medication purchases made by Third Party Administrators (TPA's) for contract pharmacies on behalf of the covered entity. These purchases are made as part of a Pharmacy Services Agreement between the CE and contract pharmacy to replenish medications dispensed by the contract pharmacy to 340B eligible patients of the CE and are executed through a bill-to/ship-to mechanism. It is the CE's responsibility to maintain auditable records of the wholesaler invoices for these bill-to/ship-to transactions.

*RWI 340B Management Response:*

RWI 340B Management agrees with the auditor's assessment and recommendation regarding this AFI. The 340B team had supplied a complete list of wholesaler accounts for all contract pharmacies associated with the RWI 340B program. We also supplied sample invoices (when applicable) for each account as requested by the auditors. The 340B team did not adequately define the instances where there were no purchases made on various contract pharmacy wholesaler accounts during the period of the audit. This led to the auditors believing that we neglected to provide the requested samples for these accounts. For future audits we will adequately define the instances when no purchases were made on a contract pharmacy wholesaler account during any given audit period.

*Completion Date: 4/1/2021*

# ATTACHMENT 2.5



# STATE OF CONNECTICUT



*AUDITORS' REPORT  
UNIVERSITY OF CONNECTICUT  
FISCAL YEARS ENDED JUNE 30, 2016, 2017 AND 2018*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN

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**April 13, 2021**  
**EXECUTIVE SUMMARY**

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the University of Connecticut (UConn) for the fiscal years ended June 30, 2016, 2017 and 2018. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, and policies; and the need for improvement in practices and procedures that warrant attention of management.

The significant findings and recommendations are presented below:

<b>Page 15</b>	During our review of 6 construction contracts totaling \$291,408,084, we found that UConn did not competitively solicit 2 projects, totaling \$26,619,653 and \$16,544,703. UConn should comply with Section 10a-109n(c)(2)(A) of the General Statutes and publicly solicit projects with costs estimated to exceed \$500,000, by posting them on the university's website and the Department of Administrative Services' State Contracting Portal. (Recommendation 1.)
<b>Page 16</b>	During our review of construction change orders, we noted that UConn did not competitively solicit 2 professional design projects costing \$4,277,256. UConn should adhere to its policies and publicly solicit design projects with costs greater than \$500,000. (Recommendation 2.)
<b>Page 18</b>	Our audit disclosed that the costs of UConn's downtown Hartford campus project far exceeded the original budget by almost \$30 million. UConn should establish the scope and costs of construction projects to ensure that their actual costs are reasonable and consistent with the properly developed initial budget. (Recommendation 3.)
<b>Page 20</b>	One university employee received sabbatical leave compensation at full pay for an entire year. We also noted several instances in which the university did not recover funds for sabbatical leave payments made to employees who did not return to full-time service. UConn should adhere to its bylaws when administering the sabbatical leave program, document any deviation from its formal policy in writing, and vet sabbatical leave via an appropriate approval process. (Recommendation 4.)
<b>Page 22</b>	We reviewed 18 employees who stepped down from management positions during the audited period. Each employee moved from a 12-month management position to a 9, 10, or 11-month faculty position. Of the 18 employees, we found 7 instances in which the university increased the employees' monthly compensation rate after they changed positions. UConn should compensate employees who step down from management positions at a level consistent with their new position. If a higher compensation rate is warranted, the university should document the appropriateness of the new salary. (Recommendation 5.)
<b>Page 23</b>	We noted several instances in which supervisors did not properly approve compensatory time. The university paid compensatory time to employees who did not request to use their time or were ineligible to receive such a payment. One employee received 1 to 2 hours of compensatory time per day throughout the audited period. UConn should strengthen control procedures to ensure compliance with the compensatory time provisions set forth in the University of Connecticut Professional Employees Association contract. (Recommendation 6.)

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

State Capitol  
210 Capitol Avenue  
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

April 13, 2021

### **AUDITORS' REPORT UNIVERSITY OF CONNECTICUT FISCAL YEARS ENDED JUNE 30, 2016, 2017 AND 2018**

We have audited certain operations of the University of Connecticut (UConn) 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 years ended June 30, 2016, 2017 and 2018. The objectives of our audit were to:

1. Evaluate the university's internal controls over significant management and financial functions;
2. Evaluate the university's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of UConn, as well as certain external parties; and testing selected transactions. 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 our audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources, including but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with policies and procedures or legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the University of Connecticut.

## COMMENTS

### FOREWORD

The University of Connecticut, a constituent unit of the state system of higher education, operates generally under the provisions of Title 10a, Chapter 185b, Part III, of the General Statutes. UConn is governed by the Board of Trustees of the University of Connecticut, consisting of 21 members appointed or elected under the provisions of Section 10a-103 of the General Statutes. The board makes rules for the government of the university and determines the general policies of the university pursuant to duties set forth in Section 10a-104 of the General Statutes. The members of the board as of June 30, 2018 were:

Ex officio members:

Dannel P. Malloy, Governor  
Steven K. Reviczky, Commissioner of Agriculture  
Catherine H. Smith, Commissioner of Economic and Community Development  
Dianna R. Wentzell, Commissioner of Education  
Sanford Cloud, Jr., Chairperson of UConn Health's Board of Directors

Appointed by the Governor:

Thomas E. Kruger, Cos Cob, Chairman  
Andrea Dennis-LaVigne, Simsbury, Secretary  
Andy F. Bessette, West Hartford  
Mark L. Boxer, Glastonbury

Charles F. Bunnell, Waterford  
Shari G. Cantor, West Hartford  
Marilda L. Gandara, Hartford  
Rebecca Lobo, Granby  
Denis J. Nayden, Stamford  
Kevin J. O'Connor, Greenwich  
Thomas D. Ritter, Hartford  
Philip E. Rubin, Fairfield

Elected by alumni:

Richard T. Carbray, Jr., Rocky Hill  
Jeanine A. Gouin, Durham

Elected by students:

Kevin A. Braghirol, West Hartford  
Christine C. Savino, Easton

Other members who served during the audited period include the following:

Lawrence D. McHugh, Middletown, Chairman in 2017  
Louise M. Bailey, West Hartford  
Donny E. Marshall, Coventry  
Jeremy L. Jelliffe, Willimantic  
David Rifkin, Storrs  
Adam J. Kuegler, Watertown

Pursuant to Section 10a-108 of the General Statutes, the board of trustees appoints a university president to be the chief executive and administrative officer of the university and the board. Susan Herbst served as the president of the university during the audited period.

UConn's main campus is located in Storrs, Connecticut. The university maintains additional facilities and carries out programs at locations across the state. These facilities and programs include:

Avery Point:

Undergraduate and Graduate Programs  
Connecticut Sea Grant College Program  
National Underwater Research, Technology & Education Center (Officially closed on December 21, 2017)

Farmington:

UConn Health

Greater Hartford:

Undergraduate and Graduate Programs  
UConn School of Law  
School of Social Work (Hartford)  
Graduate Business Learning Center

Stamford:

Undergraduate and Graduate Programs  
Connecticut Information Technology Institute

Torrington:

Undergraduate and Graduate Programs (Closed at the end of spring 2016 semester)

Waterbury:

Undergraduate and Graduate Programs

Operations of the UConn Health Center are examined and reported upon separately by the Auditors of Public Accounts.

### **Autonomy**

Statutes governing the state's constituent institutions of higher education provide UConn notable autonomy and flexibility. This independence is most notable with respect to procurement. Institutions of higher education may, under Section 10a-151b of the General Statutes, purchase equipment, supplies and contractual services, execute personal services agreements or lease personal property without the approval of the Comptroller, the Secretary of the Office of Policy and Management, or the Commissioner of the Department of Administrative Services. Personal services agreements are not subject to the restrictions codified under Sections 4-212 through 4-219 of the General Statutes. As a compensating measure, personal services agreements executed by institutions of higher education must satisfy the same requirements generally applicable to other procurement actions.

Under Section 3-25 of the General Statutes, higher education institutions may, subject to the approval of the Comptroller, pay most non-payroll expenditures (those funded from the proceeds of state bond issues being an exception) directly instead of through the Comptroller. UConn issues checks that are drawn on a zero-balance checking account controlled by the State Treasurer. Under the approved procedures, funds are advanced from the university's operating fund (a civil list fund) to a Treasurer's cash management account. These advances are recorded as higher education operating expenses on the Comptroller's records. The Treasurer transfers funds from the cash management account to UConn's zero-balance direct disbursement checking account as needed to satisfy checks that have cleared.



UConn makes all payments, except for certain transactions involving student receipts, through the zero-balance checking account. UConn's operating fund is reimbursed on a daily basis for payments made on behalf of UConn's non-civil list funds (UConn 2000 bond proceeds and UConn's special local fund). The University of Connecticut Research Foundation Fund reimburses the operating fund on a monthly basis. The reimbursements are posted to the operating fund by crediting higher education operating expenses.

Although Section 3-25 clearly states that "payments for payroll...shall be made solely by the Treasurer..." UConn pays the majority of its food service employees directly. This arrangement is discussed in more detail in the State Auditors' Findings and Recommendations section of this report.

UConn also enjoys a significant degree of autonomy with respect to personnel matters. Section 10a-108 of the General Statutes grants the board of trustees the authority to employ the faculty and other personnel needed to operate and maintain the institutions under its jurisdiction and establish the terms and conditions of employment. Section 10a-154b allows institutions of higher education to establish positions and approve the filling of vacancies within available funds.

### **UConn 2000**

Public Act 95-230, known as The University of Connecticut 2000 Act, authorized a massive infrastructure improvement program to be managed by UConn. Subsection (c) of Section 7 of the act, codified as Section 10a-109g (c) of the General Statutes, provided that the securities issued to fund this program are to be issued as general obligations of UConn. However, the act committed the state to fund the debt service on these securities, both principle and interest, almost entirely from General Fund resources. Per subsection (c) of Section 5 of the act, codified as Section 10a-109e (c) of the General Statutes, "As part of the contract of the state with the holders of the securities secured by the state debt service commitment and pursuant to section 21 of this act, appropriation of all amounts of the state debt service commitment is hereby made out of the resources of the general fund and the treasurer shall pay such amount in each fiscal year, to the paying agent on the securities secured by the state debt service commitment or otherwise as the treasurer shall provide."

These securities, to the extent that related debt service are funded from the state debt service commitment, are considered for the bond limitation established by Section 3-21 of the General Statutes. However, they are not considered to be a state bond issue as referred to in Section 3-25 of the General Statutes. Therefore, UConn can make payments related to the program directly, rather than through the Comptroller.

Subdivision (1) of subsection (b) of Section 9 of Public Act 95-230 established a permanent endowment fund, the net earnings on the principal of which are to be dedicated and made available for endowed professorships, scholarships, and programmatic enhancements. To encourage donations, the act provided for state matching funds for eligible donations deposited into the fund, subject to specific caps. Effective July 1, 1998, Section 28 of Public Act 98-252 explicitly authorized the deposit of state matching funds in a foundation operating pursuant to Sections 4-37e and 4-37f to clarify that state matching funds could become foundation assets.

The enabling legislation for this program was subsequently amended, extending it through the fiscal year ending June 30, 2014 and modifying the matching percentage. However, Public Act 05-3, codified as Section 10a-8c of the General Statutes, effectively ended the program by providing that the matching funds are not to be disbursed unless the state's budget reserve (rainy day fund) equals ten percent of the net General Fund appropriation for the fiscal year in progress.

### **UConn 2000 Authorizations**

As of June 30, 2018, the General Assembly authorized \$4,619,300,000 in projects under the UConn 2000 enabling legislation. The estimated costs do not represent spending caps at the project level or in the aggregate.

Authorizing Legislation	Cumulative Estimated Costs	Cumulative Funding		
		UConn Bonds	State Bonds [a]	Other
PA 95-230	\$1,250,000,000	\$962,000,000	\$18,000,000	\$270,000,000
PA 02-3	2,598,400,000	2,262,000,000	18,000,000	318,400,000
PA 10-104	2,805,400,000	2,469,000,000	18,000,000	318,400,000
PA 11-75	3,068,300,000	2,731,900,000	18,000,000	318,400,000
PA 13-233	4,619,300,000	4,282,900,000	18,000,000	318,400,000

[a] Under Section 5 (b) of Public Act 95-230, the funding for UConn 2000 included \$18,000,000 in state general obligation bonds authorized under Section 1 of Public Act 95-270 and \$962,000,000 in UConn bonds authorized under Section 4 (a) of Public Act 95-230.

The legislature authorized additional funding through the issuance of state general obligation bonds. These bonds are obligations of the state and are not included as debt in the UConn financial statements. Several projects were funded in this manner. The most significant was the approval of up to \$169,500,000 for the development of a technology park at the university, under Section 92 of Public Act 11-57, as amended by Section 30 of Public Act 14-98.

Public Act 17-2 extended the UConn 2000 program by three years, from 2024 to 2027. It also deferred \$185.8 million in bonds currently authorized under the program for fiscal years 2018 to 2023 to fiscal years 2024 to 2027 and adjusts the program's annual bond caps.

### **Significant Legislation:**

The following notable legislative changes affecting the university took effect during or around the audited period:

- **Public Act 16-93**, effective July 1, 2017, required that the contract between UConn and the UConn Foundation include two additional provisions. The first provision governs the cash compensation UConn pays to its foundation. In essence, it phases out university support of the foundation as endowment levels increase. The second provision requires the foundation to use reasonable efforts to increase gifts and commitments each fiscal year for student support.
- **Public Act 17-63**, effective July 1, 2017, Section 7 authorized the UConn Foundation to invest state funds to benefit endowed chairs at UConn, which the Office of Higher Education deposits into its Endowed Chair Investment Fund. Under prior law, the State Treasurer invested these

funds. The Endowed Chair Investment Fund contains \$500,000 to \$1 million in state funds for each matching contribution privately raised by UConn for an endowed chair.

- **Public Act 17-130**, effective July 1, 2017, limited the applicability of certain state contracting requirements for UConn. Generally, it allows UConn to enter into certain goods and services contracts without (1) obtaining specified certifications from bidders and contractors or (2) complying with competitive bidding or negotiation requirements. In the latter case, UConn was required to first adopt policies for entering into or amending the goods and services contracts covered by the act.
- **Public Act 17-230**, effective October 1, 2017, Section 1 eliminated the requirement that UConn and the Department of Transportation (DOT) notify prospective bidders and consultants on various construction projects by advertising in state or local newspapers. Instead, it requires DOT and UConn to notify prospective contractors and consultants through the Department of Administrative Services' state contracting portal.
- **Public Act 17-2 of the June Special Session**, effective October 31, 2017, Section 31 transferred \$1 million from the tobacco health and trust fund to UConn to support the Connecticut Institute for Clinical and Translational Science in fiscal years 2018 and 2019.
- **Public Act 17-2, of the June Special Session**, effective October 31, 2017, Sections 442 and 443 extended the UConn 2000 program from 2024 to 2027. It also deferred \$185.8 million in bonds currently authorized under the program for fiscal years 2018 to 2023 to fiscal years 2024 to 2027 and adjusted the annual bond caps for the program.
- **Public Act 18-137**, effective October 1, 2018, Section 8 limited state agencies from paying a departing employee more than \$50,000 as part of a non-disparagement agreement or to avoid litigation costs. The act allows such a payment if (1) it is made under a settlement agreement the Attorney General enters into on the agency's behalf or (2) the Governor, upon the Attorney General's recommendation, authorized it to settle a disputed claim by or against the state.

**Enrollment Statistics**

Statistics compiled by the University of Connecticut's Office of Institutional Research and Effectiveness present the following enrollment totals during the audited period and prior fiscal year.

<b>Student Status</b>	<b>Fall 2014</b>	<b>Fall 2015</b>	<b>Fall 2016</b>	<b>Fall 2017</b>
Undergraduates	22,973	23,407	23,630	23,845
Graduates	6,830	6,945	7,139	7,098
Professional (School of Law and Doctor of Pharmacy)	761	708	671	647
Medical Students	384	396	408	411
Dental - Students	171	168	179	181
Total enrollment	31,119	31,624	32,207	32,182

## RÉSUMÉ OF OPERATIONS

Under the provisions of Section 10a-105 (a) of the General Statutes, fees for tuition are fixed by the board of trustees. The following summary presents annual tuition charges during the audited period and prior fiscal year.

Student Status	2014-2015			2015-2016		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
Undergraduates	\$9,858	\$30,038	\$17,250	\$10,524	\$32,066	\$18,416
Graduates	\$12,202	\$31,674	\$21,354	\$13,026	\$33,812	\$22,796
School of Law	\$25,366	\$53,392	\$44,390	\$27,078	\$56,996	\$47,386

Student Status	2016-2017			2017-2018		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
Undergraduates	\$11,224	\$33,016	\$19,366	\$11,998	\$34,066	\$20,416
Graduates	\$13,726	\$34,762	\$23,746	\$14,500	\$35,812	\$24,796
School of Law	\$27,778	\$57,946	\$48,336	\$28,554	\$58,996	\$49,386

During the audited period, the State Comptroller accounted for UConn operations in:

- General Fund appropriation accounts
- The University of Connecticut Operating Fund
- The University of Connecticut Research Foundation Fund
- Accounts established in other funds for appropriations financed primarily with bond proceeds

UConn maintains additional accounts that are not reflected in the state's civil list financial system. The most significant relate to the UConn 2000 infrastructure improvement program. They are used to account for the proceeds of UConn 2000 bonds and related expenditures.

UConn also maintains a special local fund that is used to account for various locally administered balances and activities. Governor William A. O'Neill authorized the fund under Section 4-31a of the General Statutes in 1987 to encompass existing local funds that had traditionally been controlled by UConn.

UConn's financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements. UConn utilizes the proprietary fund method of accounting, whereby revenue and expenses are recognized on the accrual basis.

UConn's financial statements are adjusted as necessary and incorporated into the state's Comprehensive Annual Financial Report. The financial balances and activity of the university are combined with those of UConn Health, including the John Dempsey Hospital, and included as a proprietary fund.

UConn employment grew slightly during the audited period. UConn reported 4,801, 4,830, 4,857, and 4,969 full and part-time faculty and staff (excluding adjunct faculty and other special

payroll employees, graduate assistants, dining services employees and student labor) as of the 2015, 2016, 2017, and 2018 fall semesters, respectively.

**Operating Revenues**

Operating revenues consist of student tuition and fees, grants and contracts (federal, state and local, and nongovernmental), auxiliary enterprises revenue, and other sources of revenue that generally have the characteristics of exchange transactions.

Operating revenues, as presented in UConn’s audited financial statements for the audited period and previous fiscal year, are as follows:

(\$ in thousands)	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Student Tuition and Fees (Net)	\$ 308,174	\$ 341,809	\$ 367,351	\$ 386,921
Grants and Contracts	170,849	184,383	180,133	144,388
Auxiliary Revenue	201,066	210,455	209,851	210,990
Other Sources	33,291	34,726	32,234	37,717
Total Operating Revenues	\$ 713,380	\$ 771,373	\$ 789,569	\$ 780,016

Operating revenues totaled \$771.4 million, \$789.6 million, and \$780.0 million during the fiscal years ended June 30, 2016, 2017, and 2018, respectively, compared to \$713.4 million during the fiscal year ended June 30, 2015. These revenues increased \$58.0 million (8%) and \$18.2 million (2%) in fiscal years 2016 and 2017, respectively, and decreased \$9.6 million (1%) in fiscal year 2018.

The growth in operating revenues during the fiscal year ended June 30, 2016 was primarily due to increases in student tuition, room and board fees, and undergraduate enrollment. Total grants and contracts also increased in fiscal year 2016, primarily due to additional revenues from various federal and state agencies, offset by a decrease in nongovernmental grant revenue from private foundations as compared to the prior year.

The growth in operating revenues during the fiscal year ended June 30, 2017 was due primarily to increases in student tuition, mandatory fees, and undergraduate enrollment. This was offset by a decrease in grant and contract revenue, mainly attributable to decreases in state and local educational program grants and a decrease in federal grant revenue.

The decrease in operating revenues during the fiscal year ended June 30, 2018 was due primarily to the reclassification of federal and state financial aid from operating to non-operating revenues (expenses). This was offset by increases in tuition, mandatory fees, and undergraduate enrollment. Other sources of operating revenues also increased, primarily due to additional revenue from service centers, renewable energy credits, pre-college summer program fees, payment plan fees, and rental income from various university-owned properties.

