



UConn

UNIVERSITY OF CONNECTICUT

UConn HEALTH

JOINT AUDIT & COMPLIANCE COMMITTEE MEETING

September 21, 2023

PUBLIC SESSION

Meeting held by Telephone

Public Call in # +1-415-655-0002 US Toll

Access code: 2622 357 1734

Public Streaming Link (with live captioning): <https://ait.uconn.edu/bot>

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

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University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
September 21, 2023
Agenda

10:00 am – 10:30 am - Executive Session / 10:30 am – 12:00 pm - Public Session

Meeting held by Telephone

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Topic	Proposed Action	Attachment
Executive Session Anticipated	Review	None
1. GENERAL		
• Public Comment*		None
• Minutes of the June 15, 2023, Meeting	Approval	1.1
2. EXTERNAL AUDIT ACTIVITIES		
• Status of External Audit Engagements	Update	2.1
• UConn Health 340B Program - Audit Close-out Report CY22	Update	2.2
• Auditors of Public Accounts – UConn Departmental Audit for Fiscal Years Ending June 30, 2019, 2020, and 2021	Presentation Report	2.3 2.4
3. SIGNIFICANT INTERNAL AUDIT ACTIVITIES		
• Status of Audit Assignments	Update	3.1
• Status of Audit Findings	Update	3.2
• Draft Audit Plan FY 2024	Approval	3.3
4. COMPLIANCE ACTIVITIES		
• Significant Compliance Activities	Update	4.1
• Draft Compliance Plan FY 2024	Approval	4.2
• Draft UConn Compliance and Ethics Committee Charter	Approval	4.3
• Healthcare Compliance and Privacy Dashboard	Update	4.4
• Informational/Educational Items	Informational	4.5
5. INFORMATION TECHNOLOGY		
• UConn	Update	5.1
• UConn Health	Update	5.2
6. OTHER BUSINESS		
7. ADJOURNMENT		

* Individuals who wish to speak during the Public Participation portion of the Thursday, September 21, meeting must do so 24 hours in advance of the meeting's start time (i.e., 10:00 a.m. on Wednesday, September 20) by emailing BoardCommittees@uconn.edu. Speaking requests must include a name, telephone number, topic, and affiliation with the University (i.e., student, employee, member of the public). The Committee may limit the entirety of public comments to a maximum of 30 minutes. As an alternative, individuals may submit written comments to the Committee via email (BoardCommittees@uconn.edu), and all comments will be transmitted to the Committee.

ATTACHMENT 1.1

University of Connecticut & UConn Health
Joint Audit & Compliance Committee

Minutes of the Meeting of June 15, 2023

Telephone Meeting

ATTENDEES	
Committee Members	<u>Board of Trustees</u> Mark Boxer, Andrea Dennis-LaVigne, Jeanine Gouin <u>UConn Health Board of Directors</u> Timothy Holt
Other Committee Members	<u>Board of Trustee Chair</u> Daniel Toscano
University Staff	Christopher Bernard, Elle Box, Kevin Chamberlin, Lisa Danville, Kimberly Fearney, Andrea Keilty, Dennis Leber, Steven Lepowsky, Bruce Liang, Peggy McCarthy, Rick McCarthy, Michael Mundrane, Gregory Perrotti, Angelo Quaresima, Rachel Rubin, Janel Simpson, Scott Simpson, Reka Wrynn
External Invitees	John Harrison

Vice-Chair Boxer convened the Committee at 10:11 a.m.

1. Executive Session

On a motion by Trustee Dennis-LaVigne, seconded by Director Holt, the Committee 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; and
- C.G.S. 1-200(6)(B) – Records or the information contained therein pertaining to strategy and negotiations with respect to pending claims; and
- C.G.S. 1-210(b)(10) – Records, reports and statements privileged by the attorney-client relationship; and
- 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.

The entire Executive Session was attended by the following:

Committee members: Boxer, Dennis-LaVigne, Gouin, and Holt.
Other Trustees: Toscano.

University of Connecticut & UConn Health
Joint Audit & Compliance Committee

Minutes of the Meeting of June 15, 2023

Telephone Meeting

University Staff: Box, Fearney, Keilty, Liang, McCarthy, P., Perrotti, Quaresima, Rubin, R. Simpson, J. Simpson.

The following University staff were in attendance for part of the Executive session: Bernard, Leber, Lepowsky, McCarthy, R., Mundrane, and Wynn.

The Executive Session ended at 10:55am, and the Committee returned to Open Session at 10:56 a.m.

2. Public Participation

No members of the public signed up to address the Committee.

3. Minutes of the March 23, 2023, meeting

On a motion by Trustee Gouin, seconded by Trustee Dennis-LaVigne, the Committee voted to unanimously approve the minutes of the March 23, 2023, meeting.

4. External Audit Activities

Interim Associate Vice President and Chief Audit Executive Quaresima provided an update on the status of external audit engagements.

John Harrison from the Auditors of Public Accounts presented the UConn and UConn Health Annual audit of Federal Funds required under the Federal Single Act for the year ended June 30, 2022.

The Associate Vice President and Chief Pharmacy Officer, Kevin Chamberlin provided a presentation on the Annual 340B Drug Pricing Program Audits for the period June 1, 2022 – November 30, 2022, for:

- John Dempsey Hospital
- Ryan White (Ryan White Part A)
- Hemophilia Treatment Center (HTC)

5. Significant Internal Audit Activities

Mr. Quaresima provided an update on the status of internal audits. The Committee reviewed and accepted three audit reports. The committee was updated on the status of internal audit findings.

Mr. Quaresima provided the committee with the current Audit & Management Advisory Services (AMAS) organizational chart. The committee was informed of the rehiring of AMAS IT Auditor, Thomas Dyer as well as the promotion of Claire Murray to Audit Director.

University of Connecticut & UConn Health
Joint Audit & Compliance Committee

Minutes of the Meeting of June 15, 2023

Telephone Meeting

6. Compliance Activities

Associate Vice President and Chief Compliance Officer Fearney provided the Committee with an update on significant compliance activities, as well as presentations on the Compliance Education and Awareness Annual report and the 2023 Reports and Investigations Data Summary.

7. Information Technology Updates

Vice President and Chief Information Officer Mundrane and Chief Information Systems Security Officer Bernard provided an update on the UConn information technology activities.

Chief Information Officer McCarthy provided an update on UConn Health information technology activities.

8. Other Business

No Other Business was presented to the Committee.

9. Adjournment

On a motion by Trustee Dennis-LaVigne, seconded by Trustees Gouin, the Committee voted unanimously to adjourn the meeting. The Committee adjourned at 11:21 a.m.

Respectfully submitted,
Karen Violette

ATTACHMENT 2.1

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

September 21, 2023

Status of External Audit Engagements

Auditor	Area	Scope	Current Status of Audit	Recent Report Issued	Recent Report – Recommendations & Areas for Improvement		
					Total	Repeated	Disagreed
Clifton Larson Allen LLP	UConn Health	Audits of Financial Statements for UConn Health's John Dempsey Hospital, University Medical Group, & Finance Corporation	FY 23 Underway	FY 22 Issued 11/21/22	3	0	0
James Moore & Co	UConn Athletics	NCAA agreed upon procedures performed on all revenues, expenses, and capital expenditures for the Athletics Program	FY 23 Underway	FY 22 Issued 11/22/22	No Recommendations Reported		
Mayor Hoffman McCann P.C.	UConn & UConn Health	Annual agreed upon procedures on UConn 2000 Infrastructure Program as required by Section 10a-109z of the Connecticut General Statutes (CGS)	FY 23 No Activity	FY 22 Issued 3/23/23	1	0	0
Pharmacy Consultants, Inc. (DBA 340B Compliance Partners)	UConn Health	Audits of UConn Health's 340B Drug Pricing Program covered entities required by Health Resources and Services Administration	CY 23 No Activity	CY 22 Issued 2/23, 3/23 & 3/23	9	0	2
State Auditors	UConn & UConn Health	Annual audit of Federal Funds required under the Federal Single Audit Act (SWSA)	FY 23 Underway	FY 22 Issued 3/29/23	1	0	1
State Auditors	UConn	Annual audit of financial statements included in the Annual Comprehensive Financial Report (ACFR)	FY 23 Underway	FY 22 Issued 12/9/22	No Recommendations Reported		
State Auditors	UConn Health	Annual audit of financial statements included in the Annual Comprehensive Financial Report (ACFR)	FY 23 Underway	FY 22 Issued 12/15/22	No Recommendations Reported		
State Auditors	UConn	Departmental Statutory Required Audit (CGS Sec 2-90)	FYs 22 & 23 Underway	FYs 19, 20 & 21 Issued 8/15/23	22	18	4
State Auditors	UConn Health	Departmental Statutory Required Audit (CGS Sec 2-90)	FYs 21 & 22 Underway	FYs 19 & 20 Issued 2/22/22	10	6	4

ATTACHMENT 2.2

UConn Health 340B Program Independent Outside Audit Report Updates

The Findings and AFI's of the independent outside audit conducted by 340B Compliance Partners were presented to JACC in June of 2023. The following is a report out for each CE of items which were pending completion at the time of the June presentation.

JDH DSH 340B Program

FINDINGS:

1. *"Prescriptions or orders originating from an ineligible location. Verify eligible locations with TPA as well as content of files sent."*
 - Close-out notes: The 340B Management team has worked with the TPA in creating a custom report, as an extra measure, that pulls any claims that have carved in for our program without a first fill also carved in and resolved this finding. The report has been in use since June 2023.

AFI:

1. *"Ensure integrity of data feeds from EHR→TPA (multiple samples with different dispense/origination locations between the two)."*
 - Update: The 340B Management team has been working with Epic Cogito team to change the logic of the file-feeds to pull from "administration location" as opposed to where the provider ordered from. This was originally due to be completed by 8/31/2023 however we are currently in testing stages of the report and anticipate completion by end of September 2023.

There were no other Findings or AFI's pending completion for this covered entity.

HTC 340B Program

AFI:

1. *"Work with EPIC to ensure providers may easily order appropriate units of measure for prescriptions."*
 - Close-out notes: The 340B Management team along with the providers worked with Epic Ambulatory team who updated ERX configurations for Factor Products and built SmartSets for Hemophilia Medications for outpatient prescriptions. The updates were made in June and were live in July.

There were no other Findings or AFI's pending completion for this covered entity.

Ryan White 340B Program

There were no Findings pending completion for this covered entity.

ATTACHMENT 2.3

University of Connecticut

Departmental Audit Report

For the Fiscal Years Ended June 30, 2019, 2020, and 2021

Communication to the Joint Audit and Compliance Committee

September 21, 2023

Audit Scope and Objectives

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. We conducted our audit in accordance with the performance audit standards contained in generally accepted government auditing standards. 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.

The scope of our audit included, but was not limited to, the fiscal years ended June 30, 2019, 2020, and 2021.

