

MEETING OF THE JOINT AUDIT AND COMPLIANCE COMMITTEE

March 14, 2006

11:00am

via Storrs Conference Room and Teleconference

TRUSTEES PRESENT: Messrs. Barry, Drotch, and Nayden

STAFF PRESENT: Messrs., Austin, Bradley, Callahan, Carlson, Deckers, DeTora, Eaton, Geoghegan, Kleinman, McCarthy, McDowell, Nicholls, Schurin, Small, Strongwater, Walker, and Wetstone; Mesdames Adams, Alexander, Blanchette, Carone, Chiaputti, Comerford, DeMao, Flaherty-Goldsmith, Kristt, Krinsky, Grava, Greger, Mauriello, Nichols, Pack, Rubin, Violette, and Whetstone

STATE AUDITORS: Messrs. Carroll, Slupecki, and Rasimas

JOURNAL INQUIRER: Mr. Breen

The teleconference was called to order at 11:20 a.m. by Committee Chair Nayden.

TAB 1: Minutes

ON A MOTION by Trustee Drotch, and seconded by Trustee Barry the minutes of the December 7, 2005 meeting were approved.

TAB 2: Follow-up on December 7, 2005

Mr. Walker informed the Committee that all prior issues had been followed-up on and directed them to the summary provided in Tab 2 for additional information. There were no questions.

TAB 3: Significant Activities

Mr. Walker asked appropriate staff to provide an update on significant activities for both Storrs and the Health Center.

Ms. Mauriello provided a summary of significant activities conducted by the University of Connecticut Health Center Compliance Office.

Ms. Rubin provided a summary of significant activities conducted by the University of Connecticut Compliance Office including the status of the University of Connecticut Code of Conduct and the University Guide to the State Code of Ethics. Trustee Nayden asked Ms. Rubin to send these documents to the Board of Trustees 30 days prior to the next meeting for Board review and input.

Ms. Chiaputti provided an overview of the Institute of Materials Science Audit at the Storrs Campus and Ms. Blanchette updated the Committee on the status of PWC activities conducted at the University of Connecticut Health Center.

TAB 4: Status of Audits

Mr. Walker directed the Board to Tab 4 for updates on all audit status. A summary was provided with no questions being asked.

TAB 5: External Audit Engagements

Blum Shapiro completed their University of Connecticut UConn 2000 Management Letter for June 30, 2003 and included managements responses. This letter was handed out to all attendees at the meeting. Blum Shapiro was unable to attend the meeting, so Trustee Nayden briefly discussed the report. Trustee Nayden informed the committee that the University had addressed all Blum Shapiro's prior report issues and is currently up-to-date. Trustee Nayden informed the Committee that he believed that the University was doing a good job on resolving outstanding issues.

TAB 6 – Governor's Commission on UConn Review and Accountability – Recommendations & Action Plan

Ms. Flaherty-Goldsmith updated the Committee on the action taken to address the recommendations of the Governor's Commission on UConn Review and Accountability as of February, 2006. Last September, Governor Rell tasked the State Department of Public Services (DPS) with inspecting all non-threshold buildings constructed under the UCONN 2000 program. The total number of buildings to be inspected is 48. In order to accomplish the task within a reasonable timeframe, the State DPS entered into a memorandum of understanding (MOU) with the University to have the employees of the University's Office of Fire Marshal and Building Inspector (OFMBI) conduct these inspections and report the results to the DPS by October 2006. The inspection of these buildings is underway. Trustee Nayden asked Ms. Flaherty-Goldsmith when the results of these inspections would be report to the JACC committee. Ms. Flaherty-Goldsmith she would report the results of these inspections to the Committee after all 48 buildings were inspected. Trustee Nayden informed Ms. Flaherty-Goldsmith that he wants to be kept informed of any and all significant issues as the arise in lieu of waiting for the final report.

TAB 7: Compliance Resource Group, Inc. Corporate Compliance Program Assessment

Mr. Walker informed the Committee of the progress the University has made to implement all recommendations made in the report on Compliance Resource Group, Inc. Corporate Compliance Program Assessment. The Office of Audit, Compliance & Ethics is in the process of getting a University-wide ethics & compliance reporting process, including a hotline activated. This hotline is expected to be operational by March 31, 2006. Ms. Rubin has been assigned the responsibility for following-up on items identified in this action plan.

TAB 8: Compliance Agreement Between the University of Connecticut and the United States Environmental Protection Agency, Suspension & Debarment Division (“EPA SDD”

The Office of Audit, Compliance & Ethics has developed a major milestones timeline and an action plan to ensure all required action is taken; work on the action plan is currently underway. Mr. Walker introduced Ms. Krinsky, a new hire in the Office. Ms. Krinsky has been assigned the responsibility for following-up on items identified in the action plan. The first annual report will be submitted to the Committee on June 14, 2006.

TAB 9: Auditors of Public Accounts – Financial Statements as of and for the year ended June 30, 2005

A presentation was given by Mr. Carroll and Mr. Slupecki, Principal Auditors on the University of Connecticut and University of Connecticut Health Center Financial Statements as of and for the year ended June 30, 2005. In their opinion, the financial statements of the University and Health Center were presented fairly, in all material respects in conformity with accounting principles generally accepted in the United States of America.

Mr. Carroll noted two areas that he felt could have potential for problems. On November of 2004 the Health Center purchased the Munson Road property from the Munson Road, LLC. Michael Konover, the Secretary of the University of Connecticut Foundation’s Board of Directors, is also an owner of Munson Road, LLC and during the fiscal year 2006, the Auditors felt this might present a possible conflict of interest issue. In addition, Mr. Peter Deckers agreed to serve as Connecticut Children’s Medical Center Interim Senior vice President for Medical Affairs and Chief Medical Officer which might also be seen as a conflict.

Mr. Austin asked the Committee if anyone had any problems with the two noted issues, none were noted.

There being no further questions or issues, **ON A MOTION** made by Trustee Nayden and seconded by Trustee Barry the Committee convened to Executive Session at 12:15 p.m.

Executive Session was adjourned at 12:40pm, senior management was dismissed and the Auditors of Public Accounts met with the Committee and members of the Office of Audit, Compliance & Ethics in a private forum.

There being no further business, **ON A MOTION** made by Trustee Barry and seconded by Trustee Nayden, the meeting was adjourned at 1:00p.m.

Respectfully submitted,

Karen Violette

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Secretary to the Committee