**Operating Expenses**

Operating expenses result from payments made for services to achieve the university’s mission of instruction, research, and public service. Operating expenses include employee compensation

and benefits, supplies and other expenses, utilities, depreciation and amortization, and scholarships/fellowships.

Operating expenses, as presented in UConn's audited financial statements for the audited period and previous fiscal year, are as follows:

(\$ in thousands)	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Salaries and Wages	\$ 542,082	\$ 557,496	\$ 556,411	\$ 569,359
Fringe Benefits	271,164	287,555	349,328	338,545
Supplies and Other Expenses	228,126	261,732	245,357	264,456
Utilities	23,212	19,737	19,039	19,655
Depreciation and Amortization	95,990	98,767	104,807	108,185
Scholarships and Fellowships	-	-	11,791	8,870
Total Operating Expenses	\$1,160,574	\$1,225,287	\$1,286,733	\$1,309,070

Operating expenses totaled \$1,225.3 million, 1,286.7 million, and 1,309.1 million during the fiscal years ended June 30, 2016, 2017, and 2018, respectively, compared to \$1,160.6 million during the fiscal year ended June 30, 2015. These expenses increased \$64.7 million (6%), \$61.4 million (5%), and \$22.3 million (2%) respectively, in fiscal years 2016, 2017, and 2018.

The growth in operating expenses during the fiscal year ended June 30, 2016 was due, in large part, to increased university operating expenses, including instruction and academic support, research, institutional support, and plant operations and maintenance. Personal services and fringe benefit expenses also grew due to compensation increases for collective bargaining units and fringe benefits related to pension expenses. This was offset by a decrease in utility expenses due to lower fuel prices and consumption.

The increase in operating expenses during the fiscal year ended June 30, 2017 was due primarily to a rise in fringe benefit expenses because of a significant increase in the pension expense for the State Employees' Retirement System (SERS). The majority of this increase was attributed to changes in experience data and economic assumptions used to calculate the total pension liability. Depreciation and amortization expenses also grew due to a significant increase in depreciable assets, including the Next Generation Residence Hall, and the Monteith and Putnam Refectory Renovations. This was offset by a decrease in supplies and other expenses, primarily due to the reclassification of reimbursements from UConn Heath, which UConn previously reported as operating revenue, but reported as a reduction in operating expenses in fiscal year 2017.

The growth in operating expenses during the fiscal year ended June 30, 2018 was due, in large part, to an increase in supplies and other university operating expenses, including research, academic support, student services, institutional support, plant operations and maintenance, and auxiliary enterprises. Salaries and wages also increased due to one-time lump-sum payments and merit bonuses awarded to employees in accordance with the 2017 State Employees' Bargaining Agent Coalition (SEBAC) agreement, combined with an increase in full-time equivalent employees. This was offset by a decrease in fringe benefit expenses due to pension benefit changes in the 2017 SEBAC agreement.

**Non-operating Revenues and Expenses**

Non-operating revenues and expenses are not from the sale, exchange, or purchase of goods and services that support the operations of the university. Non-operating revenues include items such as appropriations from the State of Connecticut for general operations, the state’s debt service commitment for interest, federal and state financial aid, noncapital gifts, investment income, and interest income.

Non-operating revenues and expenses, as presented in UConn’s financial statements for the audited period and the prior fiscal year, are as follows:

(\$ in thousands)	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
State Appropriations	\$ 350,699	\$ 384,747	\$ 374,113	\$ 342,987
State Debt Service Commitment for Interest	46,635	53,092	64,757	70,740
Federal and State Financial Aid	-	-	-	37,986
Gifts and Investment Income	24,717	26,828	26,624	25,791
Interest and Other Expenses	(47,960)	(55,226)	(60,905)	(68,671)
Net Non-operating Revenue	\$ 374,091	\$ 409,441	\$ 404,589	\$ 408,833

Net non-operating revenues totaled \$409.4 million, \$404.6 million, and \$408.8 million during the fiscal years ended June 30, 2016, 2017, and 2018, respectively, compared to \$374.1 million during the fiscal year ended June 30, 2015. These revenues increased \$35.3 million (9%) in fiscal year 2016, decreased \$4.9 million (1%) in fiscal year 2017, and then increased again by \$4.2 million (1%) in fiscal year 2018.

The growth in net non-operating revenues during the fiscal year ended June 30, 2016 was primarily due to additional state appropriations to fund collective bargaining increases, larger fringe benefit payments, and the Next Generation Connecticut initiative. General Fund support in the form of the state debt service commitment for interest on UConn 2000 related bonds also increased in fiscal year 2016, as did the interest expense.

The decrease in net non-operating revenues during the fiscal year ended June 30, 2017 was primarily due to a reduction in state appropriations because of the fiscal year 2017 budget deficit. This was offset by an increase in state debt service commitment for interest on UConn 2000 related bonds due in part to a larger proportion of bond proceeds designated for UConn projects. The increase in interest revenue from the state corresponded with the additional interest expense for fiscal year 2017.

The increase in net non-operating revenues during the fiscal year ended June 30, 2018 was due primarily to the reclassification of federal and state financial aid from operating revenues to non-operating revenues (expenses). There was also an increase in state debt service commitment for interest on UConn 2000 related bonds, as well as an increase in interest expense. This was offset by a decrease in state appropriations due to fiscal year 2018 state budget reductions.

## **Other Changes in Net Position**

Other changes in net position are comprised primarily of the state's debt service commitment for principal and capital grants and gifts.

Other changes in net position, as presented in UConn's audited financial statements for the audited period and previous fiscal year, are as follows:

(\$ in thousands)	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
State Debt Service Commitment for Principal	\$ 56,430	\$ 103,400	\$ 281,576	\$ 187,269
Capital Allocation	131,500	-	-	-
Capital Gifts and Grants	25,412	5,071	1,388	5,099
Other	(407)	(8,472)	(269)	338
Other Changes in Net Position	\$ 212,935	\$ 99,999	\$ 282,695	\$ 192,706

Other changes in net position totaled \$100.0 million, \$282.7 million, and \$192.7 million during the fiscal years ended June 30, 2016, 2017, and 2018, respectively, compared to \$212.9 million during the fiscal year ended June 30, 2015. Other changes in net position decreased \$112.9 million (53%) in fiscal year 2016, increased \$182.7 million (183%) in fiscal year 2017, and then decreased again by \$90.0 million (32%) in fiscal year 2018.

The decrease in other changes in net position during the fiscal year ended June 30, 2016 was primarily due to reductions in capital allocation as a result of general obligation bonds issued by the state to finance construction for projects on UConn's behalf within the technology park in fiscal year 2015. There were no amounts allocated to UConn in fiscal years 2016, 2017, and 2018. Capital gifts and grants also decreased due to large non-recurring capital gifts received in fiscal year 2015. This was offset by an increase in General Fund support in the form of the state debt service commitment for principal on UConn 2000 related bonds, due to a larger issuance of general obligation bonds than in the prior year.

The state made a commitment to paying an annual amount of debt service on securities issued as general obligations of the university. Given that, the growth in other changes in net position during the fiscal year ended June 30, 2017, was primarily due to an increase in General Fund support in the form of the state debt service commitment for principal on UConn related bonds. The increase in revenue associated with the state debt service commitment for principal was due, in part, to a larger proportion of bond proceeds designated for UConn projects. Furthermore, there was an increased amount of proceeds related to debt issued in the current year and recorded as revenue compared with proceeds used to directly refund debt that existed in the previous fiscal year. Other expenses also decreased, primarily due to the disposal of the Connecticut Commons complex in fiscal year 2016 combined with an increase in permanent endowments. This was offset by a decrease of capital grants and gifts mainly due to property that was acquired through the dissolution of the UConn Alumni Association in fiscal year 2016.

The decrease in other changes in net position during the fiscal year ended June 30, 2018 was primarily caused by a reduction in revenue related to state debt service commitment for principal,



due in part to general obligations issued with a lower par amount in the current year. Furthermore, the proportion of bond proceeds designated for UConn Health projects, which is reported as a reduction in revenue, was higher in fiscal year 2018. This was offset in part by an increase in capital grants and gifts, due primarily to the transfer of assets from UConn Health in connection with the consolidation of the police and fire department services in fiscal year 2018.

**Net Position**

Net position includes investments in capital assets net of liabilities, restricted funds, and unrestricted funds. Net position, as presented in UConn’s financial statements for the audited period and prior fiscal year, is presented below:

(\$ in thousands)	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Net Investment in Capital Assets	\$ 1,2074,892	\$ 1,365,918	\$1,557,469	\$ 1,682,317
Restricted Nonexpendable	13,091	12,593	14,483	15,044
Restricted for Expendable:				
Research, Instruction, Scholarship, and Other	19,334	24,455	34,058	32,273
Loans	2,533	2,520	2,543	2,566
Capital Projects	184,023	49,637	89,146	134,453
Unrestricted	(429,274)	(401,998)	(454,454)	(1,786,425)
Total Net Position	\$ 997,599	\$ 1,053,125	\$1,243,245	\$ 80,228

UConn’s net position balance totaled \$1,053.1 million, \$1,243.2 million, and \$80.2 million during the fiscal years ended June 30, 2016, 2017, and 2018, respectively, compared to \$997.6 million during the fiscal year ended June 30, 2015. Net position increased \$55.5 million (6%) and \$190.1 million (18%) in fiscal years 2016 and 2017, respectively, and decreased \$1,163.0 million (94%) in fiscal year 2018.

The large decrease in Net Position as of June 30, 2018 is primarily due to the implementation of GASB Statement 75, which required a \$1.2 million adjustment to the beginning balance for UConn’s share of the non-pension postemployment benefits.

**Related Entities**

UConn did not hold significant endowment and similar fund balances during the audited period, as it has been the university’s longstanding practice to deposit donations with the University of Connecticut Foundation, Inc. (UConn Foundation) or the University of Connecticut Law School Foundation, Inc. (Law School Foundation). The UConn Foundation provides support for UConn and the UConn Health Center. Its financial statements reflect balances and transactions associated with both entities. The Law School Foundation was dissolved as of June 30, 2017, and all remaining assets, including endowed funds, restricted non-endowed funds, and other investment funds, were distributed to the UConn Foundation to be managed in accordance with all donor restrictions and for the sole benefit of the University’s Law School. A summary of the two foundations’ assets, liabilities, net position, revenue and support, and expenses, as per those audited financial statements, follows:

<b>University of Connecticut Foundation, Inc.</b>				
(\$ in thousands)	<b><u>2014-2015</u></b>	<b><u>2015-2016</u></b>	<b><u>2016-2017</u></b>	<b><u>2017-2018</u></b>
Assets	\$ 481,944	\$ 475,537	\$ 518,688	\$ 575,448
Liabilities	46,162	44,723	43,113	41,019
Net Position	435,782	430,814	475,575	534,430
Revenue and Support	53,422	48,815	93,291	110,041
Expenses	54,422	53,892	48,530	51,186

<b>Law School Foundation, Inc.</b>				
(\$ in thousands)	<b><u>2014-2015</u></b>	<b><u>2015-2016</u></b>	<b><u>2016-2017</u></b>	<b><u>2017-2018</u></b>
Assets	\$ 22,854	\$ 23,131	\$ 24,188	\$ -
Liabilities	3	21	35	-
Net Position	22,851	23,110	24,153	-
Revenue and Support	3,384	1,817	3,183	11
Expenses	1,670	1,558	2,140	137
Transfer to Foundation	-	-	-	(24,027)

**STATE AUDITORS' FINDINGS AND RECOMMENDATIONS**

Our examination of the records of the University of Connecticut disclosed the following 28 findings and recommendations, of which 8 have been repeated from the previous audit:

**Public Solicitation for Projects Exceeding \$500,000**

*Background:* When construction projects are considered complex, risky in nature, or require multiple phases, the university may utilize the construction manager at risk (CMR) delivery method. CMR requires the construction manager to commit to delivering the project within a guaranteed maximum price.

*Criteria:* Section 10a-109n(c)(2)(A) of the General Statutes requires that "...the construction of a university project which is estimated to cost more than five hundred thousand dollars, shall be publicly let by the university. The university shall give notice to contractors interested in prequalifying to submit a project proposal or bid, by posting any such notice on the university web site and on the State Contracting Portal."

*Condition:* During our review of 6 construction manager at risk contracts totaling \$291,408,084, we found that UConn did not competitively solicit 2 projects, totaling \$26,619,653 and \$16,544,703. In both instances, the university awarded a contract to a CMR already engaged on another project.

*Effect:* The university did not comply with the general statute. The lack of solicitation for services could result in higher costs.

*Cause:* The university felt that it did not have to publicly solicit for construction management services under the circumstances.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should comply with Section 10a-109n(c)(2)(A) of the General Statutes and publicly solicit projects with costs estimated to exceed \$500,000, by posting them on the university's website and Department of Administrative Services' State Contracting Portal. (See Recommendation 1.)

*Agency Response:* "The University of Connecticut is in agreement that projects with costs estimated to exceed \$500,000 should be publicly bid out.

However, in certain circumstances, such as the two projects identified within this recommendation, there may be companion or enabling

projects contemplated under the entire budget of a larger CM project, and are necessary to complete the larger CM project. In these instances, due to the proximity and inter-related project elements relative to the larger project, decisions are made to assign the management of the enabling or companion project to the current CM. The construction packages for the enabling projects or companion projects are publicly bid through the CM relationship which satisfies C.G.S. Section 10a-109n(c)(2)(A). As the two projects included in the finding met the aforementioned circumstances, the University deems that it was in compliance with statutory requirements for bidding projects greater than \$500,000. The University believes no further action is warranted.”

*Auditors’ Concluding  
Comment:*

Our review of the documentation provided to us related to the 2 projects in the above condition leads us to believe the projects were large and distinctly separate enough to require public solicitation.

**Professional Services Competitive Selection**

*Criteria:*

Capital Projects and Facilities Procurement (CPFP) policies dictate that when professional services costs are estimated to exceed \$500,000, CPFP will publicly advertise the request for qualifications, and a competitive solicitation selection process is initiated.

*Condition:*

During our review of construction change orders, we noted that UConn did not competitively solicit 2 professional design projects, with costs exceeding \$500,000. Instead, the university awarded the projects to firms previously selected for design services on other projects.

- One project’s design contract, with an initial value of \$3,950,950, was amended 16 times. The amendments totaled \$4,655,384 and included \$1,242,095 in design services for a separate project that the university did not competitively solicit.
- One project’s design contract, with an initial value of \$11,875,000, was amended 11 times. The amendments totaled \$3,617,380 and included \$3,035,161 in design services for a separate project that the university did not competitively solicit.

*Effect:*

Potential vendors were denied the opportunity to bid on the contract. The university’s ability to obtain the most qualified vendor at the most competitive price was decreased.

*Cause:*

The university felt that it did not have to competitively solicit for the design services under the circumstances.

*Prior Audit Finding:*

This finding has not been previously reported.

*Recommendation:* The University of Connecticut should adhere to its policies and publicly solicit design projects with costs greater than \$500,000. (See Recommendation 2.)

*Agency Response:* “While Management agrees with this recommendation, the University believes that it has adhered to the requirements to publicly solicit design projects with costs greater than \$500,000 both generally and in the two instances cited in this finding. The University believes no further action is warranted.

The two cited instances are for two different projects (the Athletics District Development and the Science 1 Building) and they have some similarities and differences; but ultimately, we believe sufficient notice and information was provided in the original solicitations for the projects that shows the intention to award the scope of work.

One of the similarities between the two projects is that in both the University chose for accounting and funding clarity to create two project numbers for a single scope of work. These “associated” projects are therefore not separate but are intertwined with the site enabling and utility extension work under one project number and the new building or facility costs under a second project number. Both portions ultimately were needed to construct and operate the facility. The solicitation for the design services for both projects as a whole stipulated that a certain level of conceptual design be completed before the associated projects could be fully quantified.

In the case of the Athletics District Development, the task orders for the \$1.24 million are for design services for utility extensions from the new Performance Building and stadia to the campus infrastructure. The basis of this work was the University’s framework contract with BVH Engineers that was solicited in 2015. The solicitation specifically describes the engagement under this contract as a “long-term, multi-year, multi-project engagement with the successful firm such that the evaluation, planning, mapping and design of the utilities infrastructure framework, its related future utility projects and the maintenance of utility system modeling necessary to support the Capital and Master Plans are under the purview of this contract”. The intention and application of the framework contract, which was consistent with the terms outlined in its solicitation and based on fee formulas, was to add utility extension design to projects that must be integrated and attached to the campus-wide infrastructure system, which is how this contract and design work were implemented.

In the case of the Science 1 Building, the task order amendment for the \$3.0 million is similarly for utilities and infrastructure, but for

coordination purposes on an extremely complex project, this work was identified in the solicitation for this project to be added to the base design fee after completion of the conceptual design. The solicitation specifically states that “after acceptance of the proposed conceptual site plan, the University will evaluate additional services for the design team to incorporate additional site development and any necessary reconfiguration of existing conditions associated with the selected Science 1 parcel site”. We believe this clause clearly outlines the expectation for the bidders that this future work will be included in the design package.

On both of these projects, we believe that it would be unreasonable and technically impractical to attempt to bid this work as separate projects to another design team as the scopes of work are interdependent and intermingled to the base jobs. Thus, we feel that the statements in the project solicitations that these tasks would be defined and included as future task orders adequately covers and meets the requirement to publicly solicit the design work.”

*Auditors’ Concluding  
Comment:*

Our review of the documentation provided to us related to the projects described in the above condition leads us to believe the projects were large and distinctly separate enough to require public solicitation.

**Hartford Relocation Project**

*Background:*

In June of 2014, to facilitate the development of a campus in downtown Hartford, the University of Connecticut entered into a contract with a development company. According to the agreement, the developer was responsible for contracting and delivering the design, construction, and completion of the campus in downtown Hartford. Subsequent to the project’s completion, the university’s West Hartford campus operations and programs moved to the new Hartford campus.

*Criteria:*

Cost is a major consideration in any procurement process. An important objective in negotiating with companies providing services is to reach a complete and mutual understanding of the scope of the services to be provided as well as the compensation for such services.

*Condition:*

Initial contracts signed by the developer and the university established an estimated construction budget of \$70,000,000, and a not to exceed total campus project budget for the renovation of the Hartford Times Building (HTB) of \$87,000,000. The guaranteed maximum price for the construction budget was eventually set at \$97,988,652. Subsequently, the university adjusted the contract 24 times, with more than 283

changes, increasing the HTB construction to \$102,896,043, and total campus renovation costs to \$116,701,564.

*Effect:* The costs for this project far exceeded the original budget.

*Cause:* The university did not follow the standard procurement process for construction projects, and as such, failed to establish a proper scope and compensation for the services.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should establish the scope and costs of construction projects to ensure that their actual costs are reasonable and consistent with a properly developed original budget. (See Recommendation 3.)

*Agency Response:* “Management disagrees with the finding. At the outset of a large multi-faceted project, it is customary and reasonable to rely on preliminary benchmark estimates. The University established the scope and costs appropriately, timely, and consistent with the Board of Trustee approvals and expectations for the project as a whole. In fact, overall the \$140 Million Hartford campus relocation project was completed 6% under the approved budget. Further, the University contends that it did follow a standard and allowable procurement method, and that the comparison of the starting and ending values of only one portion of the project has little to no relevance. The University believes no further action is warranted.

The relocation of any campus, and as in the case of the Hartford Campus Relocation project, was unprecedented, and the development of the scope of this multi-faceted project was extraordinary. We believe the comparison of a preliminary benchmark estimate for the design and construction of one piece of the project to the final fully-developed cost of that individual piece is too simplistic and does not provide recognition of the required complete development process and the ultimate complexity of the derivation of the whole project scope to relocate the campus.