The objectives of our audit were to:

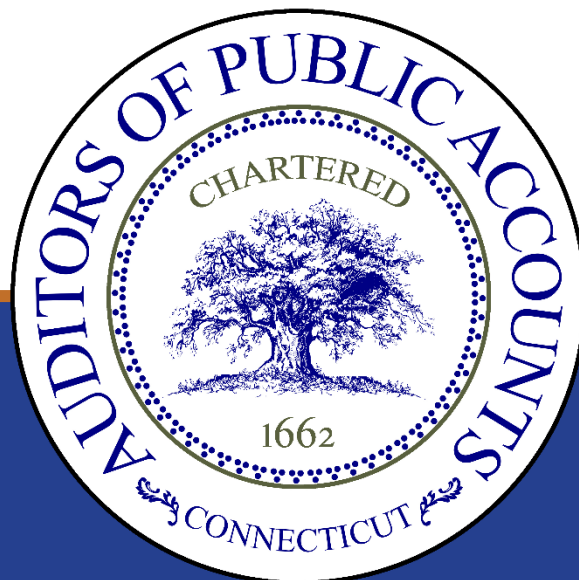
1. Evaluate UConn's internal controls over significant management and financial functions;
2. Evaluate UConn's compliance with policies and procedures internal to the university or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and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

ATTACHMENT 2.4

AUDITORS' REPORT

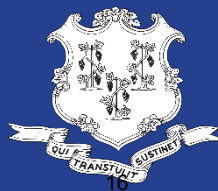
University of Connecticut

FISCAL YEARS ENDED JUNE 30, 2019, 2020, AND 2021



STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor



CLARK J. CHAPIN
State Auditor

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CLARK J. CHAPIN

August 15, 2023

INTRODUCTION

We are pleased to submit this audit of the University of Connecticut for the fiscal years ended June 30, 2019, 2020, and 2021 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, and policies; and a need for improvement in practices and procedures that warrant management's attention.

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 also would like to acknowledge the auditors who contributed to this report:

Lisa Drzewiecki
Walter Felgate
Jason Grauer
John Harrison
Austin Holden
Aileen Jiang
Ann Phung

A handwritten signature in black ink, reading "John D. Harrison".

John D. Harrison
Principal Auditor

Approved:

A handwritten signature in black ink, reading "John C. Geragosian".

John C. Geragosian
State Auditor

A handwritten signature in black ink, reading "Clark J. Chapin".

Clark J. Chapin
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the University of Connecticut disclosed the following 22 findings and recommendations, of which 18 have been repeated from the previous audit:

Finding 1

Public Solicitation for Projects Exceeding \$500,000

Criteria

Section 10a-109n(c)(2)(A) of the General Statutes requires the university to publicly solicit for services on construction projects estimated to cost more than five hundred thousand dollars. In addition, the university is required to post notice on its website and the state contracting portal so interested contractors can submit a project proposal or bid.

Condition

We reviewed six contracts, totaling \$20,370,583, that required competitive solicitation. The university did not competitively solicit one \$943,506 contract, securing the vendor utilizing a sole source procurement. After further review of this project, we identified a seventh \$2,189,000 contract secured utilizing a sole source procurement. The university bypassed the competitive solicitation process, awarding \$3,133,406 to a single vendor via sole source procurement.

We also reviewed five construction manager at risk (CMR) projects that required competitive solicitation. One of the five projects was not competitively solicited and was awarded to a CMR already engaged on another project. The university incurred \$4,055,745 in expenditures on the project, of which, approximately \$130,000 related to the construction management portion of the work.

Context

The tested contracts were judgmentally selected from a population of 40 purchase orders, totaling \$80,615,142.

During the audited period, there were nine active CMR projects totaling approximately \$170 million in expenditures. We judgmentally selected five CMR projects for review and examined a purchase order associated with each project. At the time of our review, the expenditures associated with the purchase orders totaled \$76,512,542.

Effect	The university did not comply with Section 10a-109n of the General Statutes. Furthermore, potential vendors were denied the opportunity to bid on the project. As a result, the university's ability to obtain the most competitive price and qualified vendor may have been diminished.
Cause	The university felt that it did not have to publicly solicit for services under the circumstances.
Prior Audit Finding	This audit finding has been previously reported in the last audit report covering fiscal years ended June 30, 2016 through 2018.
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.
Agency Response	<p>"The University is in agreement that projects with costs estimated to exceed \$500,00 should generally be publicly bid, and believes that it has followed these requirements dutifully, however a state agency also has the statutory authority to sole source procurement when certain circumstances are met. Therefore, the university disagrees with this finding.</p> <p>This finding identifies two different solicitations in question; one for the procurement of design services under a professional services contract and the other in regard to a Construction Manager at Risk contract. The university has broad statutory authority to procure professional services, and the professional services contract in question was awarded on a sole source basis, in a manner consistent with the University's policies and procedures established for same. The sole source award was due to unique circumstances whereby a developer commenced the design under a development agreement and the university was ultimately required to continue the design of the project under a direct contract with the design professional midway through the design process in order to maintain the schedule and avoid the loss of design fees already spent. The justification for a sole source award for the design services was documented and reviewed by the University Administration and the Board of Trustees' Buildings Grounds and Environmental Committee in June and September 2020 and the justification was accepted.</p> <p>The CMR contract that was questioned in this finding relates to two projects which are companion projects as described in the response to a similar 2016 audit finding. All the trade work was competitively bid for this project in compliance with C.G.S Section 10a-109n(c)(2)(A), and the auditors have only questioned the construction management oversight cost as being at issue as work not bid. In some 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</p>

one construction manager. The potential assignment of these management services was identified in the Request for Proposal wherein it stated that the bidding included the construction oversight of "site improvements, utility infrastructure and site amenities.

The university is committed to full compliance with all state requirements and will continuously strive to ensure our practices support our compliance obligations."

Auditors' Concluding Comments

We agree that a sole source procurement is appropriate when the project meets certain conditions. In this instance, we do not believe the project met the requisite conditions. Therefore, it was inappropriate for the university to use the sole source procurement.

Regarding the competitive solicitation of the construction manager at risk projects, based on our review of the supporting documentation, we believe the two projects were distinctly separate enough to require public solicitation.

Finding 2 **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 employees return to active service at the university for at least one year upon completion of a sabbatical. Those employees who do not fulfill this requirement must return amounts paid to them during the leave in accordance with UConn's Sabbatical Leave Request Form. 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 15 employees who participated in the university's sabbatical leave program identified the following exceptions:

- Two faculty members were granted a full period (one year) of sabbatical leave at full pay, with their pay totaling \$711,027 and \$197,298, respectively. The university overpaid the employees approximately \$355,514 and \$98,649, respectively.
- Four faculty members did not return to active service for a minimum of one year following their sabbatical leave. The university paid \$289,569 to these employees during their

sabbatical leaves. The four employees never repaid the university, which did not seek repayment.

Context	The university granted sabbatical leave to 327 employees and paid \$10,736,386 for the program during the audited period. We judgmentally selected 15 employees for testing.
Effect	UConn incurred unnecessary costs not permitted by its bylaws.
Cause	The university granted sabbatical leave inconsistent with its bylaws. The lack of effective and enforceable procedures contributed to the university's inability to recoup funds when faculty members did not complete one year of active service following their sabbaticals.
Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2016 through 2018.
Recommendation	The University of Connecticut should adhere to its bylaws when administering the sabbatical leave program and maintain written documentation of any deviation from its formal policy.
Agency Response	"The University agrees with this recommendation and will develop a refreshed and appropriate approval process."

Finding 3

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 agency should reduce compensation to a level appropriate to their new job duties.
Condition	We reviewed 20 employees who stepped down from management positions during the audited period. Each employee moved from a 12-month management position to a 9-month base salary faculty position. Of the 20 employees, we found four instances in which the university increased the employees' monthly compensation rate after changing positions. The 9-month base salary increases ranged from \$5,433 to \$25,875 for the four employees. We were not able to obtain documentation to justify the increased compensation rates.
Context	Twenty employees stepped down from their 12-month managerial positions to a 9, 10, or 11-month faculty position during the audited

period. Their average managerial salary was \$268,901, which was reduced to an average of \$204,526 after moving to faculty positions.

Effect	The university could be incurring unnecessary costs.
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 two audit reports covering the fiscal years ended June 30, 2014 through 2018.
Recommendation	The University of Connecticut should compensate employees who step down from management at a level consistent with their new positions. If higher compensation rates are warranted, the university should document the appropriateness of the new salaries.
Agency Response	"The University agrees that employees should generally be paid consistent with their positions and in those circumstances where there is deviation, the reasons for any such deviation are typically documented in their appointment letters."

Finding 4

Compensatory Time

Criteria	<p>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.</p> <p>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</p>
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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 15 employees earning a total of 9,848 hours of compensatory time disclosed that UConn did not properly approve compensatory time for nine employees. There was no documentation on file to indicate management approved the extraordinary 3,337 hours of compensatory time for five of the nine employees. For the remaining four employees, the compensatory time accrual request forms were on file, but the employees accrued 798 in unapproved compensatory leave hours.

Context

Our audit universe consisted of 1,129 employees who accrued 94,418 hours of compensatory time during the audited period. We judgmentally selected and reviewed 15 employees who accrued 9,848 hours of compensatory time, or ten percent of the total accrued compensatory time.

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.

Cause

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

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2016 through 2018.

Recommendation

The University of Connecticut should strengthen controls to ensure compliance with the compensatory time provisions set forth in the University of Connecticut Professional Employees Association contract.

Agency Response

"The University of Connecticut agrees that continuing to provide communication, guidance and training should strengthen the effort to ensure compliance with compensatory time provisions in the UCPEA contract. The University consistently provides documented guidance to management concerning when employees are entitled to earn compensatory time, the requirement for prior approval, recording and utilization of compensatory time. In addition, this

guidance is posted on the Human Resources website with other guidance specifically targeted to managers and is communicated to departments using various communication efforts. This guidance and accompanying forms were updated in FY21 and specifically highlighted the requirements for pre-approval.

The current collective bargaining agreement between the University and UCPEA, approved by the General Assembly in April 2022, resulted in changes to the compensatory time provisions pertaining to the earning, recording, use and payout of compensatory time. Updated guidance concerning these changes will be communicated."

Finding 5

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. Under the same policy, the university established the maximum allowable limit for combination of written notice and lump sum payments.

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 management determines payment in lieu of notice is the judicious alternative due to security and/or other risk concerns, it is good business practice for management to document its consideration of the applicable risk factors and clearly describe the basis for its conclusion.

Effective October 1, 2018, section 4-40b of the Connecticut General Statutes prohibits a state agency from making a payment in excess of \$50,000 for the purposes of avoiding costs associated with potential litigation unless the payment is made pursuant to a settlement agreement entered into by the Attorney General on behalf of the state agency or by authorization of the Governor.

Condition

During a test of employees on leave with pay, we reviewed ten payments of salary in lieu of notice to managerial employees and identified the following exceptions:

- Seven 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 seven employees \$408,853.
- Two employees were paid out more than the maximum allowable amount based on their years of service per UConn's Separation Policy for Managers and Confidential Employees. In total, the university overpaid the two employees \$27,767.
- The university paid two employees more than \$50,000 to avoid litigation cost without obtaining approval from the Office of Attorney General (OAG). One employee was paid \$134,240, an \$84,240 overpayment. The second employee, per a signed separation agreement, was placed on paid leave for two months immediately prior to separation and was paid \$20,192, the equivalent of two months' salary. By signing the separation agreement, the employee waived the right to contest the termination. However, subsequent to separation, the former employee retained a lawyer and threatened to sue for wrongful termination. In response, UConn issued a second separation agreement granting the employee an additional \$52,033 lump sum payment, equal to five months of salary. In total, the university overpaid the two employees \$136,273.

