

MEETING OF THE JOINT AUDIT AND COMPLIANCE COMMITTEE
December 12, 2008
10:30 a.m.

via Storrs Conference Room and Teleconference

TRUSTEES/DIRECTORS PRESENT: P. Barry, P. Drotch, J. Haberland, J. Goldberg, and D. Nayden

STAFF PRESENT: N. Adams, S. Alexander, D. Barberi, J. Biancamano, J. Bradley, N. Bull, T. Callahan, B. Carlson, C. Chiaputti, B. Feldman, J. Geoghegan, K. Grava, C. Gray, R. Gray, W. Kleinman, I. Krisst, M. Liskom, I. Mauriello, P. McDowell, D. Munroe, P. Nicholls, J. Nichols, V. Pack, B. Patel, D. Romano, R. Rubin, R. Krinsky-Rudnick, J. Small, J. Sullivan, L. Troyer, R. Urban, K.Violette, K.M. Walker, S. Wetstone, S. Whetstone and E. Zincavage

KPMG: A. Frank and K. Jurczyk

STATE AUDITORS: J. Rasimas and G. Slupecki

The meeting of the Joint Audit & Compliance Committee (JACC) was called to order at 10:30 a.m. by Trustee Nayden.

TAB 1: Minutes

ON A MOTION by Director Goldberg and seconded by Director Haberland, the minutes of the September 11, 2008 JACC meeting were approved.

TAB 2: Significant Compliance Activities

The Office of Audit, Compliance & Ethics (OACE) updated the JACC on significant compliance activities.

New Federal regulations have driven OACE's initiatives during this period to include:

- Red Flag Rules
- Higher Education Opportunity Act
- Retaliation Policy
- ADA Amendments Act

In addition to these initiatives OACE provided the JACC with an update on the Certification of Compliance Agreement (CCA) between the Office of Inspector General, Department of Health

and Human Services and JDH as well as the status of the Stark Law review engagement with McDermott Will & Emery.

The JACC was provided with a handout on the Seven Elements for an Effective Compliance Program Based on Federal Sentence Guidelines.

TAB 3: Status of Audit Assignments

OACE provided the JACC with the status of current audit assignments. At this time OACE had seven audits in the planning stages, fourteen audits in the fieldwork stage, five audits were issued in draft, seven audits were finalized, two special projects were completed and seven follow-up grids were completed.

TAB 4: External Audit Engagements

K.M. Walker provided the JACC with the status of external audits being completed by Seward & Monde, UHY and McDermott Will & Emery.

TAB 5: KPMG – UCHC Financial Statements – Fiscal Year 2008

A. Frank and K. Jurczyk from KPMG provided the JACC with a synopsis on their audit on the financial statements of the University of Connecticut Health Center, John Dempsey Hospital, UCONN Medical Group (Clinical Operations), and the Financial Corporation. No material weaknesses in internal controls were noted.

In the November 11, 2008 management letter to the JACC, KPMG reported a significant deficiency in the area of Information Technology; this observation was reported in the prior year's audit. KPMG recommended that management address and resolve the identified segregation of duty conflicts by ensuring that individuals that promote changes into the production environment do not have developer access/capabilities. In addition, they recommended that management continue to strengthen and adhere to the company's documentation and maintenance standards over change management procedures. University management had noted in the 2007 that UCHC has new processes in place to remediate this recommendation.

This recommendation was repeated in this year's management letter. Because of timing issues, processes were not fully in place at UCHC during this reporting period. Therefore KPMG was unable to conduct testing in this area. KPMG will conduct testing during their Fiscal Year 09 audit and expects that this issue will be corrected.

J. Haberland asked S. Whetstone to follow-up with S. Armstrong on this issue; UCHC should ensure that the new processes in place address KPMG's observation.

The JACC felt that this recommendation left the University in an awkward position; having potentially on the record that these issues have been going on for two years even though UCHC reported that this has been corrected. Going forward, the JACC asked KPMG to qualify this type of finding in their report. The JACC stated for the record that the University has made progress in this area and is working hard to fully implement this recommendation.

TAB 6: Auditors of Public Accounts

The JACC was provided with a copy of the Auditors of Public Accounts – UConn Departmental Audit Report for 2006 & 2007 (2-90).

J. Rasimas directed the JACC to page 24 – prior recommendation section of this report. The Auditors of Public Accounts had concerns regarding procurement and construction management in the past, however, J. Rasimas informed the JACC that the University now has an adequate control system in place in these areas. No significant deficiencies were reported.

TAB 7: Informational/Educational Items

The JACC was provided with copies of the following:

- OACE Storrs and UCHC Quarterly Newsletters (Volume 2, Issue 1 - Fall 2008)
- Article “A Wealth of Data, and Nobody in Charge” (Ref: Privacy Officer)
- Articles Concerning the Americans with Disabilities Act Amendment

The meeting adjourned at 11:40 a.m.

Respectfully submitted,

Karen Violette

Karen Violette
Secretary to the JACC