The developer was solicited through a public Request for Expressions of Interest (RFEI) process commenced in 2013, and concluded in 2014, and allowed pursuant to CGS 10a-109d. Their selection was a quality-based selection, not a cost-based selection, and the focus was on selecting a central site to anchor the new campus location. The developer was hired based on a fee-for-service contract, utilizing a benchmark estimate for the value of the development agreement, and their scope of services are clearly delineated therein. In addition, there

were an additional 18 contractual agreements required to relocate the totality of the campus operations. The Hartford Times Building was designed and constructed under the development agreement with HB Nitkin (dba FSD University), while the project's total scope and budget included additionally the purchase of an existing building, the renovation of a building for the School of Social Work, a partnership and interior renovation of the Hartford Public Library and the leasing and build-out of a new bookstore and cafe. The Board approved budget for the Hartford Campus Relocation project was \$140.0 Million, and the final costs were \$131.8 Million or \$8.2 Million under budget.

Pursuant to UConn Board policies, and as outlined in the development agreement, once the scope of this individual piece of the project could be ascertained versus the other pieces, the Hartford Times Building was constructed under a Guaranteed Maximum Price (GMP) construction contract. We are not aware of any industry standard metrics concerning the number of change orders or change events on a GMP, but the industry does recognize the cost of changes in the 3% to 5% range as a measure of the acceptability of the designated and designed scope of work. The change percentage on this GMP was 5% and is a solid indicator that the scope and design were within an acceptable and anticipated range.”

*Auditors' Concluding  
Comment:*

The initial contracts signed by the developer and the university established an estimated construction budget of \$70,000,000, and a not to exceed total campus project budget for the renovation of the Hartford Times Building of \$87,000,000. The final construction and total campus renovation costs were \$102,896,043 and \$116,701,564, respectively, each of which are far in excess of the “3% to 5% range” cited by the university.

**Sabbatical Leave Program**

*Criteria:*

UConn's bylaws state that sabbatical leave is for a period of one year (two semesters). Leave may be taken for a full period (one year) at half pay or for up to half the period at full pay.

UConn's bylaws require that, upon completion of a sabbatical leave, employees return to active service at the university for at least one year. Furthermore, per UConn's Sabbatical Leave Request Form, employees not returning to full-time service for one year following the sabbatical leave are required to return amounts paid to them during the leave. The bylaws also require employees to provide a written summary of the work done during the leave to the officer who approved the leave.



*Condition:* Our review of 10 employees who participated in the university's sabbatical leave program identified the following exceptions:

- One instance in which a faculty member was granted a full period (one year) of sabbatical leave at full pay totaling approximately \$199,000.
- Two instances in which UConn paid faculty members on sabbatical leave \$46,000 and \$41,000, but they did not return to service. In both instances, UConn waived the pursuit of repayment and the amounts were never repaid. Additionally, in both instances, the employees failed to submit the written report summarizing their work during the leave.
- One instance in which a retiring dean was not required to return to full-time service subsequent to a fully paid six-month sabbatical leave. UConn instead granted the dean 4 additional months of paid administrative leave. The sabbatical leave, combined with the paid administrative leave, totaled 10 months at a cost of \$157,000.

*Effect:* UConn incurred costs inconsistent with what its bylaws permit. In the three instances in which university employees did not return to full-time service, UConn failed to realize the intended benefit of the sabbatical leave program.

*Cause:* UConn did not follow its bylaws related to the sabbatical leave program.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should adhere to its bylaws when administering the sabbatical leave program, document any deviation from its formal policy in writing, and vet sabbatical leave via an appropriate approval process. (See Recommendation 4.)

*Agency Response:* "The University of Connecticut agrees with the recommendation. The Office of the Provost has sent out to the Dean's offices clear guidance relating to requirements for proper documentation relating to sabbatical leaves, including the requirement that faculty return to active service for one year following the sabbatical leave. Monitoring at the level of academic departments is required so that the Office of Human Resources is informed if a faculty member will be separating from the University immediately after or within one year of a sabbatical leave. The Office of the Provost will continue to work with administrators in schools and colleges to make sure that such monitoring is taking place and that any such instances are communicated to Human Resources in a timely manner.

Clear guidelines will be provided online, in the Bylaws and in the Faculty & Staff Handbook giving notice to faculty wishing to take sabbatical leave the requirement to complete one year of full-time service following the leave. Faculty will also be required to certify in CORE-CT their understanding of the return to service requirement when applying for sabbatical leave.

The Office of the Provost, with input and guidance from the Office of Human Resources, will review and approve documented exceptions to the policy where warranted.”

### **Excessive Compensation**

*Criteria:* Compensation should be commensurate with work performed. When a managerial employee moves to a position that requires less time and effort, the compensation should be reduced to a level appropriate to the new job duties.

*Condition:* We reviewed 18 employees who stepped down from management positions during the audited period. Each employee moved from a 12-month management position to a 9, 10, or 11-month faculty position. Of the 18 employees, we found 7 instances in which the university increased the employees’ monthly compensation rate after changing positions. We were not able to obtain documentation to justify the increased compensation rates.

*Effect:* It appears that the university did not reduce the employees’ compensation to the level appropriate for their new jobs.

*Cause:* The university did not have adequate controls in place to ensure that it reduced the employees’ compensation to levels commensurate with their new positions.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2015.

*Recommendation:* The University of Connecticut should compensate employees who step down from management positions at a level consistent with their new position. If a higher compensation rate is warranted, the university should document the appropriateness of the new salary. (See Recommendation 5.)

*Agency Response:* “The University of Connecticut agrees with the recommendation and believes no further action is warranted.

We agree employees who step down from management positions should be compensated at a level consistent with their new position. The auditors note that the basis for the finding is that a management employee who is on a 12-month compensation schedule had an increase in monthly compensation after they stepped down from the management position. This fact could occur even in the circumstance where the annual salary has been reduced as a result of the faculty member stepping back from a management position. Monthly compensation alone should not be the measure, e.g. a 100,000 annual salary for a 12 month position would yield a lower monthly salary than a 10 month 90,000 annual salary. There are a number of factors that go into to determining compensation when an individual returns to a non-management role including any increase that members of the bargaining unit may have received in the interim that were not similarly provided to management employees. The University of Connecticut agrees that the rationale for the salary of a faculty member who has stepped down from a management position should be documented.”

*Auditors’ Concluding  
Comment:*

As described in the above condition, the university did not provide any documentation to support its rationale for the higher compensation rates.

**Compensatory Time**

*Criteria:*

Per the University of Connecticut Professional Employees Association (UCPEA) collective bargaining contract, Article 18.2, when an exempt employee is required by a supervisor to work extraordinary hours, the supervisor may (1) allow the employee to reduce work hours by an equivalent amount within the same pay period or (2) award compensatory time off to be used in a subsequent pay period. The first supervisor outside the bargaining unit (or designee) shall provide the employee with written confirmation of the requirement to work extraordinary hours, specifying the reason for the requirement, and identifying the anticipated reduction in schedule to account for the extraordinary hours worked. In the event that a reduced schedule within the same pay period is not possible or practical, the supervisor may instead provide the employee written authorization to accrue compensatory time for future use.

Article 18.3 states that employees shall make every effort to request the utilization of accrued compensatory time, and supervisors are encouraged to approve these requests when business needs permit. If an individual employee’s accumulation exceeds a balance of 140 hours,

management may opt to pay for the time over 100 hours up to a maximum of 40 hours at a time.

UConn's Compensatory Time Procedures for UCPEA Employees in Exempt Positions states that a standard approval form (Compensatory Time Accrual Request Form) is necessary when the employee is required to work extraordinary hours. Employees must complete the form prior to the commencement of the extraordinary hours, specifying the reason and indicating prior supervisory approval.

*Condition:*

Our review of 10 employees earning a total of 5,725 hours of compensatory time identified the following exceptions:

- UConn did not properly approve compensatory time for 9 employees who earned 5,250 hours of compensatory time. For 8 of those employees, there was no documentation on file to indicate that management approved the extraordinary hours. For one employee, the compensatory time accrual request form was on file, but it did not indicate prior supervisory approval.
- Four employees did not request to utilize the accrued compensatory time. Instead, UConn paid the accrued compensatory time as additional compensation.
- UConn paid 2 employees for ineligible compensatory time. UConn paid one employee for 120 hours in a single paycheck. UConn paid the other employee for 160 hours in a single paycheck when the employee was eligible to be paid 80 hours over two paychecks.
- One employee earned approximately 1 to 2 hours of compensatory time per day throughout the audited period. The employee's activities while earning the compensatory time appeared to fall within the normal duties of the position, and did not appear to be extraordinary work hours.

*Effect:*

The university did not comply with the compensatory time provisions of the UCPEA contract. In the absence of adequate oversight and written managerial preapproval of compensatory time, there is a greater risk for impropriety and loss to occur.

The university spent more than it should have on compensatory time payments.

*Cause:*

The university did not have adequate procedures in place to ensure that it followed the established compensatory time policies.

The employee who earned one to two hours of compensatory time every day seemingly could not complete duties during regularly scheduled hours.

*Prior Audit Finding:  
Recommendation:*

This finding has not been previously reported.  
The University of Connecticut should strengthen control procedures to ensure compliance with the compensatory time provisions set forth in the University of Connecticut Professional Employees Association contract. (See Recommendation 6.)

*Agency Response:*

“The University of Connecticut agrees with the recommendation and has implemented corrective action.

The current finding is for the audit period 2016 – 2018. Since approximately 2018, Faculty and Staff Labor Relations reporting to the UConn Office of Human Resources has ceased paying out compensatory time over 40 hours except in circumstances where there is a grievance and the University believes that it is in their best interest to resolve the grievance in favor of the employee. The University will refresh guidance for managers on the requirements for approving compensatory time and will conduct periodic audits to ensure compliance.”

## **Separation Payments**

*Criteria:*

Under UConn’s Separation Policy for Unclassified Board of Trustees Exempt Managers and Confidential Employees, management and confidential employees who are involuntarily separated from UConn for reasons unrelated to their job performance, such as lay off, position elimination, or management reorganization, may be eligible for separation benefits. To receive separation benefits, the employee must execute a separation agreement and general release in a form acceptable to the university. At UConn’s discretion, it may offer advance written notice of the effective date of separation, a lump sum payment of salary in lieu of notice, or a combination of the two.

Unless the relationship with an employee has deteriorated to the point that the employee’s continued presence on site would be a detriment, offering notice is the fiscally prudent alternative. If, due to security and/or other risk concerns, management determines payment in lieu of notice is the judicious alternative, it is good business practice for management to document its consideration of the applicable risk factors and clearly describe the basis for its conclusion.

Management and confidential employees who are involuntarily separated from the university because of job performance are not

eligible for separation benefits.

*Condition:*

During a test of employees on leave with pay, we noted 9 instances that constituted payments of salary in lieu of notice to managerial employees. In 2 instances, UConn made a single lump sum payment in lieu of notice. In 7 instances, UConn paid the employees on an installment basis and placed them on paid leave for the time immediately prior to their separation date. Our review of the 9 employees identified the following exceptions:

- Six employees were separated involuntarily for reasons unrelated to their job performance. UConn did not provide written documentation supporting management's decision to pay the employees in lieu of notice. Based on the paid leave periods and employee pay rates, UConn paid the 6 employees a total of \$324,708.
- One employee was separated involuntarily because the university was concerned about his job performance. UConn paid the employee \$124,892, the equivalent of 12 months of salary and benefits. Subsequent to the separation, the university reorganized and eliminated the employee's position.
- One employee was separated involuntarily for non-performance of required duties. UConn paid the employee \$7,138, the equivalent of 2 months of salary and benefits. The university did not execute a separation agreement and general release for this employee.

*Effect:*

The separation payments may not have been a prudent use of the university's resources, and UConn lost the opportunity to benefit from the employees' services.

Two former employees who were not eligible for separation payments received improper benefits because they were separated involuntarily due to job performance.

*Cause:*

Management's judgement and discretion played a significant role in the decision to permit payment in lieu of notice. In addition, the university's policy did not require management to document its consideration of risk factors and basis for concluding that payment in lieu of notice was a more prudent decision than giving notice. Furthermore, the university stated that it did not consider requiring such documentation to be an acceptable employee relations practice.

*Prior Audit Finding:*

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2015.

*Recommendation:* The University of Connecticut should provide notice instead of separation payments in instances of involuntary separation unrelated to job performance. However, if, due to security and/or other risk concerns, management determines that payment in lieu of notice is the prudent alternative, it should prepare written documentation of its consideration of the applicable risk factors and clearly describe the basis for its conclusion.

The university should not make separation payments to employees who were terminated for poor job performance. (See Recommendation 7.)

*Agency Response:* “The University of Connecticut partially agrees with the recommendation and believes no further action is warranted.

As acknowledged in the finding above, there are situations in which an employee’s continued presence on site would be a detriment and offering notice may be more fiscally prudent. UConn’s Separation Policy for Unclassified Board of Trustees Exempt Managers and Confidential Employees explicitly provides for notice, or payment in lieu of notice, to employees prior to the effective date of a layoff, position elimination or other separation not related to performance or misconduct. The policy also permits continuation of health insurance and provision of outplacement services. In most cases, a management or confidential employee that has been issued a layoff notice is expected to continue providing service to UConn in an advisory or consultative capacity to either transition their responsibilities to others or to wind down their pending tasks and projects. For a variety of business reasons, such as security concerns and other risk management issues, UConn has adopted a policy that gives management the option to either release the employee during the notice period or have the employee work remotely. Finally, working for the full notice period with no separation payment may not be sufficient consideration necessary to enforce the required separation agreement and general release.

We do not agree that management should document its consideration as this documentation would potentially be available to the public and current employees.”

## **Excess Payment for Unused Vacation Accrual**

<i>Criteria:</i>	<p>Per the Benefits for Managerial and Confidential Exempt and Non-Represented Faculty policy, payments for unused managerial and confidential employee vacation accruals are limited to a maximum of 60 days. The UConn board of trustees may modify this benefit.</p> <p>Per the University of Connecticut Professional Employees Association (UCPEA) bargaining contract, UCPEA employees who separated from the university prior to July 1, 2016 are entitled to receive full pay for up to 44 days of unused vacation. UCPEA employees who separated July 1, 2016 or later are entitled to receive full pay for up to 60 days of unused vacation.</p>
<i>Condition:</i>	<p>We reviewed payments to 35 employees for unused accumulated leave balances during the audited period. Our review disclosed the following:</p> <ul style="list-style-type: none"><li>• Per a separation agreement with the university, UConn paid one managerial employee \$42,040 for 70 days of accrued vacation. We found no indication that the board of trustees approved the additional \$6,006 payment for the 10 vacation days above the 60-day maximum.</li><li>• Per a separation agreement with the university, UConn paid one UCPEA employee, separated from service prior to July of 2016, \$24,473 for 58.25 days of accrued vacation. The university overpaid the employee \$5,987 for the 14.25 vacation days above the 44-day maximum.</li></ul>
<i>Effect:</i>	<p>The university overpaid two former employees \$11,993.</p>
<i>Cause:</i>	<p>The university did not follow its policy or the UCPEA bargaining contract when it made vacation leave separation payouts.</p>
<i>Prior Audit Finding:</i>	<p>This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2015.</p>
<i>Recommendation:</i>	<p>The University of Connecticut should follow all applicable policies, procedures, and contracts when making vacation leave payouts upon an employee's separation. (See Recommendation 8.)</p>
<i>Agency Response:</i>	<p>"The University of Connecticut agrees with the recommendation and believes no further action is warranted.</p> <p>The University's Office of Human Resources revised in its entirety the Benefits for Managerial and Confidential Exempt and Non-Represented</p>



Faculty Policy, effective July 1, 2019. New provisions will eliminate any procedural risk as noted in the prior audit findings and more closely align to state policy.”

**Core-CT Access**

*Criteria:* The Core-CT Human Resources Management System (HRMS) Role Assessment Handbook emphasizes that agencies should not request that the agency human resources specialist role be assigned to an employee who has the agency payroll and/or time and labor specialist role. Access to any combination of these roles could allow an employee to enter someone into the system and pay them inappropriately, without oversight.

Where it is necessary for a user to be assigned roles that do not allow for a proper segregation of duties, the agency must submit a CO-1092 Security Request Form to Core-CT. The agency should use the form to explain why the dual roles are necessary within the agency and how the controls in place prevent inappropriate or fraudulent transactions within the system.

*Condition:* Our review of the university’s Core-CT access privileges during the audited period disclosed the following conditions:

- Eighteen employees had the human resources specialist role and the agency payroll and/or time and labor specialist role. This included all but two of the employees in the payroll department.
- Four of the 18 employees with dual access were not approved by Core-CT via the CO-1092 process. UConn did not provide Core-CT with written justification and safeguards for the conflicting roles.

*Effect:* Unnecessary or inappropriate access to information systems could increase the risk of data system errors and fraud.

*Cause:* UConn informed us that, to successfully manage the payroll department functions, there was a business need to assign dual roles due to limited staff and resources.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should review each user’s Core-CT access and, if appropriate, adjust the level of employee access to improve the segregation of duties between the payroll and human resources functions. The university should submit a CO-1092 form with

appropriate justification for all employees with dual access. (See Recommendation 9.)

*Agency Response:* “The University of Connecticut agrees with the recommendation and has implemented corrective action.

Payroll management has reviewed each staff member’s Core-CT security access and made appropriate changes to improve the segregation of duties where feasible and permitted by operational requirements. Where dual access is required, Payroll has provided updated/renewed justifications to Core-CT via the CO-1092 process.”

**Timesheets**

*Criteria:* Sound internal controls require that supervisors sign employee timesheets to support the time they worked during a pay period. Approved timesheets provide some assurance that employees provided services during the pay period.

*Condition:* We noted that 10 employees’ timesheets were missing a supervisor’s approval. Instead, subordinates approved the timesheets of the higher ranked employees.

*Effect:* The lack of supervisory approval decreased assurance that the employees provided services during the pay period.

*Cause:* There was a weakness in controls related to the supervisory review of employee timesheets.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should improve internal controls over timesheet approval. (See Recommendation 10.)

*Agency Response:* “The University of Connecticut agrees that the best practice is for supervisors to take direct responsibility for the review and approval of their employees’ timesheets. However, there will be instances where delegation will enhance the effectiveness and efficiency of the operation without jeopardizing the internal control necessary for accountability. We will assess the current procedures for authorizing timesheet delegates and add additional levels of review and approval to the delegation request if necessary. We will also provide consistent communication to supervisors and their delegates of the responsibilities of delegation to ensure compliance with UConn policies and procedures.”

**Rehire of Retired State Employees**

*Criteria:* UConn’s rehired retiree policy states that compensation should not exceed 75% of the employee’s preretirement salary for up to 120 work days. If the retiree works in a different position, the employee should be paid the established minimum salary. The policy also limits the rehiring of retirees to no more than three 120-day calendar years.

*Condition:* Our review of 11 UConn retirees rehired during the audited period disclosed the following:

- UConn rehired 6 retirees for more than three 120-day periods.
- UConn paid 3 retirees hourly wages that exceeded 75% of their preretirement salary.

*Effect:* UConn failed to comply with its rehired retiree policy.

*Cause:* UConn did not have adequate controls in place to enforce its rehired retiree policy.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should not rehire its retired employees for more than three 120-day periods, in accordance with university policy. The university should ensure that compensation for rehired retirees is consistent with its policy. (See Recommendation 11.)

*Agency Response:* “The University of Connecticut agrees with the recommendation and has implemented corrective action.

Per UConn policy on rehiring retirees: the use of re-employed retirees permits assignment of experienced and at times uniquely qualified individuals with proven abilities to meet immediate, temporary, seasonal and ongoing irregular staffing needs in many employee categories.

UConn has strengthened controls and processes and documents when necessary the rehiring of uniquely qualified individuals to meet immediate, temporary, seasonal and ongoing needs for all applicable employee categories. UConn’s Office of Human Resources implemented in the fall of 2019 a Human Resources onboarding and applicant system called Page-Up. Questions regarding past employment with University of Connecticut and State of Connecticut is captured at the application level annually. The Office of Human Resources requests Executive Leadership to review rehired retirees annually and reviews for compliance with policy and intent as well as documents and

monitors when necessary if there are unique, skilled or emergent situations to be made for applicable clinical, research, academic, administrative or athletic division employees.”

## **Holiday Time**

*Criteria:* Per UConn’s policies, supervisors should properly review and approve employee timesheets at the end of each pay period to ensure accuracy. After timesheets are submitted, the Payroll Department should review Reported Time reports to confirm that the appropriate time reporting codes were used.

*Condition:* Our review of holiday time charged on non-holidays revealed that 180 employees erroneously charged a total of 2,882 hours of holiday paid leave (HOL) on days that were not holidays, according to their schedule during the fiscal years ended June 30, 2017 and 2018.