Context

We reviewed all ten employees who received \$616,840 in separation payments during the audited period.

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.

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 it did not consider requiring such documentation to be an acceptable employee relations practice.

Prior Audit Finding

This finding has been previously reported in two prior audit reports covering the fiscal years ended June 30, 2014 through 2018.

Recommendation

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

The university should obtain Office of the Attorney General approval for settlement agreements of more than \$50,000 in accordance with Section 4-40b of the General Statutes.

Agency Response

"The University generally agrees with this finding. UConn's Separation Policy for Unclassified Board of Trustees Exempt Managers and Confidential Employees explicitly provides for notice, or payment in lieu of notice. As recognized, for business reasons, such as security concerns and other risk management issues, per university policy management has the discretion to make payment in lieu of notice.

The University agrees that it must comply with Section 4-40b of the general statutes."

Finding 6

Timesheet Approval

Criteria

Sound business practice dictates that employees should not approve the timesheets of their direct supervisors.

Condition

Our review of 11 employees who approved timesheets noted two employees who repeatedly approved their direct supervisors' timesheets.

Context

A total of 1,265 employees, or 25% of UConn's full and part-time faculty and staff, approved timesheets in Core-CT in fiscal year 2021. We judgmentally selected eleven employees who approved timesheets for testing.

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 been previously reported in the last audit report covering the fiscal years ended June 30, 2016 through 2018.

Recommendation

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

Agency Response

"As stated in our FY 16-17-18 audit report response, we agree that the best practice is for supervisors to take direct responsibility for the review and approval of their employees' timesheets. Although we have made significant progress across the university, we continue to engage in a methodical, area-by-area approach in reviewing time approval structures and aligning approval workflow. This includes refinement and removal of approval access where not appropriate, with specific focus on direct supervisory approval and upward delegation. We recognize that this approach is both time and resource-intensive, but it provides business continuity with respect to biweekly time and labor and payroll responsibilities; allows for the documentation of the timesheet approval process; and creates an opportunity to educate departments on best practices. We anticipate completing our review and approval realignment functions during FY23."

Finding 7

Financial System Access Controls

Background

The University of Connecticut uses the Quali Financial System (KFS), 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 67 employees with KFS access, who separated from university employment during the audited period, disclosed seven instances in which UConn did not promptly terminate their KFS user accounts upon separation. In the instances noted, user access was maintained 39 days to 304 days after the employee separated from UConn.

Context

As of February 2021, the university had 1,732 active KFS user accounts. We reviewed all separated employees from the Core-CT Employee Changes Report that were also included on the university's Active KFS User List.

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 KFS user access, was not consistently notified when employees separated from the university. However, the university implemented measures in July of 2020, which reduced the number of separated employees whose access was not promptly terminated.
Prior Audit Finding	This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2014 through 2018.
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.
Agency Response	"Management agrees with this finding. The additional measures put in place in 2020 resulted in a significant reduction in the number of accounts remaining active in Kuali Financials after separation. However, there are still unique scenarios whereby student employees and staff retain affiliations resulting in those accounts not being flagged for removal. We have therefore engaged with our Identity Management and Human Resource partners to develop additional checks which will result in the remediation of this finding by December 2022."

Finding 8

University Housing Policy

Criteria	<p>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.</p> <p>Sound business practices dictate that rental agreements should be in writing and signed by an authorized UConn representative and the tenant.</p>
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Condition

During our review of eight rental units, which encompassed 22 university tenants, 27 distinct rental periods and 19 housing request forms (applications), we identified the following conditions:

- We could not determine the housing request form (application) receipt dates and awarding processes, as the university lacked a tracking system.
- One tenant did not file a housing request form (application).
- Three housing request forms (applications) did not have the required department head's approval signatures.

Context

During the audited period, the university offered between 21 to 41 rental units. We judgmentally selected six university houses and two apartments for testing.

Effect

Without a system monitoring receipt dates of housing request forms (applications), the university could not affirm it fairly and transparently managed rental properties and awarded them on a first come first served basis.

Cause

The university did not follow established housing policies and procedures. Processing request forms without the required approval signatures contributed to bypassing the university's internal controls.

Prior Audit Finding

This finding has been previously reported in the prior audit report covering the fiscal years ended June 30, 2016 through 2018.

Recommendation

The University of Connecticut should follow its established housing policies and procedures to ensure all rental arrangements are documented and in compliance with existing laws and regulations.

Agency Response

"The University agrees with the recommendation and has implemented corrective action. Improvements have been made to the business processes to ensure compliance with policies and procedures. The following actions have been taken:

- Housing request forms are submitted and tracked through a shared Facilities Operations (FO) email box and overseen by the Residential Rental Property Administrator. Requests are electronically filed. As such, housing options are prioritized based on application date.
- An internal review was conducted in FY22 of all current tenants to ensure that both housing request forms were completed, and license agreements were executed with required signatures. In May 2022, the university signature authority policy was revised. As such, updated delegation

and approval procedures have been implemented into the license agreements.

- A link on the Rental Properties website remains to inform guests of potential tax implications. A statement has been added to the Housing Request form directing departments paying on behalf of tenant to complete the Supplemental Information Request for Tax Compliance Form found on the tax website.
- At the initiation of the pandemic in early 2020, the university rental program needs declined dramatically. FO remained responsive to all rental inquiries, engaged in a market analysis through a licensed appraiser for all properties to reassess the current rental rates based on market trends, and monitored revenue and expenses to avoid further reduction in university income.
- The future of the Residential Rental Program continues to be reevaluated. The number of units leased from the Oaks on the Square has been reduced from 20 to ten with the intent to phase out these units entirely by the end of the agreement term 7/31/23. Discussions of sales of houses have begun for off-campus properties. Remaining houses are intended for long-term occupancy not to exceed a year."

Finding 9

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

During the audited period, the university lacked a centralized process to effectively track the collection and review of SOC reports.

Context

The university outsources several integral business activities to service organizations.

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 two audit reports covering the fiscal years ended June 30, 2014 and 2018.

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.

Agency Response

"The University of Connecticut agrees with the recommendation to evaluate risk on an ongoing basis. We are happy to report that in August 2021 we implemented a robust automated Vendor Risk Management (VRM) process and platform to manage the SOC2 and standardized vendor assessment surveys.

During new vendor setup, this process evaluates vendor responses to standardized security questions and gathers relevant documents that include SOC2 reports for review and action. UConn's Information Security reviews and evaluates these responses to ensure proper protection and risk mitigation.

To further improve the management of risk, UConn is currently in the process of evaluating software solutions to provide real time risk analysis of critical, highly sensitive applications."

Finding 10

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 15 individuals who received a tuition reimbursement or waiver, we noted that nine employees took classes during regular work hours. Of those nine employees, five did not complete a Temporary Flexible Work Schedule form.

Context	UConn provided tuition waivers to approximately 130 employees per semester and spent approximately \$1.2 million a year on tuition waivers for employees. We judgmentally selected 15 employees who received tuition waivers for testing.
Effect	<p>UConn did not comply with its employee tuition waiver policies, which weakened internal controls over these waivers.</p> <p>Missing Temporary Flexible Work Schedules forms increase the risk an employee will be inappropriately compensated for time spent in class.</p>
Cause	A lack of administrative oversight over employee tuition waivers resulted in this condition.
Prior Audit Finding	This finding has been previously reported in the prior audit report covering the fiscal years ended June 30, 2016 through 2018.
Recommendation	The University of Connecticut should strengthen internal controls to ensure employees with tuition waivers who attend classes during regularly scheduled work hours complete the required Temporary Flexible Work Schedule form and ensure their work and class schedules do not conflict.
Agency Response	"The university agrees with this recommendation. Managers of employees and employees with tuition waivers who attend classes during regularly scheduled work hours must ensure that a Temporary Flexible Work Schedule is completed and that their work and class schedules do not conflict. The university will continue to train and communicate this guidance to departments."

Finding 11

Construction Expenditure Authorization

Criteria	Proper internal controls require that management review and approve all purchase orders and any subsequent amendments prior to the commencement of construction services.
Condition	Our review of 92 invoices, totaling \$22,355,050, disclosed nine instances, totaling \$115,832, in which the university did not obtain proper approvals prior to the commencement of services.
Context	During the audited period, there were 452 invoices, totaling \$103,894,949, associated with the construction projects we reviewed. We judgmentally selected 92 invoices for testing.

Effect	Failure to provide proper approvals prior to the commencement of services lessens the assurance that they are consistent with UConn's expectations.
Cause	In certain instances, it can be difficult to obtain proper approvals prior to the commencement of services.
Prior Audit Finding	This finding has been previously reported in the last audit report covering fiscal years ended June 30, 2016 through 2018.
Recommendation	The University of Connecticut should strengthen internal controls to ensure it approves purchase orders and associated amendments prior to the commencement of construction services.
Agency Response	<p>"While the University of Connecticut generally agrees with this recommendation, the university believes that adequate project management and contractual controls are in place to authorize work before it is undertaken in most cases. Our response therefore is effectively the same as in 2019. 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 and create large liabilities to projects in certain instances. The university believes that the appropriate balance between "good faith" project management and cost risk has been attained.</p> <p>All of the instances noted in this finding involve continuing work on active projects under an on-call or stand-alone project contract. The university'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.</p> <p>The university already has robust preauthorization of work processes in place. These processes include Construction Change Directives (CCD) for construction work and Architectural Services - Notice to Proceed (AS-NTP) for professional services and increase the likelihood that work will be authorized in advance of being commenced. Nonetheless, there are instances in which preauthorization 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.</p> <p>The university is committed to full compliance with all state requirements and will continuously strive to ensure our practices support our compliance obligations."</p>

Finding 12

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

We reviewed 14 on-call professional services program contracts, totaling \$5,320,839, and noted 11 contract files, totaling \$4,582,888, lacking the requisite documentation to support that the university adhered to the equalization rotational process when selecting the professional firm.

Context	There were approximately \$71 million on-call professional service program contracts initiated during the audited period. We judgmentally selected ten on-call service vendors and 14 associated contracts for testing.
Effect	The university could not demonstrate that it followed the established on-call professional services program policy. This lessens the assurance that UConn rotated awards in a 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 been previously reported in the last audit report covering the fiscal years ended 2016 through 2018.
Recommendation	The University of Connecticut should adhere to its on-call professional services program policy when selecting a contractor and formally document its criteria when assigning a contractor from the on-call professional services program under the equalization rotational process.
Agency Response	<p>"The University of Connecticut agrees that the university should adhere to the on-call professional services program policy when selecting a contractor. There have been times when the communication between CPFP and the end-user department is through email or verbal conversations. The university 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.</p> <p>The university is committed to full compliance with all state requirements and will continuously strive to ensure our practices support our compliance obligations."</p>

Finding 13

Lack of Conflict-of-Interest Policy

Criteria	It is good business practice to require all contracted construction project managers to sign a conflict-of-interest form disclosing actual and potential conflicts of interest.
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Condition	The university does not require contractors or consultants to complete conflict of interest disclosure forms.
Context	The university negotiated a 10-year contract with a company for project management services. The University, Planning, Design & Construction department estimates 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.
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. Individuals with an undisclosed conflict may make bias or compromised decisions unbeknownst to the university.
Cause	The university believes its current policies and procedures meet the state's requirements related to the avoidance of conflicts of interest.
Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years ended 2016 through 2018.
Recommendation	The University of Connecticut should implement policies and procedures to ensure that contractors and consultants disclose potential conflicts of interest.
Agency Response	<p>"The university continues to disagree with this finding and maintains that the recommendation's "policies and procedures to ensure that contractors and consultants disclose potential conflicts of interest" are in place. 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.</p> <p>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.</p> <p>The university is committed to full compliance with all state requirements and will continuously strive to ensure our practices support our compliance obligations."</p>

Auditors' Concluding Comments

We believe contractors and consultants assigned to work at the university for an extended period would benefit from the same formal ethics training as employees, which requires the disclosure of actual and potential conflicts of interest.