We reviewed 20 of the employees with an aggregate of 828.25 hours of HOL charges on non-holidays and confirmed that their balances were incorrect. Upon our review, the university changed the hours from HOL to another reporting code. The breakdown of the changes are as follows:

- HOL charged to vacation – 336.50 hours
- HOL charged to compensatory time used – 45 hours
- HOL charged to holiday compensatory time used – 7 hours
- HOL charged to regular hours – 439.75 hours

*Effect:* Employee time and attendance records are inaccurate when holiday time is incorrectly charged. Leave balances may be overstated, which may become a liability to the university.

*Cause:* In certain instances, it appears that supervisors did not review employee timesheets properly. In addition, the Payroll Department did not perform a proper review of approved timesheets to identify the accuracy of time reporting codes used.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should ensure that supervisors review employee timesheets properly prior to approval, and the Payroll Department should verify that valid time reporting codes were used. The university should perform periodic reviews of employees who charged

holiday time on non-holidays to ensure that they accurately reported their time. (See Recommendation 12.)

*Agency Response:*

“The University of Connecticut agrees with the finding that some employees mistakenly coded timesheets with the ‘HOL’ time reporting code on days that were not designated as State holidays and has implemented corrective action.

Controls have been implemented by Payroll to identify and resolve erroneous coding of holiday time on timesheets. This includes biweekly audit reports to capture current and past cycle errors, as well as listserv notifications to employees and supervisors of time reporting requirements when a holiday occurs. Additionally, after the misuse of the ‘HOL’ code was identified, Payroll audited the entire time reporter population to ensure any discrepancies back to 9/16/16 were identified and corrected.”

**Vacation Accrual**

*Criteria:*

Per university policy, managerial and confidential employees can carry up to 60 vacation days from one calendar year to the next. If employees have not reduced their vacation accruals to 60 days, the president, provost, vice provost, or vice president may give them permission to carry the additional days into the following year with the understanding that they will use those hours during the year and will not accrue over 60 days again.

Per the University of Connecticut Professional Employees Association (UCPEA) bargaining contract, employees can carry over a maximum of 60 vacation days from one calendar year to the next. An employee may obtain a one-time exception to carry over more than 60 days from a university vice president, director, or a designee. The extra vacation time diminishes until it reaches 60 days, and it cannot accumulate beyond 60 days again.

*Condition:*

Our review of unused vacation leave balances for 20 employees, 10 managerial and 10 UCPEA, disclosed the following:

- UConn granted 5 managerial employees multiple extensions to accrue more than 60 vacation days during the audited period.
- Four UCPEA employees carried over vacation hours that exceeded the number of their approved days.

*Effect:*

The university did not comply with its policy regarding the carryover of unused vacation balances.

*Cause:* The university has a long-standing practice of allowing managerial/confidential employees to seek approval for an annual carryover.

A Payroll Department employee erroneously recorded the vacation accrual balances for the 4 UCPEA employees in 2016.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should institute procedures to ensure that the carryover of vacation leave is monitored and approved in accordance with university policy. (See Recommendation 13.)

*Agency Response:* “The University of Connecticut partially agrees with the recommendation and believes no further action is warranted.

We agree that errors were made by a Payroll staff member in 2016 when processing vacation carryover for certain UCPEA employees and have implemented corrective action. That employee is no longer with the University, and these errors have since been corrected. Additionally, Payroll conducted a full audit of UCPEA, Management and Confidential employees whose Core-CT vacation balances exceeded 60 days at year end. Any identified balance discrepancies were resolved.

We are not in agreement with the finding regarding managerial employees. The long-standing practice has been to allow managerial/confidential employees to seek a yearly carryover in exceptional circumstances with appropriate approvals. Although the previous policy references the “understanding” that the additional days will be used that year and will not exceed 60 again, there is no language that prohibits employees in this classification from requesting another carryover due to exceptional circumstances. The policy on Leave Benefits for Managerial and Confidential Exempt Employees was updated 7/1/2019 to clarify this benefit.”

## **Data Center**

*Background:* The university requires active electronic access cards, with specific permissions, to gain access to its two data centers.

*Criteria:* According to the University of Connecticut Data Center Access Policies and Procedures Manual, upon an employee’s termination or transfer, management is required to notify UConn’s information technology services department so it can remove the employee’s access to the data center.

*Condition:* Our review of active university data center electronic access cards disclosed that 2 former employees still had access privileges. Upon notification, the university disabled the electronic access cards 300 and 335 days after separation.

Our review also disclosed that UConn terminated a vendor's access around April 11, 2019. Due to a lack of supporting documentation, we were unable to determine the exact date UConn should have disabled the vendor's access. However, it appears there was at least a 6-month delay before the university acted.

*Effect:* Unnecessary or inappropriate access to the data centers could result in the data being compromised, modified, or viewed by unauthorized individuals.

*Cause:* The cardholder access custodian was not notified when access was no longer required.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should follow its established policies and remove data center access when it is no longer required. The university should conduct periodic reviews of all users with data center access to ensure they still require access. (See Recommendation 14.)

*Agency Response:* "The University of Connecticut agrees with the recommendation and has implemented corrective action.

Management has initiated several activities in response to these findings. Integration between the University OneCard system and the physical data center access controls has been completed. All Faculty/Staff with a need to access data center facilities are required to use their OneCard for access. Upon separation from the institution, card access is automatically terminated following existing University processes. Vendor access is now limited and requires an escort by a member of the Data Center staff. In instances where construction staff are required to have data center access, they will be provided limited hours card access for the duration of construction activity and access cards will be collected at the end of the job. Policies surrounding data center access will be reviewed and updated accordingly including an annual review of those individuals with data center access."

## **Financial System Access Controls**

- Background:* The University of Connecticut uses the Quali Financial System (Quali), an automated information system, to maintain its accounting records.
- Criteria:* Sound internal controls over information systems require that information system access granted to employees be promptly terminated upon separation from the university.
- Condition:* Our review of 106 employees with Quali access, who separated from university employment during the audited period, disclosed 25 instances in which UConn did not promptly terminate their Quali user accounts upon separation. In the instances noted, user access was maintained 178 days to 437 days after the employee separated from UConn.
- Effect:* Unnecessary or inappropriate access to information systems could increase the risk of financial data system errors or fraud.
- Cause:* The Information Technology Services (ITS) department, which is responsible for disabling Quali user access, was not consistently notified when employees separated from the university.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2015.
- Recommendation:* The University of Connecticut should promptly deactivate information system access upon an employee's separation from employment. The university should periodically review information system access privileges to determine whether access is still appropriate. (See Recommendation 15.)
- Agency Response:* "The University of Connecticut agrees with the recommendation and has implemented corrective action.
- Management agrees that additional measures were needed to ensure employees who separate from the University are removed from KFS in a timely manner. Recognizing this, ITS has already put in place several mitigations to identify these users and remove or limit access. These mitigations include: reviews of HR separation reports as they are made available to us, setting duration limits of 1 year on all student and affiliate KFS access requests, and receiving emails from ITS-Accounts when a user inactivation has been requested by Labor Relations. In addition, we have updated our full-review process with an electronic mechanism which can detect KFS users who no longer have an affiliation in the ID system so they can be promptly removed (implemented July 2020)."



## **University Housing Policy**

*Criteria:* The University of Connecticut provides and manages short and long-term housing options for the recruitment and retention of faculty, staff, visiting scholars, and other university guests. The UConn housing policy provides guidance for this type of rental arrangement. The policy states that the Provost's Office, with the help of the Office of Residential Life, receives housing applications and prioritizes them based on application date and length of stay.

Sound business practices dictate that rental agreements should be in writing and signed by an authorized UConn representative and the tenant. In addition, the rental fee should be consistent with market rates, and based upon a thorough and appropriate market analysis.

If the university provides the occupant rent-free housing, the fair market value of the rent may be considered taxable income and subject to withholding and reporting.

*Condition:* During our review of 10 university tenants, which encompassed 14 distinct rental periods and 12 lease agreements, we identified the following conditions:

- We could not determine the application receipt dates and awarding processes, as the university had no tracking system in place.
- Eight of the 10 tenants did not file a housing request form (application).
- There were no executed lease agreements in 2 of the 14 rental periods.
- Four of the 12 lease agreements were missing the tenant's or landlord's signature.
- UConn did not perform a market analysis to ensure that rental fees were consistent with market rates during the audited period.
- UConn provided a top university manager with free housing, including utilities, a year and a half after the employment start date. The initial offer letter did not contain language related to a housing benefit, but the parties added a housing addendum to the offer letter approximately one year after the employee's start date.

- The university did not provide a tenant receiving rent-free housing the information necessary to comply with tax laws.

*Effect:* The university did not comply with established housing policies and procedures, which weakened internal controls and increased the likelihood of unfair and improper rental practices.

Failing to properly execute rental agreements and facilitate compliance with tax laws increased the potential for legal and tax violations.

*Cause:* The university did not follow established housing policies and procedures. In certain instances, UConn fulfilled housing requests from senior management without the proper paperwork.

When providing rent-free housing, the university did not take the appropriate steps to facilitate tenant compliance with tax laws.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should follow its established housing policies and procedures to ensure that all rental arrangements are documented and in compliance with existing laws and regulations. All rental agreements should be in writing and signed by an authorized UConn representative and the tenant. When providing rent-free housing, the university should provide the tenant the information necessary to comply with tax laws. (See Recommendation 16.)

*Agency Response:* “The University of Connecticut agrees with the recommendation and has implemented corrective action.

The management of the residential rental housing was previously with the Provost’s Office with the assistance of Residential Life Facilities, which became the Building Services area of Facilities Operations. During FY 2017, the residential rental area moved under the Business Service Center of Facilities Operations. Since that time, many improvements have been made to the business processes in this area to ensure compliance with Policies and Procedures. The following steps were taken:

- A revised Policy on Residential Rental Properties was published on the UConn website effective May 3, 2019 and we are adhering to it.
- In FY 2019, we engaged a local Real Estate Agent/Consultant to perform a market analysis for each of the rental properties and rates were adjusted accordingly.

- An employee was assigned to be the Residential Rental Property Administrator in late FY 2018 as part of their job duties to ensure that all guests have applications and valid licensing agreements electronically filed within the Business Office, to manage the housing schedule, to be a resource for the guests and departments and to oversee the maintenance of the properties.
- Coordination with the Tax Compliance area in the Accounting Office beginning in July, 2018 established procedures where all applications for guests that will not self-pay are forwarded to the Tax Office (part of the Accounting Office) and a link on the Rental House website to the Tax Office website was created to inform guests of potential tax implications. Departments are charged through an electronic internal billing for guests that do not self-pay, and these billings are routed to the Tax Office through the Financial System’s approval process in the Accounting Office. These procedures inform the Tax Office of all guests that do not self-pay and can then work with them on any potential tax liability.”

### **Service Organization Control Reports**

*Criteria:* Service organization control (SOC) reports are used to gain assurance over outsourced operations. SOC 1 reports focus on internal control over financial reporting. SOC 2 and SOC 3 reports focus on compliance or operational controls relevant to security, availability, confidentiality, processing integrity, and privacy. An effective way of managing the risk of utilizing service organizations is by obtaining and reviewing the appropriate SOC reports. Documentation of the review process should include follow-up action taken in response to any reported deficiencies.

*Condition:* UConn utilizes service organizations to perform various operations. We noted several instances in which the university did not obtain and review SOC reports. Additionally, in certain instances, UConn obtained SOC reports, but there was no evidence that they were reviewed.

*Effect:* Failure to obtain and review SOC reports reduces UConn’s assurance that proper safeguards are in place at prospective and current service organizations. Consequently, transactions processed and data maintained by service organizations may put UConn at a greater risk.

*Cause:* UConn has not assigned specific responsibility for acquiring and reviewing SOC reports.

*Prior Audit Finding:* This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 and 2015.

*Recommendation:* The University of Connecticut should continue to develop a process to monitor and obtain assurance over external vendors by obtaining and reviewing their service organization control reports. (See Recommendation 17.)

*Agency Response:* “The University of Connecticut agrees with the recommendation. With the participation of Information Security, Privacy, and Procurement Services, a new Vendor Risk Management (VRM) process is being developed. This process will leverage a VRM platform to evaluate vendors responses to a new standardized security questionnaire and gather relevant documents such as SOC reports, if they are available. This platform will also automate the process of requesting SOC reports annually and storing them along with other documentation related to the vendor. The University will address inclusion of existing vendors into the new platform once it is implemented, which will occur at regular contract intervals, at a minimum. The University anticipates that this process and platform will be in place by December 31, 2020.”

## **Credit Cards**

*Background:* Under the University of Connecticut MasterCard Purchasing Card Program, cardholders can pay for goods and services using a university purchasing card, a credit card issued by JP Morgan Chase. This is a procurement tool that provides an alternative to the university’s standard procurement processes. The university spent \$17,588,891, \$17,798,732, and \$18,833,654 on purchasing cards during fiscal years 2016, 2017, and 2018, respectively.

*Criteria:* Each month, cardholders are required to complete and sign a purchasing card log certifying that all purchases are consistent with the university’s policies and procedures. It is good business practice to require the cardholder’s supervisor to review and sign the log, attesting to the accuracy of the cardholder’s statement.

*Condition:* UConn does not require the cardholder’s supervisor to approve the purchasing card log.

*Effect:* Internal controls over the purchasing card program were reduced. Specifically, the instances in which the cardholder’s supervisor did not approve the purchasing card log reduced assurance that the cardholder’s purchases were consistent with UConn policies and procedures.

*Cause:* UConn informed us that, due to system limitations, the university has been unable to develop a process to accurately identify the appropriate approver.

*Prior Audit Finding:* This finding has been previously reported in the last 3 audit reports covering the fiscal years ended June 30, 2010 through 2015.

*Recommendation:* The University of Connecticut should require that purchasing card logs be approved by the cardholder's supervisor. (See Recommendation 18.)

*Agency Response:* "Management does not agree that purchasing card logs be approved by a staff member with supervisory authority over the cardholder. Management does agree that there should be approvals and controls regarding Purchasing Card (P-Card) transactions. The University's P-Card program facilitates the purchase of and payment for small-dollar goods and services. Pre-set limits and set Merchant Category Codes (MCCs) are assigned to each P-Card. The MCC is a four-digit code assigned to every vendor that accepts a charge card which identifies the products and/or services provided. UConn has set the MCC codes best associated with the business of the University. If a cardholder tries to use their P-Card for a purchase where the MCC code is not assigned, the transaction is denied.

Employees are only issued P-Cards with the approval from the employee's direct supervisor plus the appropriate Dean, Director or Department Head.

Although the P-Card program does not require the supervisor to sign off on the purchasing card log, every transaction requires an approval in Quali Financial Systems (KFS) by the Fiscal Officer (FO) for the account number they are responsible for. The FO at UConn is the responsible person on a KFS account who ensures the purchases are made consistent with UConn's policies and procedures.

The FO's P-card approval process is the same as the one in place for transactions made through HuskyBuy (UConn's on-line procurement system). Further, purchases that are made by an FO route to that person's supervisor for approval.

UConn is in the process of implementing a Concur product for P-Card reconciliations called "Company Billed Statements (CBS)". CBS will require the FO to review and approve transactions assigned to their accounts to ensure fiscal compliance. If the FO is also the cardholder, the transaction will route to the Supervisor for approval. CBS requires an attached receipt for each transaction, and each transaction must also be approved by the FO. Exceptions will be routed to the Dean, Director or Department head for approval."

## **Ethics Certifications**

- Criteria:* Per Section 4-252 of the General Statutes, as amended by Governor Dannel Malloy's Executive Order No. 49, entities entering into large state contracts must furnish ethics certifications to the contracting agency at the time of execution.
- Condition:* UConn did not obtain all the required ethics certifications for 8 of the 36 contracts reviewed.
- Effect:* UConn did not comply with the state requirements designed to encourage ethical behavior.
- Cause:* UConn did not have sufficient controls in place to ensure that it obtained all the required certifications.
- Prior Audit Finding:* This finding has been previously reported in the last 3 audit reports covering the fiscal years ended June 30, 2010 through 2015.
- Recommendation:* The University of Connecticut should obtain ethics certifications in a manner consistent with Section 4-252 of the General Statutes. (See Recommendation 19.)
- Agency Response:* "The University of Connecticut agrees with the recommendation and has implemented corrective action.

Management notes that certain of the contracts referenced in the audits were State agreements, and the requisite forms were on file with DAS as the contract holder. Additionally, the University's procurement area has implemented a module in its contract management software program that automatically notifies buyers and contractors of the renewal of required ethics certifications."

## **Employee Tuition Waivers**

- Criteria:* UConn offers employee, spousal, and dependent child tuition waivers and reimbursement to certain eligible personnel. The employee tuition waiver requires employees taking classes during regular work hours to complete a Temporary Flexible Schedule form, which their supervisor must approve. The form is completed and approved to document that there are no conflicts in an employee's schedule.
- Condition:* During our review of 25 individuals who received a tuition reimbursement or waiver, we noted that 3 employees took classes during regular work hours. Of those 3 employees, we noted the following:

- One employee did not complete a Temporary Flexible Work Schedule form.
- One employee had a supervisor-approved Temporary Flexible Work Schedule form on file that indicated that the employee’s work and class schedule conflicted on certain days.

*Effect:* UConn did not comply with its employee tuition waiver policies, which weakened internal controls over these waivers.

Missing or inaccurate Temporary Flexible Work Schedules forms increase the risk that an employee will be inappropriately compensated for time spent in class.

*Cause:* A lack of administrative oversight over employee tuition waivers resulted in this condition.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should ensure that employees with tuition waivers who attend classes during regularly scheduled work hours complete the required Temporary Flexible Work Schedule form and ensure that their work and class schedules do not conflict. (See Recommendation 20.)

*Agency Response:* “The University of Connecticut agrees with the recommendation. The University will refresh guidance for managers on the requirements for approving Temporary Flexible Work Schedule while a Tuition Waiver is in place.”

### **Construction Expenditure Authorization**

*Criteria:* Proper internal controls require that management approve and review all change requests prior to the commencement of additional work on a construction project.

*Condition:* During our review of 11 construction contracts, we examined 32 project change requests totaling \$19,512,656. Our review noted that the contractors performed services for 16 change order requests, totaling \$1,377,315, prior to the approval of the change request.

*Effect:* Failure to approve change requests prior to performing work can increase costs, unintentionally change the project scope, and override management controls.

*Cause:* There were internal control deficiencies within management’s change order approval process

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should strengthen internal controls to ensure that it approves change order requests prior to the commencement of services. (See Recommendation 21.)

*Agency Response:* “While the University of Connecticut generally agrees with this recommendation, the University believes that adequate project management and contractual controls are in place to generally authorize work before it is undertaken. Practically, not all change requests can be processed before work proceeds and stopping or delaying the start of change order work can be extremely detrimental to projects in certain instances. The University believes that the appropriate balance between “good faith” project management and cost risk has been attained. The University believes no further action is warranted.

We note that these identified instances occurred in 2016 and 2017, and since that time, UPDC has strengthened internal controls by implementing changes in the project management software system (Unifier) and adding new automated processes to allow faster authorizations for work. These new processes for the authorization of Construction Change Directives (CCD) for construction work and Architectural Services – Notice to Proceed (AS-NTP) increase the likelihood that work will be authorized in advance of being commenced.

Further, UConn’s contracts are clear that any work performed prior to written authorization is at that party’s sole risk and that the University is not liable for any expense until a written authorization is received for same. The University has the unilateral ability to accept or reject proposed costs even if the work was commenced.

Ideally, cost changes are fully approved prior to the commencing of work. There are instances in which that is not possible. For example, in cases where life safety or unforeseen conditions are encountered in the field. In those instances, proceeding with necessary work is ultimately beneficial to the project and the University, avoids schedule delays and/or limits unnecessary expenses and risk due to delayed work.”



## **On-Call Professional Services Program**

*Background:* The Capital Projects and Facilities Procurement (CPFP) department has an on-call professional services program in which prequalified firms perform work under specific categories of professional services. Per the university's policy, there are two ways to select a firm under this program.

The first is to solicit the entire pool of firms in a particular services category using a solicitation process. The assignment is awarded to the firm with the lowest cost.