Finding 14

Conflict-of-Interest Disclosure

Background

The university uses special payroll for certain short term, part-time, or temporary professional staffing needs associated with its programs and activities. The initial temporary appointments should not exceed six months, but it can be renewed. In general, appointees to the special payroll do not receive benefits.

Criteria

UConn's Employment and Contracting for Services of Relatives policy requires employees, when confronted with an employee decision or action involving a relative, to 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 20 special payroll employees, who have relatives working for UConn, disclosed the following exceptions:

- Two employees did not file the required conflict of interest disclosure forms.
- Of the 18 filed conflict of interest disclosure forms, three were missing a senior manager's signature.
- Of the 15 conflict of interest disclosure forms containing a senior manager's signature, one was approved by a senior manager who was also the hiring manager. University policy requires a senior manager outside of the immediate hiring situation to review and sign the conflict-of-interest disclosure form.

Context

During the audited period, there were 151 special payroll employees with relatives working for UConn. We judgmentally selected 20 employees for testing.

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 there is a conflict of interest in the Special Payroll Authorization Request system, human resources may not be aware of the relationship.

Some UConn personnel utilized a different conflict of interest form than specified in the policy. The UConn form did not call for senior management review, as the policy requires.

Prior Audit Finding

This finding has been previously reported in the prior audit report covering the fiscal years ended June 30, 2016 through 2018.

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.

Agency Response

"The university agrees with this recommendation. The finding exceptions have been corrected and the two missing forms have since been collected from these employees. Additional training and communication has occurred which is intended to prevent, in good faith, this human error in continuing."

Finding 15

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 its software media and license agreements. The university was unable to provide a complete software inventory report for the audited period.

Context	As of June 30, 2021, UConn had a \$13,283,297 net capitalized software book value.
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 been previously reported in the last audit report covering the fiscal years ended 2016 through 2018.
Recommendation	The University of Connecticut should strengthen internal controls to ensure it maintains software inventory records and reports them in accordance with the State Property Control Manual.
Agency Response	"The University of Connecticut agrees with the recommendation to comply with the software inventory requirements contained in the State Property Control Manual. UConn has put together a task force that is working toward the goal of identifying an effective software inventory control system to meet the requirements of the manual, while also taking into consideration the academic community. UConn Procurement in coordination with UConn's Information Technology Services (ITS) has formalized guidelines for software and cloud services acquisition and renewals for all system and software acquisitions of all dollar values. All software purchases are coded to a Quali Financial System object code to easily identify and account for software purchases. UConn's ITS manages and tracks enterprise software licenses associated with the university's mission critical information systems also known as the "crown jewels."

Finding 16

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 440 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.
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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 approximately 384 full-time 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 employees 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.

Context

UConn had approximately 5,062 full and part-time faculty and staff as of June 30, 2021.

Effect

Internal controls over payroll disbursements may be weakened. Dining services employees cannot participate in the state employees 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 five audit reports covering the fiscal years ended June 30, 2008 through 2018.

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.

Agency Response

"In response to the Auditors' concerns, a workgroup was formed to review the issue and make recommendations to university administration. Review and consideration of the issue is ongoing."

Finding 17

Guaranteed Maximum Price

Criteria

Section 10a-109n(c)(9) of the General Statutes requires that a construction manager at-risk contract include the maximum guaranteed price for the cost of construction, which must be determined no later than when the university receives and approves the contractor bids. Furthermore, it mandates, that, except for site preparation and demolition, construction cannot begin prior to the establishment of the maximum guaranteed price.

To mitigate the university's risk associated with construction manager at-risk (CMR) construction projects and the related costs, the guaranteed maximum price (GMP) should be established at the project's outset for all phases of a construction project.

Condition

We reviewed five CMR projects, and in two instances, the GMP set by the university did not reflect the entire construction project. The university instead established the GMP by construction phase.

- The university established an initial GMP of approximately \$280,000 for the first project, well below the budgeted cost of the construction project. As the project progressed, the university amended the GMP four times, with a current estimated \$128 million GMP for a project with an anticipated \$240 - \$260 million budget.
- The university established an initial GMP of approximately \$3.4 million for a second project, which was well below the budgeted cost of the construction project. As the project progressed, the university amended the GMP five times, with a current estimated \$31.5 million GMP for the \$25 million budgeted project.

Context

During the audited period, there were nine active CMR projects totaling approximately \$170 million. We judgmentally selected five CMR projects for testing.

Effect

The university may be exposed to unnecessary risk and cost overruns.

Cause

The university established the GMP by phase.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The University of Connecticut should establish a guaranteed maximum price consistent with the scope and cost of the entire

construction project and attempt to limit amendments to the guaranteed maximum price.

Agency Response

"The University disagrees with this finding and this recommendation. For large projects anticipated to be constructed over many years, it is both advisable and reasonable to proceed in phases. As in the specific case reviewed in this finding, each phase was contracted under a Guaranteed Maximum Price amendment and each met statutory requirements for procurement. We disagree that the effect of phasing projects increases the risks to the state, and in fact, believe that not phasing large multi-year projects would pose additional risk, create inflated GMPs and ultimately be more costly. Additionally, proceeding in phases allowed the university to incorporate lessons learned from earlier phases of the work.

The university is committed to full compliance with all state requirements and will continuously strive to ensure our practices support our compliance obligations."

Auditors' Concluding Comments

Failing to establish a guaranteed maximum price consistent with the cost of the entire construction project and continually amending the GMP throughout the project negates the purpose and benefit of establishing a GMP, which is to mitigate the university's risk of cost overruns.

Finding 18

Working Excessive Consecutive Days

Background

UConn's Central Utility Plant and Cogeneration Facility in Storrs is the primary source of steam, chilled water, and electricity for the campus. The facility requires staffing 24-hours per day, seven days a week.

Criteria

Sound staffing practices call for procedures to monitor and limit employees' consecutive workdays to prevent adverse effects on employee safety and work quality.

Condition

We reviewed ten facility operations employees who earned \$1,269,974 in overtime during the audited period and noted that five employees worked between 17 and 65 consecutive days. All five employees were power plant operators in the Utility Plant Operations Department.

Context

The university paid \$18,323,817 in overtime to 1,692 employees during the audited period. We judgmentally selected ten employees for review, which represented 0.6% of the number of

employees earning overtime and accounted for 7% of the university's overtime expenditures.

Effect	Excessive consecutive workdays may interfere with work quality and employee safety.
Cause	The university indicated that the facility has been significantly understaffed due to below market-rate salaries, a nationwide shortage of qualified applicants, and the retirement of long-term staff. This resulted in additional overtime hours to meet operational needs.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The University of Connecticut should implement policies and procedures limiting the number of consecutive workdays to ensure employee safety and quality of work in its Utility Plant Operations Department.
Agency Response	"The university agrees fully that the quality of work, hours worked, and employee safety at these facilities are paramount. The university has worked diligently for years with the State of Connecticut Department of Administrative Services (DAS) and the Office of Labor Relations (OLR) to address pay and classification in order to be able to recruit and retain qualified individuals to staff these facilities. The operations cited are the University's Central Utility Plant and Cogeneration Facility in Storrs and the Water Reclamation Facility which are continuous operations 24/7/365. The university has brought in outside contractors to address staffing where appropriate. While some gains have been made, the university will continue to work with the state to address these issues in a very tight and competitive labor market."

Finding 19

Reporting Requirements

Criteria	The university is required to comply with numerous reporting requirements set forth by the Connecticut General Statutes. An adequate system of internal controls should include a method for management to track and monitor the submission of mandated reports or propose legislative changes to eliminate obsolete or duplicate reporting requirements.
Condition	The university was unable to locate four of 43 reports required by statute, including the following:

- The report of new programs and program changes required by Sections 10a-35a(b) and 10a-104(a)(5) for fiscal years 2018-2019 and 2020-2021
- The biennial fundraising report required by Section 10a-104(a)(9) for fiscal year 2019-2020
- The biennial plan for increase of full-time faculty required by Section 10a-154c for fiscal year 2019-2020

Context	During the audited period, the university was required to produce 43 statutorily mandated reports.
Effect	Intended recipients are not receiving or not promptly receiving required information.
Cause	Some of the reporting requirements appear unclear or have become obsolete. The remaining reporting requirements may have been overlooked due to staff turnover.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The University of Connecticut should comply with its statutory reporting requirements or propose legislative changes to eliminate obsolete or duplicate reporting requirements.
Agency Response	<p>"The university agrees with the recommendation. Effective July 1, 2021, CT General Statute Section 10a-34h establishes the requirement of a database which impacts the reporting of new programs and program changes required by Sections 10a-35a(b) and 10a-104(a)(5). Reporting requirements for Credential Engine, which will be provided into the Veoci system utilized by The Office of Higher Education (OHE) to manage data between individual institutions of higher education and to provide data for Credential Engine, mean that there is now a detailed requirement for reporting for all programs, which will all be reported through Veoci. We will work to clarify the single reporting requirement.</p> <p>The UConn Foundation submits a report annually pursuant to CT General Statutes section 4-37f(9). We believe 10a-104 (a) (9) is obsolete. OHE used to have a role in the state funded endowment matching grant programs. While they still do have some statutory authority in this area, the state endowment matching programs have not been funded in over a decade. Additionally, the Board of Regents statutes – which were more recently updated (circa 2011) due to the merger of CSU and CCCs --have no such requirement likely due to the recognition of OHE's diminished role in this area and the lack of state funding for state matching grants. We are</p>

including a removal of the reporting requirement under 10a-104 (a) (9) as part of our legislative session planning.

It appears that the report required under 10a-154c is covered under the Faculty Hiring Plan report submitted pursuant to 10a-104c. We are including a removal of the reporting requirement under 10a-154c as part of our legislative session planning so that the duplicate reporting requirement is eliminated."

Finding 20

Asset Management

Criteria	The university's Capital Equipment Tagging and Physical Inventory Policy requires that all capital equipment with a value greater than \$5,000 be tagged with a university barcode at the time of receipt.
Condition	Our review of 26 capital equipment purchases during the fiscal years ended June 30, 2020 and 2021 disclosed that six pieces of equipment, totaling \$172,776, were tagged and assigned asset numbers 139 to 399 days after payment. The university occasionally needs to test new equipment prior to payment, to ensure it works as intended. As such, we utilized the payment date rather than the receipt date when assessing the timeliness of asset tagging.
Context	Capital equipment expenditures totaled approximately \$22 million and \$13 million for the fiscal years ended June 30, 2020 and 2021, respectively. We randomly selected 26 capital equipment purchases for testing.
Effect	Delayed tagging of capital equipment increases the risk of loss, theft, and inaccurate reporting.
Cause	The decentralization of equipment tagging and the pandemic remote work environment attributed to the delayed tagging of capital assets.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The University of Connecticut should strengthen internal controls to ensure that it promptly tags newly purchased capital equipment and adds it to its inventory system.
Agency Response	"The University of Connecticut agrees that the pandemic attributed to some untimely tagging of capital equipment. Within two months after the pandemic started, the Inventory Control staff were

approved to come back on campus to continue tagging new equipment and inventory existing equipment. There were some locations on the main campus and at the regional campuses where the Inventory Control staff were not able to enter sites due to COVID reasons. Inventory Control maintains an Access data base for equipment purchases that have not been tagged. This data base is constantly monitored to ensure that capital equipment is eventually tagged and added to the inventory system. The tagging of the equipment is a centralized process within the controller's operations. Inventory Control is now able to enter all sites on main campus and at the regional campuses and have resumed their timely tagging of capital equipment."