The second is to assign a firm through the equalization rotational process. CPFP reviews the requirements of the task with the initiating department, including the estimated design budget, and assigns the next available firm using established guidelines.

*Criteria:* The CPFP policy to monitor and assign firms based on the equalization rotational process includes a review of the following criteria when selecting a professional firm:

- a. The number and value of previous task orders under the firm's contract within the relevant subcategory
- b. The size and complexity of the related assignment
- c. The firm's ability and resources to complete the assignment in a timely manner
- d. Impact of other current assignments by the firm
- e. Any other criteria deemed to be in the university's best interests

If the university selects a firm based on the equalization rotational process, the estimated design budget cannot exceed \$500,000.

When using the equalization process, it is good business practice to formally document the decision-making process and rationale for contractor selection.

*Condition:* During our review of 5 on-call professional services program contracts, totaling \$3,131,941, we noted that all 5 contracts lacked the requisite documentation to support that the university adhered to the equalization rotational process when selecting the professional firm.

*Effect:* The university could not demonstrate that it followed the established on-call professional services program policy. This lessens the assurance that UConn based awards on a rotational and rational manner in the absence of a competitive environment.

*Cause:* The university failed to formally document the criteria used to assign professional firms from the on-call professional services program.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should adhere to its on-call professional services program policy when selecting a contractor. The university should formally document its criteria when it assigns a contractor from the on-call professional services program under the equalization rotational process. (See Recommendation 22.)

*Agency Response:* “The University of Connecticut agrees that the University should adhere to the on-call professional services program policy when selecting a contractor. The University believes no further action is warranted.

There have been times when the communication between CPFP and the end-user department is through email or verbal conversations. The University has updated the on-call policies and procedures in the Capital Projects and Facilities Procurement Policies and Procedures Manual in September 2019 for selecting appropriate professional service firms using the rotational equalization method. The University has also developed procedures to better document which of the Manual’s criteria was used to assign firms from the On-Call Professional Services program.”

### **Conflict of Interest**

*Background:* For UConn 2000 projects, Connecticut General Statute (CGS) 10a-109ff requires UConn and the Department of Administrative Services (DAS) to enter into a memorandum of understanding (MOU) to help ensure compliance with fire safety and state building codes. The MOU establishes the delegation of authority for UConn to enforce state building and fire codes, and temporarily assigns UConn personnel to DAS to help ensure code compliance. The MOU also requires that a DAS manager be assigned to UConn to provide the university with oversight and compliance services. In addition to the MOU, DAS issued guidance to UConn, which provides additional clarity and further defines the roles and responsibilities of both agencies.

*Criteria:* It is good business practice to require all contracted construction project managers to sign a conflict of interest form, disclosing all conflicts or potential conflicts of interest.

*Condition:* During our review of the university's administration of construction projects, we noted the following exceptions:

- There was a conflict of interest between a DAS building inspector and his sibling. The building inspector provided oversight of UConn 2000 projects, and his brother was a contracted construction project manager for UConn.
- The university negotiated a 10-year contract with a company for project management services. The University, Planning, Design & Construction department estimates that there are approximately 20 of the company's consultants working in its department. The consultants may be responsible for managing and developing budgets, verifying payments to contractors, evaluating pricing, and validating change orders. The university does not require consultants to complete conflict of interest disclosure forms.

*Effect:* Failing to disclose potential conflicts of interest increases the risk that UConn will not detect individuals with conflicts while they are working at the university.

*Cause:* The university does not have a conflict of interest policy to address contractors and consultants.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should implement policies and procedures to ensure that contractors and consultants disclose potential conflicts of interest. (See Recommendation 23.)

*Agency Response:* "The University of Connecticut does not agree with the recommendation. The University's current policies and procedures meet the State of Connecticut's requirements related to the avoidance of conflicts of interest. University employees are educated regarding their ethical obligations as State of Connecticut employees and are expected to advise the University when a conflict or potential conflict arises."

The University incorporates State of Connecticut statutes and Office of State Ethics provisions within its agreements and contracting processes. As such, and upon execution, vendors/contractors and their employees supporting such contractual services (which include the consultants

referenced in the condition of this finding) are required to inform the University of any potential conflicts of interest. There are no State statutes or provisions that require employees of vendors/contractors to individually complete conflict of interest disclosure forms.

The conflict mentioned in the recommendation was between a DAS inspector and an employee of a contractor of the University. Neither party was the employee of the University directly. The University discussed this proposed recommendation informally with the Office of Legal Affairs, Policy & Procurement, Department of Administrative Services. Their division agrees that requiring additional policies and affirmative representations of employees of state agency contractors would be difficult to implement and would create a significant administrative burden.”

*Auditors’ Concluding  
Comment:*

The contractors and consultants noted in our condition were assigned to work at the university over an extended period. They would benefit from the same formal ethics training as employees, which requires the disclosure of potential conflicts of interest.

**Construction Program Management Oversight Services**

*Criteria:*

Good business practices dictate that pricing information be considered as one of the criteria used to evaluate proposals submitted in the request for qualification (RFQ) process.

Section 10a-151b of the General Statutes requires constituent units of the state system of higher education to solicit competitive bids or competitive negotiation, when possible, when contracting for professional services. The statutory requirement for open, competitive procurement is intended to facilitate obtaining goods and services that provide the best value, avoid favoritism, and award public contracts in an equitable manner.

*Condition:*

Our review of the university’s RFQ for program management oversight services (PMOS) and the development of an integrated project management software system (IPMSS) to support its capital construction programs, disclosed the following:

- The university entered into a 10-year contract with a professional services firm to provide PMOS at an amount not to exceed \$34,540,159. The university did solicit competitive bids for these services. We also found that the evaluation members reviewing the bids were not privy to the pricing information.

- The university entered into a separate 10-year contract with the same firm for the implementation of and support of an IPMSS at an amount not to exceed \$4,100,244. The IPMSS contractor spent up to \$3,250,668 of the \$4,100,244 on a consultant to provide the support services. The university did not separately bid these support services.

*Effect:* The university could not demonstrate that it obtained products and services that provided the best value. There is increased risk that it paid more for services than it would have in a competitive environment.

*Cause:* The university informed us that it used a quality-based selection process. Under such methodology, the university did not consider price as a criteria in the initial evaluation of bids. The university only considered cost during the final award recommendation and selection decision.

The university further informed us that the IPMSS award was included in the initial request for qualification for the program management oversight services.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should consider price as a criteria when evaluating bids during the competitive procurement process. The university also should document its consideration and evaluation of costs associated with subcontractors hired to perform a significant amount of the work on a contract. (See Recommendation 24.)

*Agency Response:* “The University of Connecticut disagrees with this overarching recommendation. Not every competitive procurement effort includes the consideration of price as a criteria at the outset. The University has established policies and procedures for a quality-based selection process and this type of process is appropriate for some professional service agreements. Once a Vendor of Interest is selected through the quality-based selection process, the ultimate cost of the services is then negotiated between the University and the awarded contractor. As a result, price is considered in the University’s procurement selection process.”

*Auditors’ Concluding Comment:* The university should consider price throughout the entire competitive procurement process.

## **Conflict of Interest Disclosure**

- Criteria:* UConn's Employment and Contracting for Services of Relatives policy requires that employees, confronted with an employee decision or action involving a relative, complete a conflict of interest disclosure form. The employee submits the form to the supervisor, who forwards it to the appropriate senior manager for approval. The purpose of the senior manager's review and signature is to ensure that a senior manager outside of the immediate hiring process is aware and approves of the arrangement.
- Condition:* Our review of 25 special payroll employees, who have relatives working for UConn, disclosed the following exceptions:
- Six employees did not file the required conflict of interest disclosure forms.
  - Of the 19 filed conflict of interest disclosure forms, 2 did not have signatures in the human resources review section, and none had a senior manager's signature.
- Effect:* Controls over conflict of interest disclosures were weakened. When conflict of interest forms are not filed or filed without senior management's review and approval, potential conflicts may go undetected.
- Cause:* Hiring administrators within individual departments are responsible for asking special payroll candidates if they have relatives working at UConn. However, due to the university's decentralized hiring processes, if hiring administrators do not indicate that there is a conflict of interest in the Special Payroll Authorization Request system, human resources may not be aware of the relationship.
- UConn personnel utilized a different conflict of interest form than the form in the policy. The UConn form did not call for senior management review, as the policy requires.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The University of Connecticut should follow its policy on Employment and Contracting for Services of Relatives to ensure that any employment actions are reviewed for possible conflicts of interest. A senior manager outside the immediate hiring situation should approve the conflict of interest form, as required by the policy. (See Recommendation 25.)

*Agency Response:* “The University of Connecticut agrees with the recommendation and has implemented corrective action.

UConn has strengthened our controls and our processes regarding Conflict of Interest; however, it is important to note that the process continues to be a self-certification process that does not eliminate all risk. UConn’s Office of Human Resources implemented in the fall of 2019 a Human Resources onboarding and applicant called Page-Up. Questions regarding relatives with employment with University of Connecticut and State of Connecticut is captured at the application level and is also requested of departments. The Office of Human Resources is then able to review this information electronically and review for compliance with policy to the extent the applicant notifies us of these events and all relevant information.”

### **Software Inventory**

*Criteria:* In accordance with Chapter 7 of the State Property Control Manual, each state agency must establish a software inventory to track and control all software media and license agreements. The agency must produce an annual software inventory report and conduct an annual physical inventory of the software library.

*Condition:* Our review disclosed that the university does not have an inventory to track and control all of its software media and license agreements. The university was unable to provide a complete software inventory report for the audited period.

*Effect:* The lack of a software inventory reduces the university’s ability to adequately monitor, control, and track software use and ownership.

*Cause:* The university does not have adequate internal controls over licensed software. The university’s decentralized nature allows individual departments to purchase software, making it difficult to properly monitor and track its software inventory.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The University of Connecticut should strengthen internal controls to ensure that it maintains software inventory records and reports them in accordance with the State Property Control Manual. (See Recommendation 26.)

*Agency Response:* “The University of Connecticut agrees with the recommendation to comply with the software inventory requirements contained in the State Property Control Manual. We will be putting together a task force in

FY21 to address fulfilling the requirements of having a formal software inventory. The task force may seek guidance from the State Comptroller's Office on exploring adequate software inventory methods to meet the guidelines of the manual but also take into consideration the academic community.”

### **Construction Management Oversight Committee**

*Criteria:* Public Act 06-134, as codified in Sections 10a-109bb and 10a-109cc of the General Statutes, created the Construction Management Oversight Committee (CMOC). CMOC is charged with the review and approval of the university's UConn 2000 construction management policies and procedures.

CMOC has 7 members, 4 appointed by the Governor and General Assembly and 3 appointed by the University of Connecticut's Board of Trustees. The members appointed by the Governor and General Assembly must have expertise in the field of construction management, architectural design, or construction project management. The members serve 4-year terms and can be reappointed.

*Condition:* On September 22, 2015, the President of the University of Connecticut approved the following changes to the CMOC:

- The transfer of the CMOC duties to the Building, Grounds and Environmental (BGE) committee.
- The Office of Construction Assurance (OCA) will no longer issue reports to CMOC, but instead issue them to the BGE committee.

Per these changes, the university transferred the CMOC responsibilities to the BGE committee. The BGE committee members do not have statutorily-required expertise in the fields of construction management, architectural design or construction project management.

*Effect:* CMOC, a committee of experts in the fields of construction management, architectural design, and construction project management, is no longer providing independent oversight over UConn 2000 projects. Consequently, the university is not in compliance with Section 10a-109bb (a) of the General Statutes.

*Cause:* The university transferred the CMOC responsibilities to the BGE committee.

*Prior Audit Finding:* This finding has not been previously reported.



*Recommendation:* The University of Connecticut should comply with Section 10a-109bb (a) of the General Statutes to ensure that committee members with the requisite professional experience review UConn 2000 projects. (See Recommendation 27.)

*Agency Response:* “The University of Connecticut disagrees with the finding. The University has satisfied the statutory requirements by making its required appointments. It should be noted that the statute does not require that the Board of Trustee appointees have expertise in the fields of construction management, architectural design or construction project management. Notwithstanding, UConn has sought to appoint trustees with sufficient relevant expertise

The CMOC was established in 2006. All necessary appointments were made, but the terms of the members expired in 2009 and 2010. Absent new appointments, the original members continued to serve. The Chair of the CMOC wrote to the appointing authorities in April 2013 and again in February 2014, requesting new appointments. None were made. In December 2014, the CMOC unanimously voted that the committee had successfully completed its work and to recommend that the legislature eliminate the committee. This was reflected in a Memorandum dated December 4, 2014 which was sent to the Governor and legislative leadership. The four non-UConn Board members resigned from the CMOC that same day.

The Chair of the CMOC, a UConn Board member, wrote to the Governor's Office on December 8, 2014 and asked that the statute be eliminated, that the duties of the CMOC be transferred to the University or that new appointments be made. No action was taken in response to that request. Notwithstanding that the meetings of the CMOC continued to be noticed, the committee was unable to act in the absence of a quorum.

The Board did not seek to supersede the role of the CMOC; rather, until such time as the legislature makes the required appointments or eliminates the statutory requirement for the committee, the Board deemed it prudent to assume responsibility to review and approve the University's construction management policies and procedures and accept the reports of the OCA.”

## **Food Service Employees**

- Background:* Several large dining halls, operated by UConn’s Department of Dining Services of the Division of Student Affairs, provide dining services to UConn students. The approximately 525 food service operations employees at UConn are generally referred to as dining services employees to distinguish them from other UConn employees. However, the Department of Dining Services is a unit of the university and the state. Accordingly, the employees of UConn’s food service operation are employed by the state.
- Criteria:* Section 3-25 of the General Statutes authorizes constituent units of the state system of higher education to pay certain claims directly rather than through the Comptroller, but it specifically excludes payroll.
- Section 10a-108 of the General Statutes grants UConn’s board of trustees the authority to employ the faculty and other personnel needed to operate the university and fix their compensation. However, this authority does not cover employees in state classified service. The work performed by UConn’s dining services employees is consistent with work in state classified service.
- Condition:* UConn is paying its approximate 525 dining services employees directly rather than through the Office of the State Comptroller.
- UConn’s dining services employees are excluded from participating in the state employee retirement system and limited to participating in the Department of Dining Services Purchase Pension Plan or the University of Connecticut Department of Dining Services 403(b) Retirement Plan.
- Effect:* Internal controls over payroll disbursements may be weakened. Dining services employees cannot participate in the state employee retirement system.
- Cause:* UConn did not seek clear statutory authority to compensate its dining services employees in this manner.
- Prior Audit Finding:* This finding has been previously reported in the last 4 audit reports covering the fiscal years ended June 30, 2008 through 2015.
- Recommendation:* The University of Connecticut should seek clear statutory authority for the direct payment of wages to its dining services employees and their participation in separate retirement plans. (See Recommendation 28.)
- Agency Response:* “In response to the Auditors’ concerns, the University is actively pursuing a solution that will continue to meet the operational needs of

Dining Services and will clarify the relationship between the University and this workforce consistent with statutory requirements. The University will be forming a workgroup to discuss the Dining Services issue identified in the report.”

## RECOMMENDATIONS

### Status of Prior Audit Recommendations:

Our prior audit report on the University of Connecticut contained 15 recommendations. Seven of the prior audit recommendations have been implemented or otherwise resolved and 8 have been repeated or restated with modifications during the current audit.

- The University of Connecticut should promptly report as required under Section 4-33a of the General Statutes as soon as a reasonable suspicion exists that a reportable incident has occurred. Any doubt as to whether an incident is reportable under Section 4-33a should be resolved by reporting it. **Our current audit disclosed that sufficient improvement has been made in this area. The recommendation is not being repeated.**
- The University of Connecticut should move ongoing projects that are not consistent with the statutory definition of deferred maintenance to different funding sources. Legislative authorization should be sought for projects that do not constitute deferred maintenance and are not otherwise named in Sections 10a-109e of the General Statutes. **Our current audit disclosed sufficient improvement has been made in this area. The recommendation is not being repeated.**
- The University of Connecticut should comply with the competitive procurement requirements of Section 10a-151b of the General Statutes. Procurement actions should not be characterized as sole source purchases unless no other source exists that is capable of meeting the requirements. **Our current audit disclosed that sufficient improvement has been made in this area. The recommendation is not being repeated.**
- The University of Connecticut should clearly state in any separation agreements incorporating non-disparagement clauses that the clause does not in any way restrict the employee's right to file a whistleblower complaint under Section 4-61dd of the General Statutes. The agreement should incorporate similar language addressing other actions that are protected by state or federal law or are in the public interest. **Our current audit disclosed that sufficient improvement has been made in this area. The recommendation is not being repeated.**
- The University of Connecticut should compensate employees who step down from management positions at a level consistent with the work they are performing, not at a level appropriate for their former positions. **The recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 5.)**
- The University of Connecticut should follow its policy regarding vacation payout upon separation. The university should attempt to recover the unauthorized payment of \$45,230. **The recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 8.)**

- The University of Connecticut should provide notice instead of making separation payments to terminating employees in instances of involuntary separation for reasons unrelated to job performance. **The recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 7.)**
- The University of Connecticut should ensure that properly approved access control forms are on file for all individuals with access to KFS. Notification procedures intended to identify all individuals whose access should be disabled should be expanded to encompass all relevant personnel actions. **The recommendation is restated and repeated. (See Recommendation 15.)**
- The University of Connecticut should develop a centralized process for monitoring and obtaining assurance over service organizations. **The recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 17.)**
- The University of Connecticut should enforce the existing procedural requirement that those responsible for equipment items enter all movements of equipment in the financial system's capital asset management module. The last inventory date field should only be updated when the existence and location of the equipment item has been physically verified. **Our current audit disclosed that sufficient improvement has been made in this area. The recommendation is not being repeated.**
- The University of Connecticut should seek clear statutory authority for the direct payment of wages to its food service operations staff and for their participation in separate retirement plans. **The recommendation is being repeated. (See Recommendation 28.)**
- The University of Connecticut should require that purchasing card logs be approved by a staff member with supervisory authority over the cardholder. **The recommendation is being repeated. (See Recommendation 18.)**
- The University of Connecticut should obtain updated ethics certifications within fourteen days after the twelve-month anniversary of the most recently filed certification or updated certification. **The recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 19.)**
- The University of Connecticut should seek legislative authorization for the issuance of state bonds to refinance the TIAA-CREF loan when market conditions are appropriate. The cost savings that can be achieved will vary depending on both the state general obligation bond interest rate and, due to a yield maintenance prepayment penalty on the TIAA-CREF loan, current Treasury rates. **The university has researched and has determined that refinancing would not generate any savings at this time, primarily due to the prepayment penalty. The recommendation is not being repeated.**
- The University of Connecticut should maintain daily mileage logs for all vehicles that are used for off-campus travel. **Our current audit disclosed that sufficient improvement has been made in this area. The recommendation is not being repeated.**

**Current Audit Recommendations:**

- 1. The University of Connecticut should comply with Section 10a-109n(c)(2)(A) of the General Statutes and publicly solicit projects with costs estimated to exceed \$500,000 by posting them on the university's website and the Department of Administrative Services' State Contracting Portal.**

Comment:

During our review of 6 construction manager at risk contracts totaling \$291,408,084, we found that UConn did not competitively solicit 2 projects totaling \$26,619,653 and \$16,544,703.

- 2. The University of Connecticut should adhere to its policies and publicly solicit design projects with costs greater than \$500,000.**

Comment:

During our review of construction change orders, we noted that UConn did not competitively solicit 2 professional design projects, with costs exceeding \$500,000.

- 3. The University of Connecticut should establish the scope and costs of construction projects to ensure that their actual costs are reasonable and consistent with a properly developed original budget.**

Comment:

The costs of UConn's downtown Hartford campus project far exceeded the original budget.

- 4. The University of Connecticut should adhere to its bylaws when administering the sabbatical leave program, document any deviation from its formal policy in writing, and vet sabbatical leave via an appropriate approval process.**

Comment:

One employee received sabbatical leave compensation at full pay for an entire year. We also noted several instances in which the university did not recover funds for sabbatical leave payments made to employees who did not return to full-time service.