Finding 21

Conflict of Interest – Board of Trustees

Criteria	It is good business practice to require that all university board of trustee members disclose actual, potential, or perceived conflicts of interest.
Condition	The board of trustees does not require its members to disclose actual, potential, or perceived conflicts of interest. During our review, we identified a board member who did not disclose the appearance of a conflict of interest. After review, it was determined an actual conflict of interest did not exist.
Context	The board of trustees has 21 members, 12 appointed by the Governor, two elected by alumni, and two elected by students. The board also has five ex-officio members, including the Governor; the chair of the UConn Health Board of Directors; and the commissioners of Agriculture, Economic and Community Development, and Education.
Effect	Failing to disclose potential conflicts of interest increases the risk that the board will not detect members' actual, potential, or perceived conflicts during their board service. Failing to disclose the appearance of a conflict of interest may negatively impact the board's public trust.
Cause	The board of trustees lacks a member conflict of interest policy.
Prior Audit Finding	This finding has not been previously reported.

Recommendation

The University of Connecticut Board of Trustees should implement conflict of interest policies and procedures to ensure its members disclose actual, potential, or perceived conflicts.

Agency Response

"The university agrees with the recommendation. All appointed Board of Trustee members are subject to the State Code of Ethics and provided with a copy of the Guide to the State Code of Ethics. Although not technically subject to the State Code of Ethics, the elected student and alumni representatives to the board are asked to follow the same guidelines.

The university's administration will draft a separate conflict of interest policy that the board can consider. The draft policy will be submitted to the Joint Audit & Compliance Committee of the Board of Trustees for review. Upon its recommendation, it will be sent to the full board for its consideration and vote."

Finding 22

Awarding of Contracts

Criteria

In accordance with Section 10a-109n(c)(3) of the General Statutes, the university shall not award any construction contract, including any total cost basis contract, after public letting, except to the responsible qualified contractor submitting the lowest bid or proposal in compliance with the requirements of the solicitation document.

Condition

We reviewed six contract awards, totaling \$20,370,583, and noted that the university did not award one \$5,473,239 contract to the lowest responsible qualified bidder. During the award process, the university evaluated bids by considering the base bid and five alternate services, which could be included in the contract at the university's discretion. The university selected the lowest bidder after removing one of the five alternate service numbers but added the service back via a change order after awarding the contract. If the service was included in the initial award process, the university should have selected a different vendor.

Context

We judgmentally selected our tested contracts from a population of 40 purchase orders totaling \$80,615,142.

Effect

The university incurs additional costs when it does not award a contract to the lowest responsible qualified bidder.

Cause	The university did not appear to consider the full scope of the project and improperly excluded an alternate service when evaluating contractor bids.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The University of Connecticut should select construction contractors in accordance with the procurement requirements in Section 10a-109n of the General Statutes.
Agency Response	<p>"The university agrees with this recommendation but disagrees with this finding. The university awarded the project to the lowest qualified bidder based on the available information at the time of the bid and as outlined in the award process in the Request for Proposal. The subsequent decision to undertake the alternate work five months after the commencement of the contract, neither serves to reverse the award decision nor has any relevancy.</p> <p>The university is committed to full compliance with all state requirements and will continuously strive to ensure our practices support our compliance obligations."</p>
Auditors' Concluding Comments	Had the full scope of the project been properly considered at the time of the award, based on the available information at the time of the bid, a different vendor would have been selected as the lowest qualified bidder.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on the University of Connecticut contained 28 recommendations. Ten have been implemented or otherwise resolved and 18 have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
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.	REPEATED Modified Form Recommendation 1
The University of Connecticut should adhere to its policies and publicly solicit design projects with costs greater than \$500,000.	REPEATED Modified Form Recommendation 1
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.	REPEATED Modified Form Recommendation 17
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.	REPEATED Modified Form Recommendation 2
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.	REPEATED Recommendation 3
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.	REPEATED Recommendation 4

Prior Recommendation	Current Status
<p>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.</p>	<div data-bbox="1198 384 1390 464">REPEATED</div> <p>Recommendation 5</p>
<p>The University of Connecticut should follow all applicable policies, procedures, and contracts when making vacation leave payouts upon an employee's separation.</p>	<div data-bbox="1198 632 1390 711">RESOLVED</div>
<p>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.</p>	<div data-bbox="1198 810 1390 890">RESOLVED</div>
<p>The University of Connecticut should improve internal controls over timesheet approval.</p>	<div data-bbox="1198 982 1390 1062">REPEATED</div> <p>Recommendation 6</p>
<p>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.</p>	<div data-bbox="1198 1182 1390 1262">RESOLVED</div>
<p>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 they accurately reported their time.</p>	<div data-bbox="1198 1377 1390 1457">RESOLVED</div>
<p>The University of Connecticut should institute procedures to ensure the carryover of vacation leave is monitored and approved in accordance with university policy.</p>	<div data-bbox="1198 1556 1390 1635">RESOLVED</div>
<p>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.</p>	<div data-bbox="1198 1724 1390 1803">RESOLVED</div>

Prior Recommendation	Current Status
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.	REPEATED Recommendation 7
The University of Connecticut should follow its established housing policies and procedures to ensure all rental arrangements are documented and in compliance with existing laws and regulations.	REPEATED Modified Form Recommendation 8
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.	REPEATED Recommendation 9
The University of Connecticut should require that purchasing card logs be approved by the cardholder's supervisor.	RESOLVED
The University of Connecticut should obtain ethics certifications in a manner consistent with Section 4-252 of the General Statutes.	RESOLVED
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.	REPEATED Recommendation 10
The University of Connecticut should strengthen internal controls to ensure it approves change order requests prior to the commencement of services.	REPEATED Modified Form Recommendation 11
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.	REPEATED Recommendation 12
The University of Connecticut should implement policies and procedures to ensure that contractors and consultants disclose potential conflicts of interest.	REPEATED Recommendation 13

Prior Recommendation	Current Status
<p>The University of Connecticut should consider price as a criterion 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.</p>	<div data-bbox="1198 359 1390 436">RESOLVED</div>
<p>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.</p>	<div data-bbox="1198 548 1390 625">REPEATED</div> <p>Recommendation 14</p>
<p>The University of Connecticut should strengthen internal controls to ensure it maintains software inventory records and reports them in accordance with the State Property Control Manual.</p>	<div data-bbox="1198 743 1390 821">REPEATED</div> <p>Recommendation 15</p>
<p>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.</p>	<div data-bbox="1198 926 1390 1003">RESOLVED</div>
<p>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.</p>	<div data-bbox="1198 1064 1390 1142">REPEATED</div> <p>Recommendation 16</p>

OBJECTIVES, SCOPE, AND METHODOLOGY

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 fiscal years ended June 30, 2019, 2020, and 2021. The objectives of our audit were to evaluate the university's:

1. Internal controls over significant management and financial functions;
2. Compliance with policies and procedures internal to the university or promulgated by other state agencies, as well as certain legal provisions; and
3. 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. Our testing was not designed to project to a population unless specifically stated. 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 this performance audit in accordance with generally accepted government auditing standards. 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 a reasonable basis for our findings and conclusions based on our audit objectives.

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

1. Deficiencies in internal controls;
2. Apparent noncompliance with laws, regulations, internal policies and procedures; and
3. A need for improvement in management practices and procedures that we deemed to be reportable.

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

ABOUT THE AGENCY

Overview

[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, 2021, were:

Ex officio members:

Ned Lamont, Governor
Bryan P. Hurlburt, Commissioner of Agriculture
David Lehman, Commissioner of Economic and Community Development
Charlene M. Russell-Tucker, Acting Commissioner of Education
Sanford Cloud, Jr., Chairperson of UConn Health's Board of Directors

Appointed by the Governor:

Daniel D. Toscano, Darien, Chairman - effective August 2019
Thomas D. Ritter, Hartford, Interim Chairman from April 2019 to August 2019
Andrea Dennis-LaVigne, Simsbury, Vice-Chair and 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
Kevin J. O'Connor, Greenwich
Philip E. Rubin, Fairfield

Elected by alumni:

Jeanine A. Gouin, Durham
Brian K. Pollard, Middletown

Elected by students:

Justin Fang, Storrs
Ethan Werstler, Storrs

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

Diane R. Wentzell, Former Commissioner of Education
Miguel Cardona, Former Commissioner of Education
Denis J. Nayden, Stamford
Thomas Kruger, Cos Cob
Richard T. Carbray, Jr., Rocky Hill
Samuel Surowitz, Storrs

Renukanandan Tumu, Storrs

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. Susan Herbst served as the president of the university during the audited period until July 2019. Thomas Katsouleas served as the president of the university from August 2019 through June 2021.

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

Farmington:

UConn Health

Greater Hartford:

Undergraduate and Graduate Programs
School of Law
School of Social Work
Graduate Business Learning Center

Stamford:

Undergraduate and Graduate Programs
Connecticut Information Technology Institute

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 through the zero-balance checking account, except for certain transactions involving student receipts. 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 "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 has 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 principal 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 is 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.

UConn 2000 Authorizations

As of June 30, 2021, 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	Authorized Amount	Cumulative Estimated Costs	Cumulative Funding		
			UConn Bonds	State Bonds ^[a]	Other
PA 95-230	1,250,000,000	1,250,000,000	962,000,000	18,000,000	270,000,000
PA 02-3	1,348,400,000	2,598,400,000	2,262,000,000	18,000,000	318,400,000
PA 10-104	207,000,000	2,805,400,000	2,469,000,000	18,000,000	318,400,000
PA 11-75	262,900,000	3,068,300,000	2,731,900,000	18,000,000	318,400,000
PA 13-233	1,551,000,000	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 adjusted the program's annual bond caps.

Public Act 20-1 revised the amounts of bonds secured by the state debt service commitment that UConn could issue in years 2020 to 2027. However, the act did not change the aggregate amount of bonds secured by the state debt service commitment that could be issued.

Significant Legislation:

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

- **Public Act 18-137**, effective October 1, 2018, limits 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 it is made under a settlement agreement the Attorney General enters on the agency's behalf or if the Attorney General recommends and the Governor authorizes it to settle a disputed claim by or against the state.
- **Public Act 19-154**, effective July 1, 2019, made several changes to entrepreneurship and economic development at UConn. The changes include requirements to: a) develop a new recruitment plan for research faculty, b) foster a culture of innovation and entrepreneurship among students, and c) solicit input from the CTNext Board of Directors and the Higher Education Entrepreneurship in developing a plan to reform UConn's technology transfer program.
- **Public Act 21-111** authorized the issuance of \$41,600,000 in State General Obligation Bonds over fiscal years 2022 through 2026 for the university to commence a research faculty recruitment and hiring program. This program is expected to support economic development in the state through

faculty research and promote core sectors of the state's economy by accelerating the pace of applied research and development.