- 5. The University of Connecticut should compensate employees who step down from management positions at a level consistent with their new position. If a higher compensation rate is warranted, the university should document the appropriateness of the new salary.**

Comment:

We reviewed 18 employees who stepped down from management positions during the audited period. Each employee moved from a 12-month management position to a 9, 10, or 11-month faculty position. Of the 18 employees, we found 7 instances in which the university increased the employees' monthly compensation rate after they changed positions.

- 6. The University of Connecticut should strengthen control procedures to ensure compliance with the compensatory time provisions set forth in the University of Connecticut Professional Employees Association contract.**

Comment:

We noted several instances in which supervisors did not properly approve compensatory time. The university paid compensatory time to employees who did not request to use their time or were ineligible to receive such a payment. One employee received 1 to 2 hours of compensatory time per day throughout the audited period.

- 7. The University of Connecticut should provide notice instead of separation payments in instances of involuntary separation unrelated to job performance. However, if, due to security and/or other risk concerns, management determines that payment in lieu of notice is the prudent alternative, it should prepare written documentation of its consideration of the applicable risk factors and clearly describe the basis for its conclusion.**

**The university should not make separation payments to employees who were terminated for poor job performance.**

Comment:

During a review of employees on paid leave, we noted 9 instances that constituted payments of salary in lieu of notice to managerial employees. In 2 instances, UConn made a single lump sum payment in lieu of notice. In 7 instances, UConn paid the employees on an installment basis and placed them on paid leave for the time immediately prior to their separation date.

- 8. The University of Connecticut should follow all applicable policies, procedures, and contracts when making vacation leave payouts upon an employee's separation.**

Comment:

We noted 2 instances in which the university paid employees for unused vacation balance accruals above the maximum.

- 9. The University of Connecticut should review each user's Core-CT access and, if appropriate, adjust the level of employee access to improve the segregation of duties between the payroll and human resources functions. The university should submit a CO-1092 form with appropriate justification for all employees with dual access.**

Comment:

We noted that a significant number of employees had dual access to the payroll and human resources functions in Core-CT, which reduces the segregation of duties between the two functions.

- 10. The University of Connecticut should improve internal controls over timesheet approval.**

Comment:

We noted that 10 employees' timesheets were missing a supervisor's approval. Instead, subordinates approved the timesheets of the higher ranked employees.

- 11. The University of Connecticut should not rehire its retired employees for more than three 120-day periods, in accordance with university policy. The university should ensure that compensation for rehired retirees is consistent with its policy.**

Comment:

We noted several instances in which the university rehired retirees for more than three 120-day periods and paid them hourly wages exceeding 75% of their preretirement salary.

- 12. The University of Connecticut should ensure that supervisors review employee timesheets properly prior to approval, and the Payroll Department should verify that valid time reporting codes were used. The university should perform periodic reviews of employees who charged holiday time on non-holidays to ensure that they accurately reported their time.**

Comment:

We noted 180 employees who erroneously charged a total of 2,882 hours of holiday paid leave on days that were not holidays.



- 13. The University of Connecticut should institute procedures to ensure that the carryover of vacation leave is monitored and approved in accordance with university policy.**

Comment:

We noted several instances in which employees' vacation accruals exceeded the approved limit.

- 14. The University of Connecticut should follow its established policies and remove data center access when it is no longer required. The university should conduct periodic reviews of all users with data center access to ensure they still require access.**

Comment:

We noted that 2 employees and one vendor had data center access when it was no longer required.

- 15. The University of Connecticut should promptly deactivate information system access upon an employee's separation from employment. The university should periodically review information system access privileges to determine whether access is still appropriate.**

Comment:

We noted 25 instances in which UConn did not promptly terminate employees' Quali Financial System user accounts after their separation.

- 16. The University of Connecticut should follow its established housing policies and procedures to ensure that all rental arrangements are documented and in compliance with existing laws and regulations. All rental agreements should be in writing and signed by an authorized UConn representative and the tenant. When providing rent-free housing, the university should provide the tenant the information necessary to comply with tax laws.**

Comment:

UConn lacked an adequate tracking system for university tenants, and we noted several instances in which housing request forms were not filed or not fully executed. The university provided a top university manager with free housing, including utilities, a year and a half after the employment start date. The initial offer letter did not contain language related to a housing benefit, but the parties added a housing addendum to the offer letter approximately one year after the employee's start date.

- 17. The University of Connecticut should continue to develop a process to monitor and obtain assurance over external vendors by obtaining and reviewing their service organization control reports.**

Comment:

The university utilizes service organizations to perform various operations. We noted several instances in which the university did not obtain and review service organization control (SOC) reports. In addition, in certain instances, UConn obtained SOC reports, but there was no evidence that they were reviewed.

- 18. The University of Connecticut should require that purchasing card logs be approved by the cardholder's supervisor.**

Comment:

UConn does not require the cardholder's supervisor to approve the purchasing card log.

- 19. The University of Connecticut should obtain ethics certifications in a manner consistent with Section 4-252 of the General Statutes.**

Comment:

UConn did not obtain all the required ethics certifications for 8 of 36 contracts reviewed.

- 20. The University of Connecticut should ensure that employees with tuition waivers who attend classes during regularly scheduled work hours complete the required Temporary Flexible Work Schedule form and ensure that their work and class schedules do not conflict.**

Comment:

During our review of 25 individuals who received a tuition reimbursement or waiver, we noted that 3 employees took classes during regular work hours. Of those 3 employees, one employee did not complete a Temporary Flexible Work Schedule form, and one employee had a supervisor-approved form on file that indicated that the employee's work and class schedule conflicted on certain days.

- 21. The University of Connecticut should strengthen its internal controls to ensure that it approves change order requests prior to the commencement of services.**

Comment:

Our review noted that contractors performed services for 16 change order requests, totaling \$1,377,315, prior to the approval of the request.

- 22. The University of Connecticut should adhere to its on-call professional services program policy when selecting a contractor. The university should formally document its criteria when it assigns a contractor from the on-call professional services program under the equalization rotational process.**

Comment:

During our review of 5 on-call professional services program contracts, totaling \$3,131,941, we noted that all 5 contracts lacked the requisite documentation to support that the university adhered to the equalization rotational process when selecting the professional firm.

- 23. The University of Connecticut should implement policies and procedures to ensure that non-university contractors and consultants disclose potential conflicts of interest.**

Comment:

Our review found an undisclosed conflict of interest between a Department of Administrative Services building inspector and his sibling, a contracted construction project manager. UConn does not require contractors or consultants to complete conflict of interest forms.

- 24. The University of Connecticut should consider price as a criteria when evaluating bids during the competitive procurement process. The university also should document its consideration and evaluation of costs associated with subcontractors hired to perform a significant amount of the work on a contract.**

Comment:

In one instance, the university did not consider price when reviewing competitively solicited bids. In a second instance, UConn's competitively solicited vendor subcontracted the majority of services without the university's input and evaluation of cost.

- 25. The University of Connecticut should follow its policy on Employment and Contracting for Services of Relatives to ensure that any employment actions are reviewed for possible conflicts of interest. A senior manager outside the immediate hiring situation should approve the conflict of interest form, as required by the policy.**

Comment:

We noted several instances in which employees did not file required conflict of interest forms. Of the 19 filed conflict of interest disclosure forms, 2 did not have signatures in the human resources review section, and none had a senior manager's signature.

**26. The University of Connecticut should strengthen internal controls to ensure that it maintains software inventory records and reports them in accordance with the State Property Control Manual.**

Comment:

UConn does not have an inventory to track and control all of its software media and license agreements.

**27. The University of Connecticut should comply with Section 10a-109bb (a) of the General Statutes to ensure that committee members with the requisite professional experience review UConn 2000 projects.**

Comment:

On September 22, 2015, the President of the University of Connecticut approved the transfer of the Construction Management Oversight Committee (CMOC) duties to the Building, Grounds and Environmental (BGE) committee (BGE). The president also directed the Office of Construction Assurance (OCA) to no longer issue reports to CMOC, but instead issue them to the Building, Grounds and Environmental (BGE) committee.

**28. The University of Connecticut should seek clear statutory authority for the direct payment of wages to its dining services employees and for their participation in separate retirement plans.**

Comment:

The university is paying its approximate 525 dining services employees directly rather than through the Office of the State Comptroller.

UConn's dining services employees are excluded from participating in the state employee retirement system and limited to participating in the Department of Dining Services Purchase Pension Plan or the University of Connecticut Department of Dining Services 403(b) Retirement Plan.

**ACKNOWLEDGMENTS**

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

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

Jenny Banh  
Lisa Drzewiecki  
Walter Felgate  
Jason Grauer  
Aileen Jiang  
Bill Jordan



Walter J. Felgate  
Principal Auditor

Approved:





















John C. Geragosian  
State Auditor

# ATTACHMENT 3.1

University of Connecticut & UConn Health  
 Joint Audit & Compliance Committee Meeting  
 June 10, 2021

Office of Audit and Management Advisory Services  
 Status of Audits  
 As of April 30, 2021

Audits Approved in the 2021 Audit Plan	Campus	Current Status	Anticipated JACC Meeting			
			Jun 2021	Sep 2021	Dec 2021	Mar 2022
Accounting for Equipment Upon Faculty Separation	UC/UH	Draft				
CARES Act Funding – UConn	UC	Fieldwork				
CARES Act Funding – UConn Health	UH	Fieldwork				
Compensatory Time UConn	UC	Fieldwork				
Compensatory Time UConn Health	UH	Fieldwork				
Environment of Care Project	UH	Final Draft				
Epic Application Security	UH	Fieldwork				
IT Change Control Management	UH	Fieldwork				
Faculty Consulting for the Period July 1, 2019 through June 30, 2020	UC/UH	Final Draft				
Injections and Infusions	UH	Fieldwork				
International Employees, Students & Visitors UConn	UC	Fieldwork				
International Employees, Students & Visitors UConn Health	UH	Fieldwork				
Indirect Cost Recovery Revenues from Grants	UC/UH	Planning				
Psychiatric Outpatient Services	UH	Final Draft				
School of Business Entrepreneurial Programs on Stamford Campus	UC	Draft				
Student Health Services Electronic Prescriptions	UC	Fieldwork				
Telecommuting Remote Access Security UConn Health	UH	Final Draft				
Controllable Property Inventory UConn	UC	Fieldwork				
Review of NW Science Quad Supplemental Utility Plant	UH	Closed				
Athletics Travel	UC	Completed				
Clinical Conflict of Interest	UH	Completed				
Review of Selected Notices Required by Medicare	UH	Completed				
University Catering	UC	Completed				
Financial Conflict of Interest in Research	UC/UH	Completed				
Pathology	UH	Completed				
UConn Telecommuting Cybersecurity Controls	UC	Completed				
University of Connecticut Foundation FY20	UC/UH	Completed				
<b>Management Advisory and Consulting Services</b>						
USG Student Group Funding Request	UC	Completed				

# ATTACHMENT 3.2



University of Connecticut & UConn Health  
 Joint Audit & Compliance Committee Meeting  
 June 10, 2021

Status of Audit Findings  
 Aging of Overdue Management Actions by Functional Area Based on Original Due Date  
 As of April 30, 2021

Audit Area	Not Due			0-3 Mos			3-6 Mos			6-12 Mos			1-2 Yrs			2-3 Yrs		> 3 Yrs		Total
	L	M	H	L	M	H	L	M	H	L	M	H	L	M	L	M	L	M		
<b>UConn</b>																				
Athletics		2					4										2			
College of Agriculture, Health and Natural Resources													1							
Controller	1	1			2		6						2							
Dining Services	1	1						2									1			
EVP of Administration and CFO							2								2					
Facilities Operations									3				4		4	1	1			
Human Resources																1	2			
Information Technology Services		2	3	1	1	2	1						1				3	1		
Labor Relations																	1			
Office of Institutional Equity									3	2										
Office of the Provost													1							
OVPR																	1			
President's Office		1												1						
Procurement													2		4		2	1		
Public Safety															1					
Research Compliance Services	3																			
School of Law															1					
School of Nursing									2											
Student Activities				2			2													
Student Affairs Administration									3	5			1							
University Planning, Design and Construction														2						
<b>UConn Total</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>15</b>	<b>2</b>	<b>8</b>	<b>10</b>		<b>4</b>	<b>11</b>		<b>5</b>	<b>7</b>	<b>12</b>	<b>5</b>	<b>102</b>	
<b>UConn Health</b>																				
Ambulatory Care		6			1															
CEO and EVP for Health Affairs					1			1												
Controller												1	3	1	2					
Epic	1							2												
Human Resources									1			2	1		4	1	1			
Information Technology Services		2	1			1	1	2	9	7		2	5	1						
JDH Administration		1	1		5	5		9	1	7				1						
JDH and UMG Revenue Cycle Management		3								1		3	6	1						
JDH Quality and Patient Services					1															
OVPR						1														
Procurement									1											
School of Dental Medicine					1		1		1	4		3			1		2			
School of Medicine	1											2		1	3					
<b>UConn Health Total</b>	<b>1</b>	<b>13</b>	<b>2</b>		<b>9</b>	<b>7</b>	<b>1</b>	<b>13</b>	<b>6</b>	<b>21</b>	<b>7</b>	<b>13</b>	<b>15</b>	<b>5</b>	<b>10</b>	<b>1</b>	<b>3</b>		<b>127</b>	
<b>Total</b>	<b>6</b>	<b>20</b>	<b>5</b>	<b>3</b>	<b>12</b>	<b>9</b>	<b>16</b>	<b>15</b>	<b>14</b>	<b>31</b>	<b>7</b>	<b>17</b>	<b>26</b>	<b>5</b>	<b>15</b>	<b>8</b>	<b>15</b>	<b>5</b>	<b>229</b>	

Notes:

- Number of actions outstanding for more than three years reduced from 31 to 20 since the prior meeting report.
- The net number of management open actions decreased from 260 to 229 since the prior meeting report.

University of Connecticut & UConn Health  
 Joint Audit & Compliance Committee Meeting  
 June 10, 2021

Status of Audit Findings  
 Aging of Overdue Management Actions by Finding Category Based on Original Due Date  
 As of April 30, 2021

Finding Category	Not Due			0-3 Mos			3-6 Mos		6-12 Mos			1-2 Yrs			2-3 Yrs		> 3 Yrs		Total
	L	M	H	L	M	H	L	M	L	M	H	L	M	H	L	M	L	M	
<b>UConn</b>																			
Business Process Improvement	2	4		2	2		4	2	1	2		1	1		2	3	2	2	30
Business Purpose																	2		2
Documentation							3					1	4						8
Governance									2	1		1							4
Management Oversight												1	1						2
Monitoring									2	1					1	1			5
Physical Security of Assets													1				1		2
Policy	1	1		1	1		7		1	1			1		1	3	2	2	22
Regulatory Compliance	2								2	2							5		11
Security			3			2				3			3					1	12
Segregation of Duties							1												1
Training		1																	1
Use of Resources		1													1				2
<b>UConn Total</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>15</b>	<b>2</b>	<b>8</b>	<b>10</b>		<b>4</b>	<b>11</b>		<b>5</b>	<b>7</b>	<b>12</b>	<b>5</b>	<b>102</b>
<b>UConn Health</b>																			
Business Process Improvement	1		1		2	3		2	1	4		4	3	2	7				30
Documentation					2				2	4		3	1		1				13
Governance																1			1
Management Oversight		1			1							2	3	1					8
Monitoring		2			1			2		1			1		1		1		9
Physical Security of Assets								1			1								2
Policy		2			2	2	1	5	1	3	1	2	2		1				22
Regulatory Compliance		4								1							2		7
Security						2				4	1		4	1					12
Technology		2			1			2		1	4		1	1					12
Training		2						1				1							4
Use of Resources			1						2	3		1							7
<b>UConn Health Total</b>	<b>1</b>	<b>13</b>	<b>2</b>		<b>9</b>	<b>7</b>	<b>1</b>	<b>13</b>	<b>6</b>	<b>21</b>	<b>7</b>	<b>13</b>	<b>15</b>	<b>5</b>	<b>10</b>	<b>1</b>	<b>3</b>		<b>127</b>
<b>Total</b>	<b>6</b>	<b>20</b>	<b>5</b>	<b>3</b>	<b>12</b>	<b>9</b>	<b>16</b>	<b>15</b>	<b>14</b>	<b>31</b>	<b>7</b>	<b>17</b>	<b>26</b>	<b>5</b>	<b>15</b>	<b>8</b>	<b>15</b>	<b>5</b>	<b>229</b>

University of Connecticut & UConn Health  
 Joint Audit & Compliance Committee Meeting  
 June 10, 2021

Status of Audit Findings  
 Status of Audits with Open Management Actions  
 As of April 30, 2021

Audit Title	Campus	Quarter Presented to JACC	Total Actions	Open Actions				Closed			
				L	M	H	Total Open	L	M	H	Total Closed
Disaster Recovery	UH	Mar-19	8		3	5	8				0
JDH Controlled Substance Monitoring	UH	Jun-19	18		1		1	1	16		17
Gilbane Long Term Contract Review	UC	Sep-19	5		2		2	1	2		3
UConn Travel Audit	UC	Sep-19	24		3		3	3	14	4	21
Wireless Network Administration & Security	UC	Sep-19	5	1			1		4		4
Patient Accounts Receivable & Contractual Allowance	UH	Sep-19	19	4	10	2	16	1	2		3
UH Wireless Network Administration & Security	UH	Sep-19	10	2	8		10				0
Cogen Power Plant Cybersecurity	UC	Dec-19	8		7		7		1		1
UConn Student Clinical Placements	UC	Dec-19	18	7	4		11	5	2		7
University of Connecticut Foundation - FY19	UC/UH	Dec-19	5		1		1	1	3		4
JDH Operating Room	UH	Dec-19	21		6	1	7		14		14
Dental Financial Compensation Plans	UH	Dec-19	5	2	3		5				0
Student Health Services Radiology	UC	Mar-20	14		2		2	6	6		12
UH Research Data Security	UH	Mar-20	9			3	3		3	3	6
Surplus Operations	UC	Jun-20	5	2			2	2	1		3
Americans with Disabilities Act Compliance Review	UH	Jun-20	10	4	3		7	1	2		3
Controllable Property: Personal Assistant Devices	UH	Sep-20	15	4	6	4	14			1	1
UConn Patch Management	UC	Sep-20	11	2	1	1	4	1	4	2	7
UConn Athletics Travel Audit	UC	Dec-20	16	11	3		14		2		2
University Catering	UC	Dec-20	11	1	6		7		4		4
Clinical Conflict of Interest	UH	Dec-20	12		7		7	1	4		5
Review of Selected Notices Required by Medicare	UH	Dec-20	21		18		18	1	2		3
USG Student Group Funding Request Process	UC	Dec-20	7	4			4	3			3
Pathology	UH	Mar-21	18		6	6	12		5	1	6
Financial Conflict of Interest in Research	UC	Mar-21	4	3			3	1			1
University of Connecticut Foundation - FY20	UC/UH	Mar-21	3	1			1	2			2
Telecommuting Cybersecurity Controls – UConn	UC	Mar-21	12		2	4	6		1	5	6
<b>Subtotal</b>			<b>314</b>	<b>48</b>	<b>102</b>	<b>26</b>	<b>176</b>	<b>30</b>	<b>92</b>	<b>16</b>	<b>138</b>
Twenty Audits Issued Prior to 2019		Various	211	38	15	0	53	82	76		158
<b>Total</b>			<b>525</b>	<b>86</b>	<b>117</b>	<b>26</b>	<b>229</b>	<b>112</b>	<b>168</b>	<b>16</b>	<b>296</b>

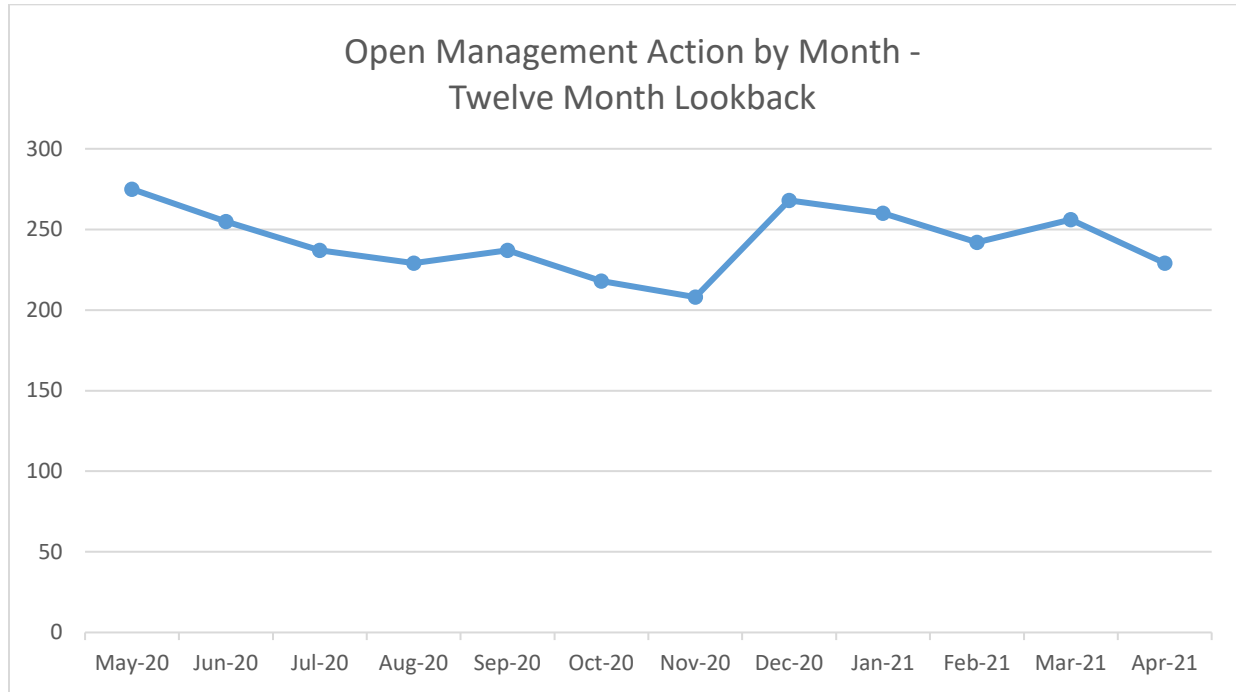
Notes

- The schedule represents a list of 27 audits presented to the JACC since 2019 that have at least one required open management action and a summary of open management actions for 20 audits presented prior to 2019.
- All the open actions that were included in the audits presented to the committee prior to and including June 2020 are overdue.

University of Connecticut & UConn Health  
Joint Audit & Compliance Committee Meeting  
June 10, 2021

Status of Audit Findings  
Trend Analysis of Monthly Balances of Open Management Actions  
As of April 30, 2021

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Analysis:

The increases in September 2020, December 2020 and March 2021 were the result of 27, 67 and 37 management actions, respectively, required to resolve new observations identified in audits that went final. No increase occurred in June 2020, the other month in which audit reports went final, because the number of management actions closed exceeded the number of new required management actions.

The effective collaboration between UConn and UConn Health and AMAS reflects a continued commitment to resolving outstanding open actions, as depicted in the downward trend in the above line graph minus the upticks for new required management actions.

University of Connecticut & UConn Health  
 Joint Audit & Compliance Committee Meeting  
 June 10, 2021

Status of Audit Findings  
 Management Actions Closed By Functional Areas by Risk Level  
 For the Period February 1, 2021 to April 30, 2021

	Implemented			Observation Moved to / Included in Another Audit	Total
	Low	Medium	High	Low	
<b>UConn</b>					
Athletics	1	9			10
Center for Students with Disabilities		1			1
Dining Services		1			1
Environmental Health and Safety		1			1
Foundation Administration	2				2
Information Technology Services	1	1	8		10
Office of Institutional Equity		2			2
Office of the Provost	1	2			3
Procurement	2	2			4
Public Safety		1			1
Research Compliance Services	1				1
Student Affairs Administration	5				5
<b>UConn Total</b>	<b>13</b>	<b>20</b>	<b>8</b>		<b>41</b>
<b>UConn Health</b>					
Controller	1				1
Environmental Health and Safety	1	2			3
Facilities and Grounds Operations			1		1
Human Resources				1	1
JDH Administration	3	13	1		17
JDH Pharmacy		1			1
School of Medicine			2		2
UConn Medical Group	1				1
<b>UConn Health Total</b>	<b>6</b>	<b>16</b>	<b>4</b>	<b>1</b>	<b>27</b>
<b>Total</b>	<b>19</b>	<b>36</b>	<b>12</b>	<b>1</b>	<b>68</b>

University of Connecticut & UConn Health  
Joint Audit & Compliance Committee Meeting  
June 10, 2021

Status of Audit Findings  
Risk Level Descriptions

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**Rating Level Descriptions:**

- L (Low): Meaningful reportable issue for client consideration that in the Auditor's judgment should be communicated in writing. The finding results in minimal exposure to UConn or UConn Health and has little or no impact on the UConn's or UConn Health's compliance with laws and regulations. The issues related to this control weakness will typically not lead to a material error.
- M (Medium): Significant exposure to the area under review within the scope of the audit. The finding results in the potential violation of laws and regulations and should be addressed as a priority to ensure compliance with UConn's or UConn Health's policies and procedures. The significance of the potential errors related to this control weakness makes it important to correct.
- H (High): Significant exposure to UConn or UConn Health that could include systemic UConn or UConn Health wide exposure. The finding could result in a significant violation of laws and regulations and should be viewed as a highest priority which UConn or UConn Health must address immediately.

# ATTACHMENT 4.1

# University of Connecticut & University of Connecticut Health Center Joint Audit & Compliance Committee Meeting

## SIGNIFICANT COMPLIANCE ACTIVITIES

**Faculty and Staff Training** – University Compliance completed Annual Compliance and Ethics Training for the Storrs and Regional Campuses, which provided a choice for employees to take the training through an online self-paced module or through a live WebEx training. Additionally, University Compliance provided a Spanish-speaking facilitated training.

A total of 2153 Graduate Assistants completed this year's annual compliance training.

**Investigations** – As of May 26, 2021, University Compliance received 47 reports in 2021, 21 of which are specific to UConn Health locations.

**Education and Awareness** – University Compliance hosted three WebEx events with colleagues from the Office of Healthcare Compliance and Privacy to discuss compliance with HIPAA; the Office of Public Records and the Office of the General Counsel to discuss compliance with the Freedom of Information Act (FOIA); and Environmental Health & Safety at both UConn and UConn Health.

**Compliance Monitoring** - University Compliance continues to work on monitoring efforts related to the Drug Free Schools and Campuses Act, Export Controls and Title IX for both the Storrs and UConn Health Campus. Additionally, University Compliance is conducting internal monitoring on the effectiveness of policies and procedures. Over the summer, University Compliance will conduct a benchmarking review of monitoring efforts at other institutions of similar program maturity.

**Privacy Update** - University Compliance launched a new online HIPAA training in May. The HIPAA course fulfills training requirements for Storrs employees serving within the University's HIPAA covered components, as well as supports education efforts for students enrolled in clinical placements. The training was developed in house by the University Compliance team and replaces a course provided by an outside vendor.

**Policy Update** – University Compliance has begun working with Medical Consulting Network (MCN) to coordinate the phased implementation of their policy management software, ellucid, at UConn Health. The software will replace existing decentralized policy homes and serve as one comprehensive campus-wide repository for policies and procedures. It is expected to ease administrative burden, reduce institutional risk, streamline workflows for approval, automate a schedule for policy review, and offer a library of clinical policies for reference in the policy development process.

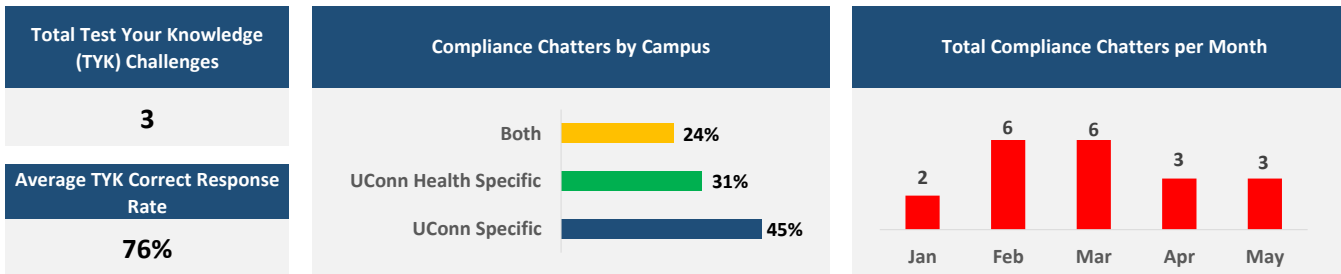
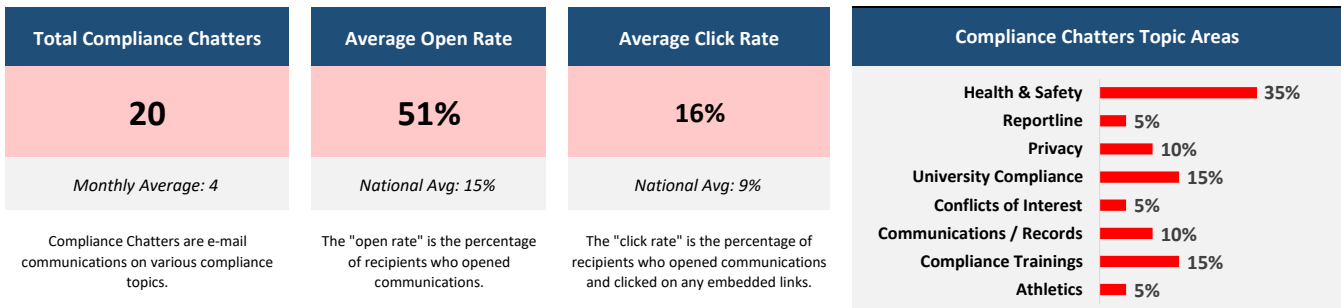
A policy software implementation Executive Steering Committee was formed and convened its first meeting in April. The Committee has representation across the four policy domains at UConn Health — Academic, Administrative, Clinical, and Research. University Compliance is also working with Project Management at UConn Health to coordinate this effort, which is anticipated to span at least one year.



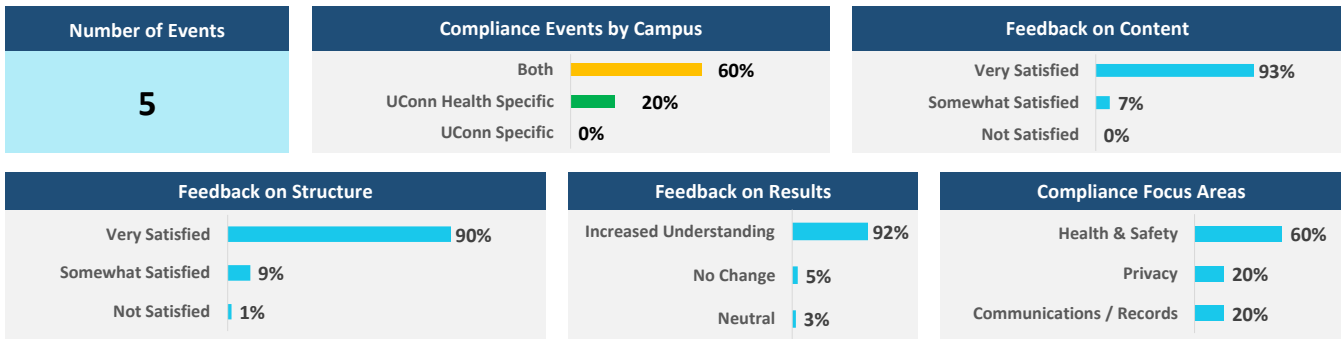
# 2021 Compliance Education & Awareness Report

OFFICE OF UNIVERSITY COMPLIANCE  
January 1, 2021 - May 16, 2021

## Compliance Chatters (Educational Communications)



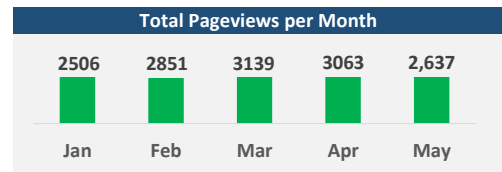
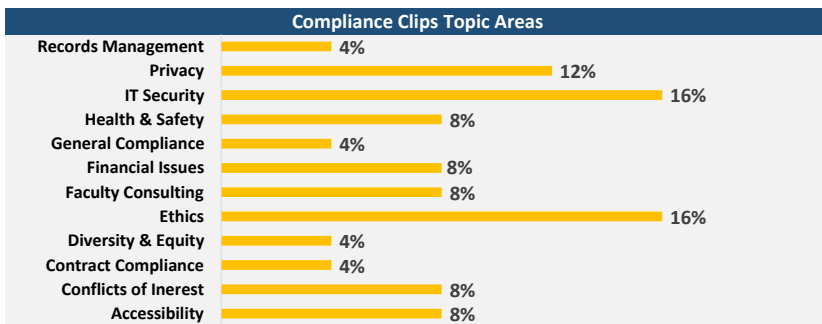
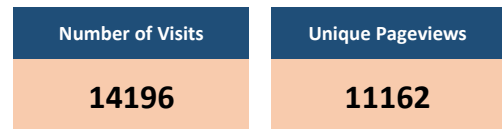
## State of Compliance Events (Live WebEx Events)



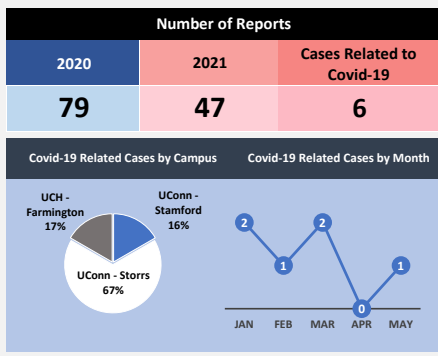
## Compliance Clips Views (Informational Videos)



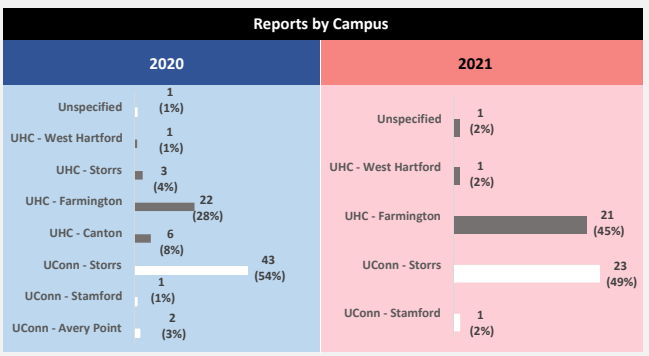
## Website Analytics



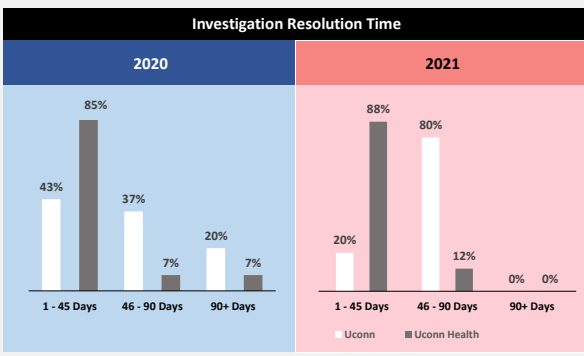
**2020/2021 Compliance Reports and Investigations Data Summary**  
 OFFICE OF UNIVERSITY COMPLIANCE  
 January 1, 2021 - May 26, 2021



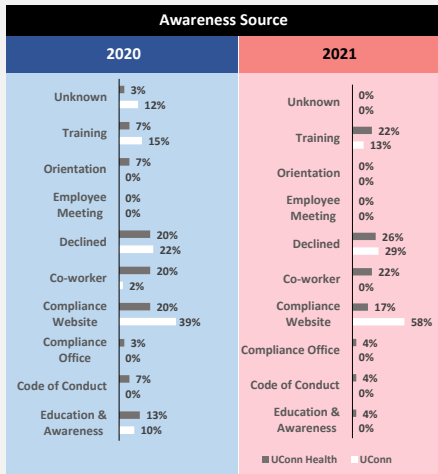
These are unique initial reports received in 2020 and thus far in 2021. University Compliance can also receive follow-up reports, which are not reflected in these numbers.



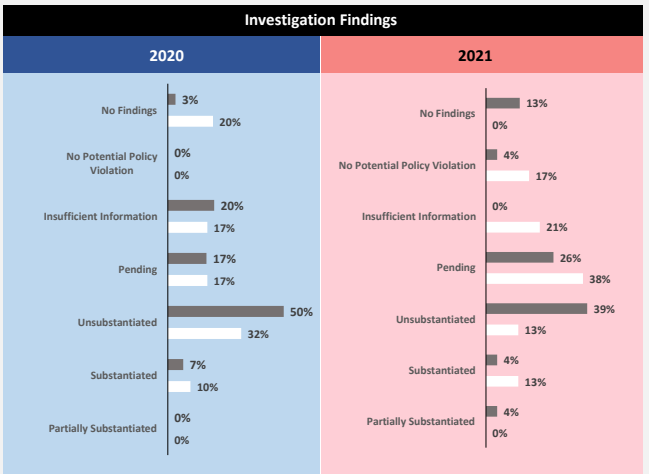
UConn numbers include regional campuses, the School of Law and the School of Social Work. UConn Health numbers include Farmington, Storrs, West Hartford, and Canton locations. Unspecified is when a report does not have a location identification and it cannot otherwise be determined.



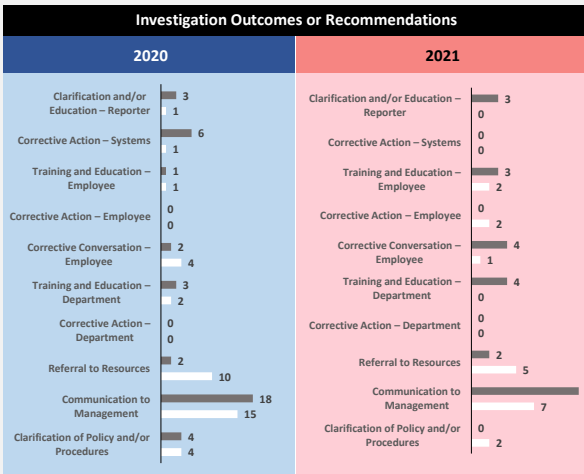
Resolution time speaks to the amount of calendar days from when University Compliance receives a report to the issuance of a final report or closing memo. The amount of time can vary based on complexity of the reported concerns, number of individuals involved and/or witnesses, as well as amount of documentation to review.



Awareness Source is how the reporting party became aware of the Reportline as an option to report a compliance concern.



Investigation findings speak to whether or not a policy violation was determined to have taken place. "No findings" is when a review does not determine a finding of a policy violation, but where the managing office institutes corrective action or education immediately. "No Potential Policy Violation" is when a report is submitted, and even if determined to be factually accurate would not constitute a policy violation. "Insufficient Information" is when the report does not include key information needed to conduct a thorough investigation, despite requesting additional information from the reporting party. "Pending" means the matter is still currently under review/investigation and a finding has yet to be made.



These are outcomes or recommendations that resulted from a review or investigation of a reported concern. These outcomes can be instituted or recommended regardless of whether or not a policy violation was determined to have occurred. Therefore, a reported concern may have not resulted in a substantiated allegation, but still resulted in some sort of outcome. Additionally, one single matter may result in several outcomes or recommendations or none at all.