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:

Student Status	Fall 2017	Fall 2018	Fall 2019	Fall 2020
Undergraduates	23,845	23,978	23,900	24,371
Graduates	7,098	7,004	7,097	6,928
Professional (School of Law and Doctor of Pharmacy)	647	664	690	724
Medical - Students	411	425	444	449
Dental - Students	181	186	202	197
Total Enrollment	32,182	32,257	32,333	32,669

Financial Information

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

Student Status	2017 - 2018			2018 - 2019		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
Undergraduates	\$11,998	\$34,016	\$20,416	\$12,848	\$35,216	\$21,566
Graduates	\$14,500	\$35,812	\$24,796	\$15,350	\$36,962	\$25,946
School of Law	\$28,554	\$58,996	\$49,386	\$29,404	\$60,146	\$50,536
Student Status	2019 - 2020			2020 - 2021		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
Undergraduates	\$13,798	\$36,466	\$22,816	\$14,406	\$37,074	\$23,424
Graduates	\$16,300	\$38,212	\$27,196	\$16,908	\$38,820	\$27,804
School of Law	\$30,354	\$61,396	\$51,786	\$30,354	\$61,396	\$51,786

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, 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 Annual Comprehensive 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 4,857, 4,969, 5,032, and 5,099 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 2017, 2018, 2019, and 2020 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)				
	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
Tuition and Fees	\$ 386,921	\$ 396,780	\$ 422,519	\$ 397,237
Grants and Contracts	144,388	163,129	166,922	183,923
Auxiliary Enterprises Revenue	210,990	211,036	169,016	73,577
Other Sources	37,717	52,460	47,648	52,298
Total Operating Revenue	\$ 780,016	\$ 823,405	\$ 806,105	\$ 707,035

Operating revenues totaled \$823 million, \$806 million, and \$707 million during the fiscal years ended June 30, 2019, 2020, and 2021, respectively, compared to \$780 million during the fiscal year ended June 30, 2018. These revenues increased \$43 million (6%) in fiscal year 2018-2019, decreased \$17 million (2%) in fiscal year 2020 and decreased \$99 million (12%) in fiscal year 2020-2021.

The growth in operating revenues during the fiscal year ended June 30, 2019 was primarily due to an additional \$18.7 million in federal and nongovernmental grants and/or contracts, after being offset by a \$1.5 million decrease in state and local grants. Other sources of revenue increased by \$14.8 million, since UConn changed its accounting method to report certain payments from UConn Health as operating revenues under other sources beginning in fiscal year 2018-2019. Prior to this change, UConn reported the payments as a reduction to operating expenses. Tuition revenue increased by \$10 million, which stemmed mainly from planned rate increases.

The decrease in fiscal year 2019-2020 operating revenues was largely caused by the University's closure and suspension of housing, dining services, and athletic events due to health and safety measures related to the COVID-19 pandemic. The University refunded \$33.6 million of housing and dining fees to students when the campuses closed in March of 2020. Other sources of revenue decreased by \$4.8 million due to pandemic-related restrictions on programs such as education abroad, orientation, and other educational fees for services. The decreases were partially offset by an increase of \$26 million in tuition and fee

revenue, which was primarily due to increases to the tuition rate and student enrollment. Federal grants and contracts revenue also increased by approximately \$4 million.

Operating revenues declined the most in fiscal year 2020-2021, as the University continued to implement COVID-19 mitigation strategies. The university reduced student housing capacity to approximately 40 percent, which decreased student housing revenues. A lower student population, combined with other measures to ensure student and staff safety, also negatively impacted dining services, sporting events, and parking revenues. Tuition and fee revenue decreased by \$25 million, mainly attributed to a decrease in international student enrollment. The decline in operating revenues was partially offset by a \$17 million increase in federal grant revenues from the Departments of Defense, Health and Human Services, and Transportation.

Operating Expenses

Operating expenses result from payments made for services to achieve the university's mission of instruction, research, and public service. These 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)	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
Salaries and Wages	\$ 569,359	\$ 569,872	\$ 602,873	\$ 617,225
Fringe Benefits	338,545	417,689	597,737	685,126
Supplies and Other Expenses	264,456	279,602	257,977	226,404
Utilities	19,655	21,063	20,167	17,295
Depreciation and Amortization	108,185	119,346	117,870	122,695
Scholarships and Fellowships	8,870	11,409	23,367	28,866
Total Operating Expenses	\$ 1,309,070	\$ 1,418,981	\$ 1,619,991	\$ 1,697,611

Operating expenses totaled \$1,419 million, \$1,620 million, and \$1,698 million for the fiscal years ended June 30, 2019, 2020, and 2021, respectively, compared to \$1,309 million for the fiscal year ended June 30, 2018. These expenses increased \$110 million (8%), \$201 million (14%), and \$78 million (5%) respectively, in fiscal years 2019, 2020, and 2021.

Operating expenses increased by \$110 million in fiscal year 2018-2019 with a majority of the increase coming from fringe benefits. The \$79 million increase in fringe benefits was primarily caused by one-time benefit changes related to the SEBAC 2017 agreement that reduced expenses in fiscal year 2017-2018. The \$15 million increase in supplies and other expenses was driven mainly by an accounting change for services provided to UConn Health, and increases in software licensing fees, consulting services, and electronic library purchases. The increase in depreciation was a result of completed construction projects (the Technology Quadrant Innovation Partnership Building, the Engineering and Science Building, and the Hartford Relocation Acquisition and Renovation) being depreciated for a full year.

Operating expenses increased by \$201 million in fiscal year 2019-2020. The \$33 million increase in salaries and wages was a result of a collective bargaining agreement rate increase combined with a slight addition of full-time employees. The \$180 million increase in fringe benefits relates to the accounting for actuarial assumption changes related to other postemployment benefits (OPEB) and increases in UConn's share of the state's net pension and OPEB liabilities. Scholarships and fellowships increased \$12 million due to increased tuition, student financial aid, and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding provided to students.

Operating expenses grew by \$78 million in fiscal year 2020-2021. The increase was due, in large part, to an increase in fringe benefits caused by accounting adjustments required to recognize UConn's share of the state's unfunded pension and OPEB liabilities. Salary expenses grew by \$14 million, a result of the collective bargaining agreement salary increases, which was partially offset by managerial furloughs and a reduction in student labor expenses. The decrease in Supplies and Other Expenses came primarily from the reduction of auxiliary enterprise activities, pandemic travel restrictions, and other savings.

Non-Operating Revenues and Expenses

Non-operating revenues and expenses are those not attributable to the sale, exchange, or purchase of goods and services supporting 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)				
	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
State Appropriation	\$ 342,987	\$ 356,898	\$ 376,866	\$ 397,910
State Debt Service Commitment for Interest	70,740	77,333	78,963	74,170
Federal and State Financial Aid	37,986	42,222	64,549	115,892
Gifts and Investment Income	25,791	40,142	29,671	25,509
Interest and Other Expenses	(68,671)	(72,060)	(72,807)	(63,523)
Net Non-Operating Revenues	\$ 408,833	\$ 444,535	\$ 477,242	\$ 549,958

Net non-operating revenues totaled \$445 million, \$477 million, and \$550 million during the fiscal years ended June 30, 2019, 2020, and 2021, respectively, compared to \$409 million during the fiscal year ended June 30, 2018. These revenues increased \$36 million (9%) in fiscal year 2018-2019, \$33 million (7%) in fiscal year 2019-2020, and \$73 million (15%) in fiscal year 2020-2021.

The \$36 million growth in net non-operating revenues for the fiscal year ended June 30, 2019 was primarily due to an increase in state appropriations and gifts and investment income revenues. The increase in state appropriated revenue was caused by a higher reimbursement for fringe benefits associated with the 567 employees that transferred from the Alternate Retirement Plan to the State Employees' Retirement System, in accordance with the State Employees' Bargaining Agent Coalition grievance award. Gifts and investment income grew, as the UConn Foundation increased its reimbursement of eligible expenses and investment income.

Net non-operating revenues increased \$33 million in fiscal year 2019-2020. Revenue from state appropriations increased due to collective bargaining contract salary increases and related fringe benefit reimbursements. The majority of the increase in federal and state financial aid was derived from emergency funding provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Higher Education Emergency Relief Fund. Gifts and investment income partially offset the increase in net non-operating revenues, as requests associated with the UConn Foundation's reimbursement of eligible expenses and investment income decreased.

Net non-operating revenues increased \$73 million in fiscal year 2020-2021. The increase primarily came from state appropriations and federal and state financial aid. The increase in state appropriations was caused by collective bargaining contract salary increases and related fringe benefit reimbursements. The growth in federal and state financial aid was due to additional COVID-19 funding under the Coronavirus Relief Fund, the Coronavirus Response and Relief Supplemental Appropriations Act, and the Governor's

Emergency Education Relief Fund. The university also reduced its interest expense by refunding bonds in fiscal year 2020-2021.

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)	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
State Debt Service Commitment for Principal	\$ 187,269	\$ 154,405	\$ -	\$ 140,295
Capital Grants and Gifts	5,099	3,906	2,276	11,640
Additions to Permanent Endowments	338	171	171	164
Athletic Conference Exit/Entrance Fee	-	-	(16,436)	(3,500)
Transfer to Affiliate	-	-	-	(2,000)
Other Changes in Net Position	\$ 192,706	\$ 158,482	\$ (13,989)	\$ 146,599

Other changes in net position totaled \$158 million, (\$14) million, and \$147 million during the fiscal years ended June 30, 2019, 2020, and 2021, respectively, compared to \$193 million during the fiscal year ended June 30, 2018. Other changes in net position decreased \$34 million (18%) in fiscal year 2018-2019, decreased again by \$172 million (109%) in fiscal year 2020, and increased by \$161 million (1148%) in fiscal year 2020-2021.

Typically, the other changes in net position balance are primarily comprised of the state's debt service commitment for principal for the issuance of general obligation bonds under the UConn 2000 Infrastructure Program (UConn 2000). The state committed to pay an annual amount of debt service on securities issued as general obligations of the university. UConn did not issue general obligation bonds in fiscal year 2019-2020, which caused a significant decrease in the balance. In addition, UConn paid a \$16.4 million exit fee in fiscal year 2019-2020 when leaving the American Athletic Conference.

Changes in capital grants and gifts reflect changes in the UConn Foundation's gifts for various capital improvement projects. In fiscal year 2020-2021, the increase of \$9.4 million was due to gifts associated with the Athletics District Development Project, which was partially offset by a reduction in gifts received for smaller construction projects when compared to prior years. UConn also paid a \$3.5 million entrance fee when joining the Big East Conference and transferred \$2 million to UConn Health to upgrade its Nuclear Magnetic Resonance Facility in fiscal year 2020-2021.