# ATTACHMENT 4.2



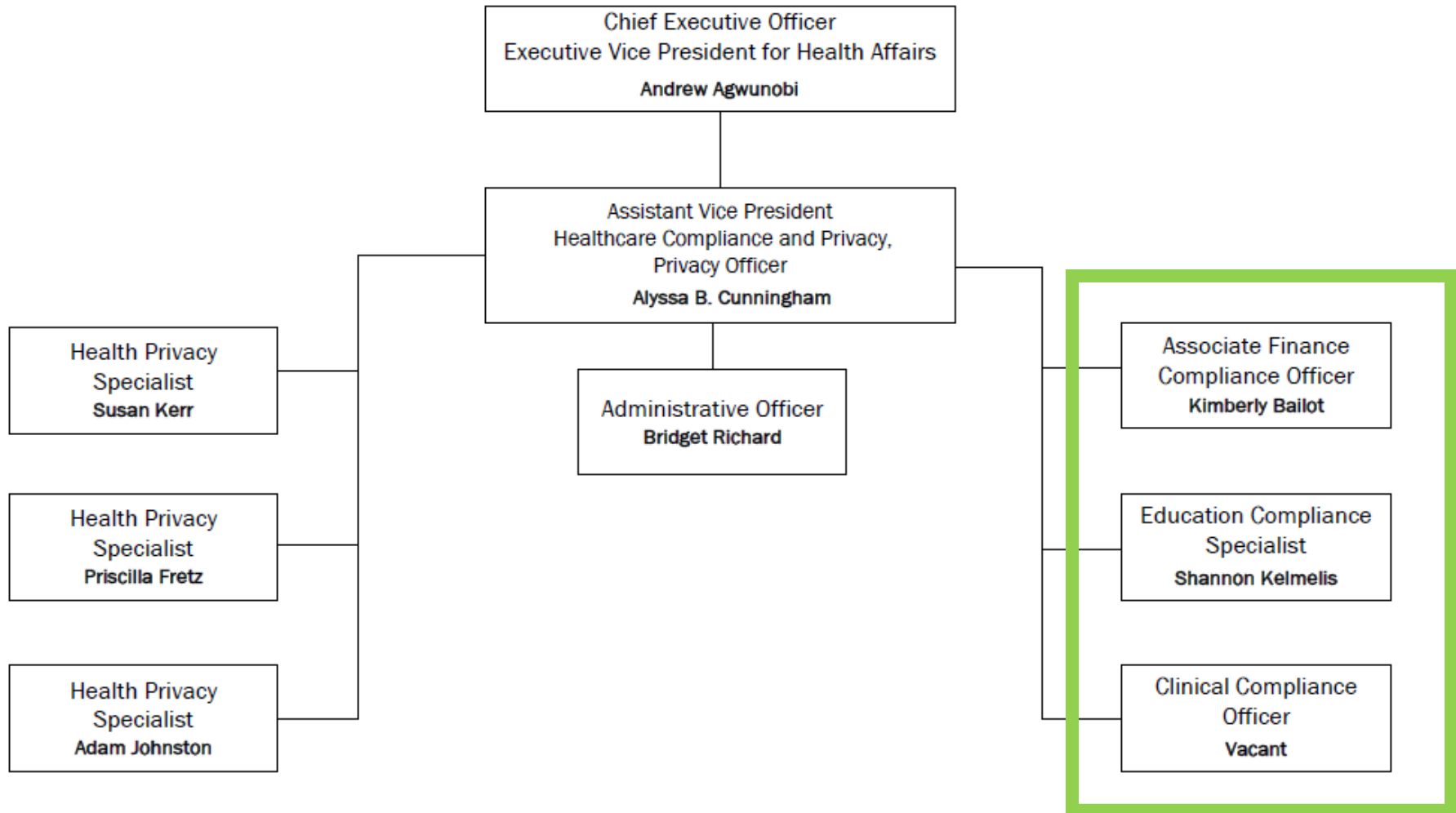
# Office of Healthcare Compliance and Privacy

Alyssa Cunningham  
AVP, Healthcare Compliance and Privacy

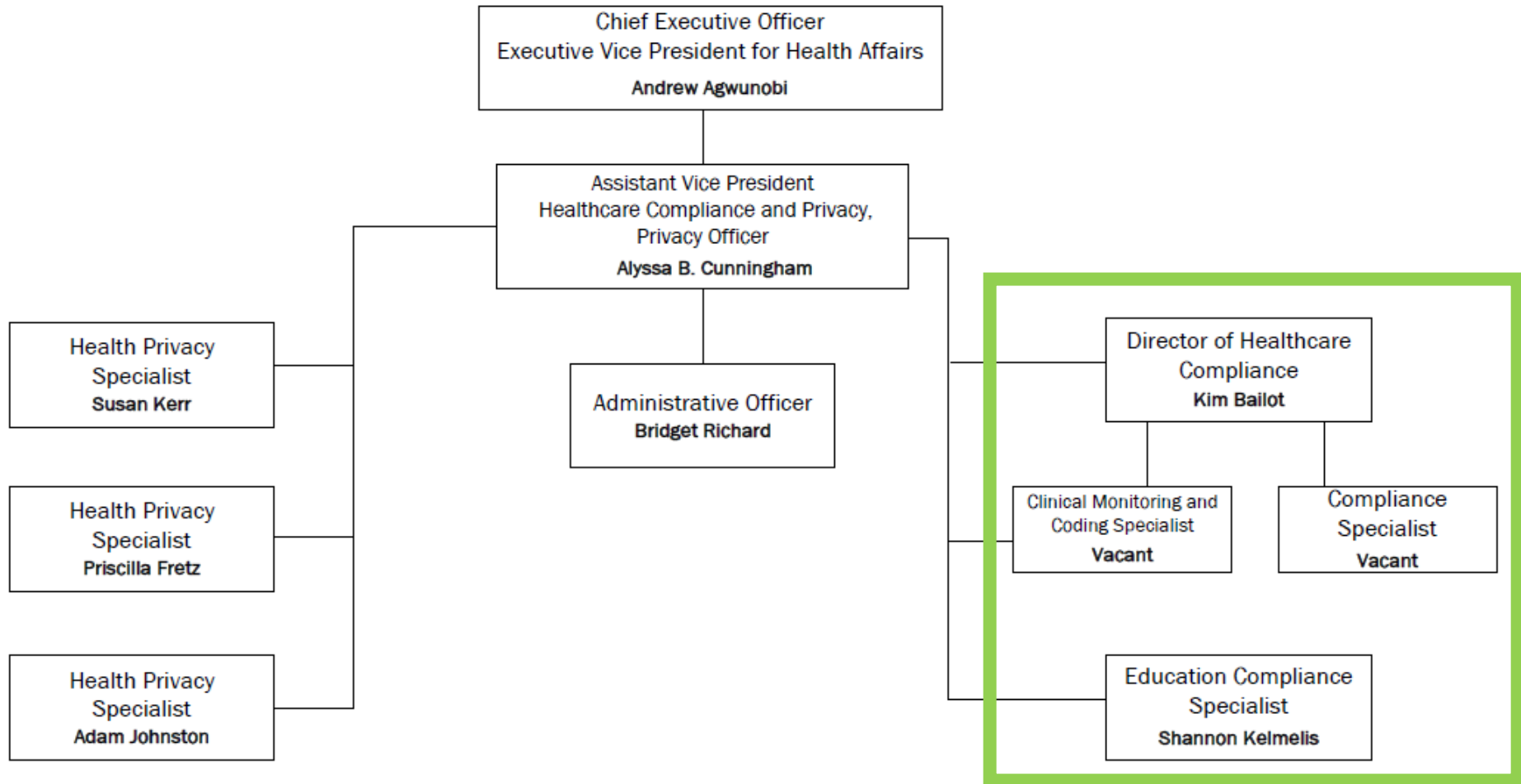
# What Has OHCP Been Up To?

- **New structure for Healthcare Compliance**
  - Better aligns with the University's current compliance configuration
  - Reflects the importance of monitoring

# Office of Healthcare Compliance and Privacy (Prior to 2/2021)



# Office of Healthcare Compliance and Privacy (Current)



# What Has OHCP Been Up To?

## Other FY20 accomplishments include:

- Enhancing our **OIG Work Plan** process
- Launching a department **website**
- Updating all **annual training** materials
- Disseminating **monthly educational content**
- Establishing **database** to track and report out on privacy incidents
- Laying groundwork for expanding **FairWarning**



# Privacy Monitoring With FairWarning

## Current State

### Monitoring in Epic

- Co-worker snooping
- Household snooping

## Future State

### Monitoring in Epic and axiUm (Dental)

- Co-worker snooping
- Household Snooping
- Persons of Interest

# FY21 OHCP Plans & Goals

## In FY21, OHCP will work to:

- Fill open Healthcare Compliance positions
- Enhance **monitoring** initiatives
- Identify ways to **more effectively** reach the UConn Health community with compliance and privacy **messaging**
- Complete the review and revision of all **Privacy policies and procedures**
- Enhance coordination with University Compliance on **annual training**
- Establish a tracking **database** for Healthcare Compliance

# ATTACHMENT 4.3

## Important Reminders from the Office of Athletic Compliance

As a member of the NCAA, the University of Connecticut has a broad based program of intercollegiate athletics. It is important to be aware that there are many rules and regulations that govern the operation of such programs. Such regulations govern our conduct, as well as the conduct of student-athletes, coaches, institutional staff members, and representatives of athletics interests (commonly known as “boosters”).

### EXTRA BENEFITS



In particular, be mindful of Extra Benefits, which are special arrangements made by a University employee or a representative of athletics interests to provide a student-athlete (or their family members) with a benefit not expressly authorized by NCAA legislation.

### EXAMPLES OF EXTRA BENEFITS

Examples of extra benefits prohibited by the NCAA include, but are not limited to, the following:

- Employment of student-athlete’s relatives or guarantee of employment
- Use of a staff member’s or donor’s personal credit card (even if student-athlete pays back)
- Cash or other forms of payments to student-athlete based on their ability or play
- Use of a car or transportation for a summer job or just in general
- Tangible items or other merchandise not provided through athletics
- Free or reduced cost housing or services from athletics staff members or outside vendors (e.g., Teds, DP Dough, Wings Over Storrs)
- Free/discounted tickets to UConn athletic events or concerts at XL Center or Gampel
- Use of a coach’s, staff member’s or booster’s at UConn athletics events
- Transportation to and from class

As a reminder, UConn employees may not provide anything or make special arrangements for student-athletes that are not available to the general student population or the general public. This also applies to former student-athletes.

### HIRING STUDENT-ATHLETES WITHIN THE UNIVERSITY



While Extra Benefits legislation always applies, student-athletes may be hired by the University. In such cases, student-athletes:

- Must be paid only for work performed
- Must be paid at a commensurate rate for their position
- May not be paid based on their value to the employer
- Should be hired through normal hiring procedures

In circumstances when other student workers would receive employment related/necessary items (e.g., polo), student-athletes may also receive such a benefit for their position. Further, all student-athlete employment must be first approved by OAC.



For additional guidance related to NCAA legislation, or to report possible NCAA violations, contact the Office of Athletic Compliance at (860) 486-1652 or via email at [OAC@uconn.edu](mailto:OAC@uconn.edu).

Any questions involving the hiring of international student-athletes should be directed to [International Student and Scholar Services \(ISSS\)](#).

Check out this new video on

## Substantial Conflicts of Interest: Associated Businesses



Did you know that per the State Code of Ethics, a state employee has a “substantial conflict” if they have reason to believe or expect that an action conducted in their state employment capacity would directly affect their own financial interests, those of a spouse or dependent child, or those of a business with which they are associated? Learn more in [this short informational video](#).

[View the Video Here](#)

## TEST YOUR KNOWLEDGE

Now that you've engaged with this resource, be sure to take our "[test your knowledge](#)" challenge by clicking below.

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28 Professional Park Rd. (Unit 5084)  
Storrs, CT 06268

263 Farmington Ave. (MC 8214 - ASB - First Floor)  
Farmington, CT 06030-8214

[Office of University Compliance](#) | Individual Responsibility • Institutional Success

**UConn  
HEALTH**

**SAVE THE DATE**

**The State of Compliance:  
Ensuring Compliance with HIPAA**

**REGISTER TODAY**

The Office of University Compliance is hosting a WebEx Event for UConn Health - The State of Compliance: Ensuring Compliance with HIPAA. Join us for a discussion with UConn Health's own experts, Alyssa Cunningham (AVP, Office of Healthcare Compliance and Privacy) and Adam Johnston (Healthcare Privacy Specialist) on topics such as compliance with the Health Information Portability and Accountability Act (HIPAA); the background and purpose of the HIPAA Privacy Rule; common mistakes and tips to ensure compliance; understanding FairWarning; and obligations and requirements of UConn Health workforce members.



**Wednesday  
March 31, 2021**



**12pm - 1pm  
(EST)**



**WebEX  
Event**

**Office of University Compliance**  
Individual Responsibility • Institutional Success

**Register Here**

# HEALTHCARE COMPLIANCE AND PRIVACY MATTERS



April 2021

## What is the Overpayment Committee?

Did you know that UConn Health has an Overpayment Committee responsible for addressing systemic and substantial overpayments?

[Read More](#)



## Protecting Patient Privacy with FairWarning

The Office of Healthcare Compliance and Privacy monitors potentially inappropriate access to patient information using FairWarning.

[Read More](#)



**Office of Healthcare Compliance and Privacy**  
263 Farmington Avenue, Farmington, CT 06030

Phone: 860.679.4177 Fax: 860.679.1016

**UCONN  
HEALTH**

# ATTACHMENT 5.1



## **Joint Audit & Compliance Committee – June 2021**

### **UConn Health – Information Technology Services – Key Takeaways**

- **Budget YTD 3/31 3.2% under.**
- **Three positions open with one on hold for Financial Improvement Plan as of 4/30.**
- **Completed 4 projects since March meeting.**
- **Added Infrastructure & Security Program (ISP) – 13 Projects**
- **Moved Windows 7 replacement under ISP**
- **All projects are green.**
- **Three meetings of IT Governance occurred to prioritize major projects**
- **Epic focus continues to be on vaccine roll-out.**

**University of Connecticut**  
**Joint Audit & Compliance Committee Meeting**  
**Public Session**  
**June 2021**

UConn Health – Information Technology Services

Financials FY2021 YTD 3/31 Operating

State Appropriation and Tuition Budget and Forecasted Expenditures:

Budget	<u>\$40,840,816</u>
Forecasted Personal Services and Fringe Benefits	<u>\$28,877,269</u>
Forecasted Operating Expenses	<u>\$10,639,336</u>
FY21 Actual	<u>\$39,516,605</u>
Variance	<u>\$1,324,211</u> (Under)

Information Technology Staffing (as of 5/1/2021)

Open Positions, Positions on Hold, Terminations and the areas they represent.

1. Epic area: Credentialed Trainer for Revenue Cycle – On hold for FIP
2. AVP Business Intelligence - Interviewing
3. Executive Assistant - Posted

Outages (as of 4/30/2021)

Outage Taxonomy	# of Issues	Systems Affected
Canton Internet 3/4/2021	1	3 hr downtime internet for Canton facility

Total # of Outages: 1

**UConn Health– IT Projects Status (as of 4/30/2021)**

Project Name	Brief Project Description	Planned Budget	Actual Spend <sup>1</sup>	Status	Rational for Yellow and Red Status	Expected Completion Date
Marcum Cybersecurity risk assessment	Cybersecurity risk assessment in accordance with industry standards and regulatory requirements	\$356,000	\$332,321	Green	Targeted ransomware campaign diverted internal resources for several weeks	2/28/2021 Completed
Epic vNov20 Upgrade	Routine maintenance	0	0	Green	Twice per year	Completed May 2021
Epic vFeb20 Upgrade	Routine maintenance	0	0	Green	Twice per year	Aug 2021

HDA Legacy Systems Archive	Multiple legacy clinical system's data to be archived into Harmony Health Data Archiver	0	0	Green	Routine maintenance	6/1/2021
IT Infrastructure & Security Program	Consists of 13 projects from Infrastructure & External Security Assessments	\$6,086,000		Green	Projects will be completed over 3 Fiscal Years	FY2023
Windows 7 & Server 2008 Migration	Upgrade all Win7 desktops to Win10 and Server 2008 OS	0	0	Green	Combined with IT Infrastructure & Security Program	Q2 2022
Epic Mychart Bedside	Ability for patients to participate in their care.	0	0	Green	Scoping	Q3 2021
21 <sup>st</sup> Century Cures Act	Many phases including information blocking, ADT Event Notifications, Interoperability	0	0	Green	All required features implemented on time	Q2 2021 Completed
Vaccine Rollout	Ability to use Mychart for employee and public vaccination program	0	0	Green	Implementation started in mid Dec/2020 and continuing	Q2 2021
Disaster Recovery – Audit Response	Addressing major issue in DR Audit to separate the redundant servers for backup system	\$30,000	\$27,987	Green		2/26/2021 Completed

# ATTACHMENT 5.2

**University of Connecticut**  
**Joint Audit & Compliance Committee Meeting**  
**Public Session**  
**June 10, 2021**

UConn – Information Technology Services

Financials FY2021 Operating

State Appropriation and Tuition Budget and Forecasted Expenditures:

	Budget	<u>\$40.7M</u>
Forecasted Personal Services and Fringe Benefits		\$28.1M
Forecasted Operating Expenses		<u>\$ 12.0M</u>
Forecasted Carryforward		<u>\$ .6M</u>

To date in FY2021 ITS's operating budget was cut by \$1.2M, our deferred maintenance budget was cut from \$2.0M to \$1.7M and our 5-year wired access layer refresh budget was decreased to \$4.2M (our original request was 5-years at \$6.0M per year and FY2021 is year 2). No further FY2021 budget reductions are anticipated at this time.

Also, ITS requested and anticipates operating budget for a director of high-performance computing and \$1.6M for high performance capital investments.

Information Technology Staffing (as of 5/10/2021)

- ITS has nine new open positions:
  - (1) Computer Support Technician 2 for Campus Technology
  - (1) Educational Program Professional for CEN
  - (1) Director of Enterprise Systems for Enterprise Systems
  - (2) Information Security Analyst 1 or 2 for Security
  - (1) System Administrator 1 or 2 for Research IT
  - (1) System Administrator 1 for Enterprise Systems
  - (1) Software Developer 1 for Enterprise Applications
  - (1) Data Administrator 3 for Enterprise Applications
- There have been two new hires since January 28:
  - (1) Computer Support Specialist 1 for Web Development/Campus Technology
  - (1) Special Payroll position was added through August 26, 2021 in Enterprise Systems.
- One Special Payroll position was extended through November 9, 2021 in CEN.
- One Graduate Student was placed on Special Payroll for the summer term 5/23/21 – 8/22/21.
- Since January 28, ITS has had two employees separate as a result of retirements:
  - Effective 2/1/2021 in the Enterprise Systems Department.
  - Effective 3/31/21 in the Enterprise Applications Unit.

### Significant Outages (03/1/21 - 05/28/21)

(Unplanned outages that would have significant impact on Academic or Administrative systems)

<u>Outage Taxonomy</u>	<u># of Issues</u>	<u>Systems Affected</u>
Network Issue - Hardware	0	
Network Issue - Software	1	<ul style="list-style-type: none"> <li>Integration between WebEx and LMS system impacted ability to launch WebEx directly (impact: 3 hours)</li> </ul>
Network Issue – Request Flood	0	
System Issue - Hardware	1	<ul style="list-style-type: none"> <li>Access to network drives was interrupted for some users (impact: 3 hours)</li> </ul>
System Issue - Software	2	<ul style="list-style-type: none"> <li>All Wordpress websites down. Redirecting to ITSTATUS page (impact: 30 minutes)</li> <li>School of Engineering Web Server Down (impact: 1 hour)</li> </ul>
Third Party	0	

### UConn – IT Projects Status (as of 05/28/21)

<b>Project Name</b>	<b>Brief Project Description</b>	<b>Planned Budget</b>	<b>Actual Spend</b>	<b>Status</b>	<b>Rational for Status</b>	<b>Expected Completion Date</b>
WALR FY 2020 Phase 1 (Including Gampel Wireless)	Upgrade all network equipment and wired access infrastructure for the University	\$6.000M	\$5.93M	COMPLETE		7/31/2020
WALR FY 2021 Phase 2	Upgrade all network equipment and wired access infrastructure for the University	\$4.200M	\$1.5M	GREEN		8/31/2021
Concur	Implement travel and expense system	\$3.100M	\$1.13M	GREEN	Implemented and in post project production support.	6/30/2021
Peoplesoft Upgrade	Upgrade Peoplesoft Student System (Campus Solutions) to version 9.2	\$1.372M	\$1.12M	COMPLETE		6/30/2021
Parking	Upgrade Parking Software	\$0.413M	\$0.176M	YELLOW	Implementation in progress.	10/31/2021
HR Payroll Data Mart	First phase of HR Payroll data mart	\$0.156M	\$0.047M	YELLOW	Functional resource allocation lower than forecast	12/31/2021
AIX Migration	Migrate all applications off of IBM AIX platform	Internal	Internal	COMPLETE	Ahead of schedule.	3/1/2021