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)	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
Net Investment in Capital Assets	\$ 1,682,317	\$ 1,681,657	\$ 1,763,712	\$ 1,820,249
Restricted Nonexpendable	15,044	15,005	15,132	14,164
Restricted Expendable:				
Research, Instruction, Scholarships, Others	32,273	21,716	16,582	25,824
Loans	2,566	2,608	2,180	1,981
Capital Projects	134,453	176,785	48,870	78,961
Debt Service	0	0	11	0
Unrestricted	(1,786,425)	(1,798,911)	(2,098,260)	(2,486,971)
Total Net Position	\$ 80,228	\$ 98,860	\$ (251,773)	\$ (545,792)

UConn's net position balance totaled \$99 million, (\$252) million, and (\$546) million as of June 30, 2019, 2020, and 2021, respectively, compared to \$80 million as of the fiscal year ended June 30, 2018. Net position increased \$19 million (23%) in fiscal year 2019 and decreased \$351 million (355%) and \$294 million (117%) in fiscal years 2020 and 2021, respectively.

In fiscal year 2018-2019, the restricted expendable category increased by \$32 million mainly due to higher amounts of unspent general obligation bonds at year-end and the sale of the West Hartford campus. Unrestricted net position decreased \$12.5 million due to higher pension and other post-retirement benefits.

In fiscal year 2019-2020, net investment in capital assets grew by \$82 million due to a \$70 million net increase in capital assets combined with a \$12 million decrease in capital-related debt. Capital projects under the restricted expendable category decreased \$128 million, due in large part to UConn spending down \$125 million in general obligation bond funds designated for UConn 2000 projects. Unrestricted net position decreased \$299 million, which was primarily the result of pension and other post-retirement benefit adjustments.

In fiscal year 2020-2021, net investment in capital assets grew by \$57 million due to an \$85 million net increase in capital assets, which was partially offset by a \$28 million net increase in capital-related debt. The restricted expendable category increased by approximately \$39 million, \$30 million of which related to capital projects derived from new funding received from general obligation bonds designated for UConn 2000 projects. The other \$9 million related to research, instruction, scholarship, and other. The \$388 million decrease in unrestricted net position was largely caused by adjustments to pension and other post-retirement 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 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. The UConn Foundation provides support for UConn and the UConn Health Center. Its financial statements reflect balances and transactions associated with both entities. A summary of the UConn Foundation's assets, liabilities, net position, revenue and support, and expenses, as per the audited financial statements, follows:











(\$ in thousands)	University of Connecticut Foundation			
	2017 - 2018 (Restated*)	2018 - 2019	2019 - 2020	2020 - 2021
Assets	\$ 575,449	\$ 597,610	\$ 617,492	\$ 769,782
Liabilities	41,019	47,566	40,993	39,032
Net Position	534,430	550,044	576,499	730,750
Revenue and Support	109,727	75,008	75,586	210,568
Expenses	50,873	59,393	49,130	56,317



* It is the Foundation's policy to reclassify, where appropriate, prior year financial statements to conform to the current year presentation, and as such, with the implementation of ASU 2016 -14 in fiscal year 2018-2019, the fiscal year 2017-2018 financial statements were restated.

ATTACHMENT 3.1

University of Connecticut & UConn Health
Joint Audit & Compliance Committee
September 21, 2023

Office of Audit and Management Advisory Services
Status of Audit Assignments
As of August 31, 2023

Audit Project	Campus	Current Status	Anticipated JACC Meeting			
			Sep 2023	Dec 2023	Mar 2024	Jun 2024
Hospital Price Transparency	UH	Report				
Laboratory Utilization	UH	Report				
Approval Authority Review	UC	Fieldwork				
Emergency Department Revenue Cycle	UH	Fieldwork				
Inpatient Psychiatry Services	UH	Fieldwork				
Patch Management for Decentralized IT - School of Business	UC	Fieldwork				
Patient Billing	UH	Fieldwork				
PeopleSoft Student Administration System – User Account Security	UC	Fieldwork				
Faculty Consulting FY23	UC/UH	Planning				
University of Connecticut Foundation FY23	UC/UH	Planning				

Special Projects/Consulting	Campus	Current Status	
		In Progress	Project Final
NEAG Grant and Travel Review	UC		
Women's, Gender, and Sexuality Studies Travel Review	UC		

ATTACHMENT 3.2

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
September 21, 2023

Status of Audit Findings
Aging of Overdue Management Actions by Functional Area Based on Original Due Date
As of August 31, 2023

Functional 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	H	L	M	H	L	M	H	
UConn:																						
UC Athletics																1						1
UC Budget	2	1																				3
UC College of Liberal Arts and Sciences								1	2		5											8
UC Controller													1	1								2
UC Facilities Operations																				7		7
UC Human Resources										1			2							1		4
UC Information Technology Services					2																	2
UC Office of Global Affairs										1												1
UC Office of the Provost				4																		4
UC President's Office		1			1																	2
UC Procurement																				1		1
UC Research Compliance Services													2			1						3
UC School of Law																			1			1
UC Student Activities																4						4
UC Student Affairs Administration																	1					1
UConn Total	2	2		4	3			1	2		7		2	3	1	6	1		1	9		44
UConn Health:																						
UC Office of Institutional Equity																1			1	1		3
UCH CEO and EVP for Health Affairs																2						2
UCH CFO					2		1	2			3											8
UCH Controller				1									1							1		3
UCH Human Resources																			3			3
UCH Information Technology Services		4	3			1		2	1		3	1	1	1		2	2	2	6	5		34
UCH JDH Administration							4	2								3		1	3			13
UCH JDH and UMG Revenue Cycle Management																1			1			2
UCH JDH Quality and Patient Services										2						1						3
UCH School of Dental Medicine	1			1						3	1					1			1	4		12
UCH School of Medicine																			2		1	3
UConn Medical Group										1	2											3
UConn Health Total	1	4	3	2	2	1	5	6	1	6	9	1	2	1	2	9	2	10	16	6		89
UConn & UConn Health Total	3	6	3	6	5	1	5	7	3	6	16	1	2	5	2	8	10	2	11	25	6	133

Note: The net number of management open actions decreased by 6 from 139 to 133 from the prior reported quarter.

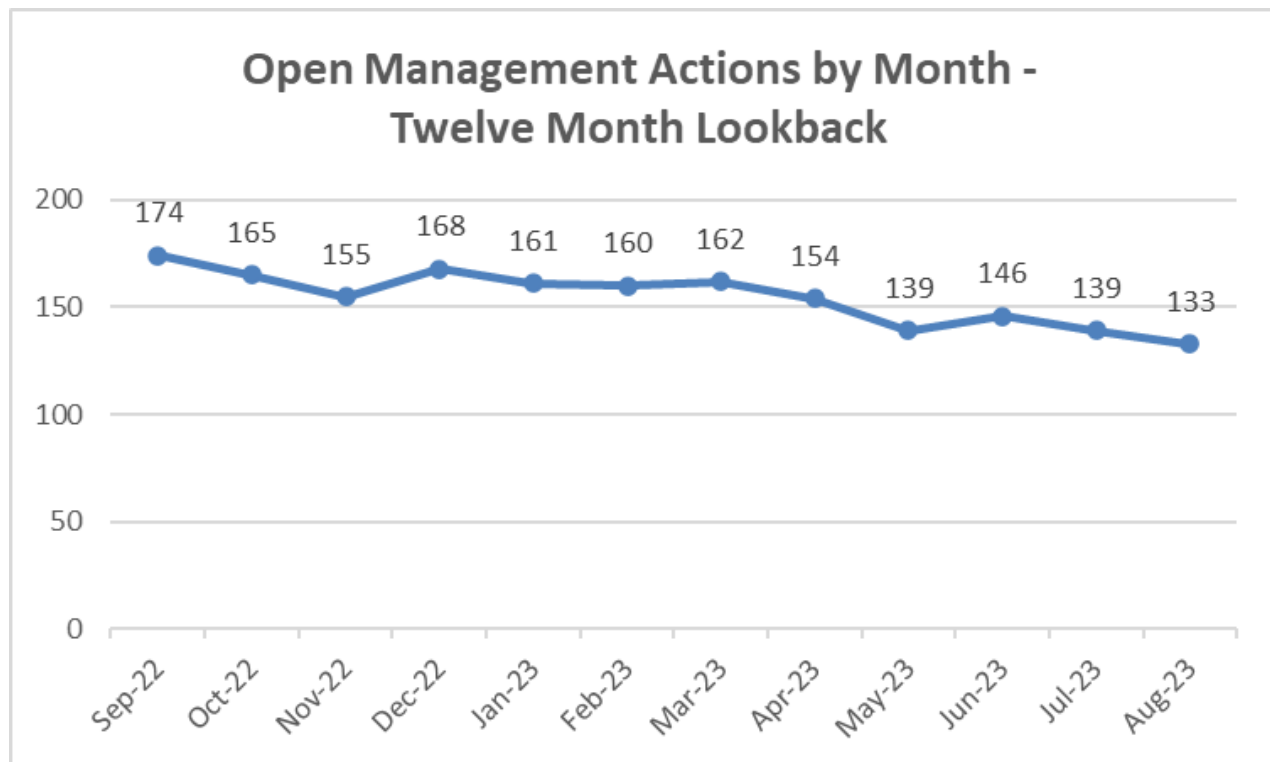
University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
September 21, 2023

Status of Audit Findings
Aging of Overdue Management Actions by Finding Category Based on Original Due Date
As of August 31, 2023

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	H	L	M	H	L	M	H	L	M	H	L	M	H	
UConn:																						
Business Process Improvement	2	1		1									1			4	1			1		11
Documentation					1					1						1						3
Governance								1														1
Physical Security of Assets													1									1
Policy										2			1	1						2		6
Regulatory Compliance		1											1		1	1						4
Security					1				2		3									6		12
Segregation of Duties				1																		1
Technology										1												1
Training				2	1																	3
Use of Resources																			1			1
UConn Total	2	2		4	3			1	2		7		2	3	1	6	1		1	9		44
UConn Health:																						
Business Process Improvement							3	1		3	3					1		3				14
Documentation		1					1	1		1	1							3	1			9
Management Oversight				2	1						1					1						5
Monitoring			1					1								2			2			6
Physical Security of Assets										1												1
Policy	1	1			1					2	2					2	2		2	3		16
Regulatory Compliance							1	1								1		1	1			5
Security		2	2			1		1	1			1		1	1			2		4	1	17
Technology										1						2			2	5		10
Training								1														1
Use of Resources													1						1	3		5
UConn Health Total	1	4	3	2	2	1	5	6	1	6	9	1	2	1	2	9	2	10	16	6		89
UConn & UConn Health Total	3	6	3	6	5	1	5	7	3	6	16	1	2	5	2	8	10	2	11	25	6	133

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
September 21, 2023

Status of Audit Findings
Trend Analysis of Monthly Balances of Open Management Actions
As of August 31, 2023



Analysis:

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
September 21, 2023

Status of Audit Findings
Management Actions Closed By Functional Areas And Risk Level
For the Period June 1, 2023 to August 31, 2023

Functional Area	Implemented			Recommendation Moved to / Included in Another Audit			Total
	L	M	H	L	M	H	
UConn:							
UC Budget		2					2
UC Information Technology Services		1					1
UConn Total		3					3
UConn Health:							
UCH CFO		2			1		3
UCH Controller	1						1
UCH Epic		1					1
UCH Human Resources		2					2
UCH JDH and UMG Revenue Cycle Management	1	2					3
UConn Medical Group		1					1
UConn Health Total	2	8			1		11
UConn & UConn Health Total	2	11			1		14

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
September 21, 2023

Status of Audit Findings
Risk Level Descriptions

The description of the risk levels identified in this report is based on the following methodology. Observations are ranked based on an analysis of the likelihood and impact of a control or process failure. Considerable professional judgment is used to determine the risk ratings. Accordingly, others could evaluate the results differently and draw different conclusions. The risk levels provide information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and personnel actions may significantly impact the risk ratings.

Low	<p>Observation has a low probability of occurring. Preventive controls do not exist but detection and mitigating controls exist. Minimal exposure that will not typically lead to a material error and corrective action may lead to improvements in efficiencies and effectiveness. The issues identified may include:</p> <ul style="list-style-type: none">• Noncompliance with internal policies• Lack of internal policy that is not mandated by federal and state requirements• Minimal financial losses• Minor operational issues
Moderate	<p>Observation is likely to occur or has occurred. Preventive and detection controls do not exist but mitigating controls exist. Exposure that requires priority attention because the observation has or may result in:</p> <ul style="list-style-type: none">• More than minimal financial losses or fraud or theft of resources• Noncompliance with laws and regulations or accreditation standards• Ineffective internal policy or practice• Reputation damage• Negative impact to audit area under review, which includes continuity, security and privacy issues• Safety and health concerns
High	<p>Observation has a high probability of occurring or has occurred at a high rate. Preventive, detection and mitigating controls do not exist. High impact exposure that requires immediate attention because the observation has or may result in:</p> <ul style="list-style-type: none">• Substantial financial losses or fraud or theft of resources• Noncompliance with significant laws and regulations• Serious reputation damage• Negative impact to systemwide operations, which includes continuity, security and privacy issues• Significant safety and health concerns

ATTACHMENT 3.3

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
Office of Audit and Management Advisory Services
FY 2024 Audit Plan

TITLE	AREA / SCOPE	STATUS	LOCATION
CLINICAL			
Emergency Department Revenue Cycle	Assess whether services billed by the Emergency Department are ordered, provided and documented in compliance with governmental regulations, payer requirements and the associated charges, and copayments/deductibles are complete, accurate and timely.	In Process	UConn Health
Inpatient Psychiatry Services	Assess whether services billed by Inpatient Psychiatry are ordered, provided and documented in compliance with governmental regulations, payer requirements and the associated charges, and copayments/deductibles are complete, accurate and timely.	In Process	UConn Health
Cardiology	Assess whether services billed by Cardiology are ordered, provided and documented in compliance with governmental regulations, payer requirements and the associated charges, and copayments/deductibles are complete, accurate and timely.	Carryforward	UConn Health
Student Health and Wellness Counseling and Mental Health	Assess whether services are planned, provided, documented, and billed in compliance with governmental regulations, payer requirements and the associated charges are complete, accurate and timely.	Carryforward	UConn
Interventional Radiology	Assess whether interventional radiology services are ordered, provided and documented in accordance with governmental regulations, payer requirements and internal policies and procedures, with complete, accurate and timely charges, payments and contractual adjustments processed in Epic.	New	UConn Health
New England Sickle Cell Institute	Evaluate clinical operations of the New England Sickle Cell Institute to confirm that services are provided, documented and billed in accordance with governmental regulations, payer requirements and internal policies and procedures, with complete, accurate and timely charges, payments and contractual adjustments processed in Epic.	New	UConn Health
UConn Health Surgery Center	Assess whether surgical procedures performed at the UConn Health Surgery Center are provided, documented and billed in accordance with governmental regulations, payer requirements and internal policies and procedures, with complete, accurate and timely charges, payments and contractual adjustments processed in Epic.	New	UConn Health
FINANCIAL & OPERATIONAL			
Approval Authority Review	Assess the appropriateness and accuracy of designated approvers in significant UConn systems such as CORE-CT, Concur, KFS, HuskyBuy, and HuskyTime, etc.	In Process	UConn
Patient Billing	Evaluate whether charges for services billed under the hospital and professional billing functionality in Epic are captured and reimbursed in accordance with the terms of payer contracts.	In Process	UConn Health

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
Office of Audit and Management Advisory Services
FY 2024 Audit Plan

TITLE	AREA / SCOPE	STATUS	LOCATION
Client Contracts and Receivables	Review and assess effectiveness of contract management and controls designed within Epic to bill and collect receivables from clients for contractual services provided by UConn Health.	Carryforward	UConn Health
Clinical Engineering – Equipment Management	Assess whether clinical equipment is replaced at the end of its useful life, recorded and tracked in inventory, and inspected and maintained in accordance with UConn Health policy and manufacturer's specifications.	Carryforward	UConn Health
Compensatory Time	Determine whether UConn's approval and documentation practices meet bargaining agreement contractual terms and institutional policies.	Carryforward	UConn
Concur PCard (Purchasing)	Assess effectiveness of internal controls related to compliance with PCard and purchasing policies. Compare prices to HuskyBuy vendor catalogues.	Carryforward	UConn
Concur Travel	Review and evaluate Concur travel procedures and controls surrounding planning, approvals, and use of travel cards to assess compliance with UConn policies.	Carryforward	UConn
Indirect Cost Recovery Revenues from Grants	Analyze the basis of the revenue generated from and the uses and oversight of Indirect Cost Recovery funds posted to unrestricted KFS accounts (4-ledger accounts), as well as compliance with UConn policies.	Carryforward	UConn
Special Payroll	Review Special Payroll operations for compliance with CGS Sec. 10a-20 and CGS Sec. 10a-108 and UConn/UConn Health policies; evaluate the effectiveness of related controls designed to administer and manage Special Payroll.	Carryforward	UConn & UConn Health
Technology Commercialization Costs and Revenue Assessment	Assess operating procedures for reporting royalty revenue and reconciling royalty revenue to cash receipts. Analyze patent costs and number of patents filed to identify potential cost savings associated with filing internally to reduce expenditures associated with outside legal firm.	Carryforward	UConn & UConn Health
Vendor Management – Husky Buy	Assess the effectiveness of the vendor management policies and procedures implemented in HuskyBuy including duplicate vendors, payment terms/discounts and debarment verification procedures.	Carryforward	UConn
University of Connecticut Foundation FY23	Examine fiscal year 2023 Foundation gifts and disbursements for compliance with UConn and Foundation policies; and determine compliance with Connecticut General Statutes Section 4-37(e) et seq.	Mandatory	UConn & UConn Health
CARES Act Funding (HEERF II & III)	Determine whether costs charged to the Connecticut Office of Policy and Management for reimbursement under the Coronavirus Relief Fund (CRF) met the eligibility requirements.	New	UConn
COVID-19 Relief Funding	Evaluate UConn Health's compliance with the requirements associated with COVID-19 relief payments issued under the Coronavirus Aid, Relief, and Economic Security Act, the American Rescue Plan Act, the Federal	New	UConn Health

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
Office of Audit and Management Advisory Services
FY 2024 Audit Plan

TITLE	AREA / SCOPE	STATUS	LOCATION
	Emergency Management Agency Public Assistance program and the CRF.		
Human Subject Incentive Payments	Determine whether human subject incentive payments are made in compliance with relevant UConn policies and procedures and governmental regulations; and assess the effectiveness of internal controls designed to process incentive payments, with a focus on ClinCard payments.	New	UConn
Medicare Bad Debt Claims	Assess John Dempsey Hospital (JDH) compliance with Federal requirements when claiming Medicare reimbursement for bad debt claims and review the accuracy of reimbursement payments. Evaluate JDH policies and practices for collecting Medicare deductible and coinsurance amounts for compliance with Federal requirements.	New	UConn Health
Non-Student Receivables	Assess internal controls surrounding UConn departments that directly invoice, receive, and process payments for services, programs, and other revenue producing activities; and determine compliance with UConn policies and procedures and applicable governmental regulations.	New	UConn
Specialty Pharmacy	Review and assess UConn Health Specialty Pharmacy business operations and billing practices, including related controls designed to comply with applicable federal and state regulations and internal policies and procedures.	New	UConn Health
Time and Effort Reporting	Review and assess UConn and UConn Health sponsored award effort reporting processes for compliance with federal requirements under 2 CFR Part 200 and institutional policies; and evaluate the effectiveness of related controls designed within institutional reporting systems.	New	UConn & UConn Health
INFORMATION TECHNOLOGY			
Patch Management for Decentralized IT - School of Business	Evaluate the effectiveness of control processes for identifying, acquiring, installing, and verifying patches for infrastructure-related systems such as operating systems and server software for the decentralized Information Technology (IT) organization within the School of Business.	In Process	UConn
PeopleSoft Student Administration System – User Account Security	Assess the PeopleSoft application's compliance with IT policies, regulatory requirements such as Gramm-Leach Bliley Act (GLBA) and the Federal Educational Rights and Privacy Act (FERPA), and industry standards for access control.	In Process	UConn
Decentralized IT General Controls	Assess compliance with UConn Health IT policies, regulatory requirements, and industry standards for decentralized business areas such as Radiology, Pharmacy, School of Dental Medicine, and Clinical Engineering.	Carryforward	UConn Health
Microsoft Office 365 Security and Configuration	Assess the University's implementation of the Microsoft Office 365 and OneDrive cloud service in accordance with vendor recommendations and industry best practices for	Carryforward	UConn

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
Office of Audit and Management Advisory Services
FY 2024 Audit Plan

TITLE	AREA / SCOPE	STATUS	LOCATION
	the secure configuration of the platform. Areas of focus may include controls for user accounts and authentication, application permissions, data management, email security, auditing and storage.		
Oracle DBMS Security and Configuration	Evaluate the configuration of the University's Oracle database management system, including the assessment of access controls, data backup and recovery, physical security, event logging and monitoring, integrity assurance, and data encryption.	Carryforward	UConn
Athletics IT General Controls	Assess IT general controls, including areas such as compliance with University IT policies, regulatory requirements, and industry standards for systems and applications managed by Athletics. The review will include an evaluation of key controls addressing the overall security of sensitive information, including data related to student athletes and other individuals that interact with Athletics such as donors.	New	UConn
axiUm Application Controls	Assess axiUm application controls utilized to protect the confidentiality, integrity and availability of Protected Health Information (PHI) and financial data, in addition to compliance with UConn Health IT policies and regulatory requirements such as the Health Insurance Portability and Accountability Act (HIPAA) Security Rule.	New	UConn Health
IT Change Management	Evaluate change management controls related to the process of requesting, authorizing, reviewing, testing, and implementing application changes for critical business applications.	New	UConn
Legal Files Application Controls	Assess Legal Files application controls utilized to protect the confidentiality, integrity and availability of sensitive data as well as compliance with University IT policies and industry standards for application security.	New	UConn
Medical Device Security	Evaluate the effectiveness of cybersecurity controls for medical devices that store, process, or transmit PHI, as well as compliance with UConn Health IT policies, HIPAA, and Food and Drug Administration requirements and guidance.	New	UConn Health
COMPLIANCE			
International Disclosures in Research	Assess current policies and procedures related to defining, preventing, and detecting unallowable foreign influences on faculty and intellectual property including examining current process for reviewing contracts prior to UConn and UConn Health commitment.	Carryforward	UConn & UConn Health
Faculty Consulting FY23	Evaluate the effectiveness of the established faculty consulting activity approval and oversight procedures and compliance with state regulations and University Faculty Consulting policies and procedures for fiscal year 2023	Mandatory	UConn & UConn Health

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
Office of Audit and Management Advisory Services
FY 2024 Audit Plan

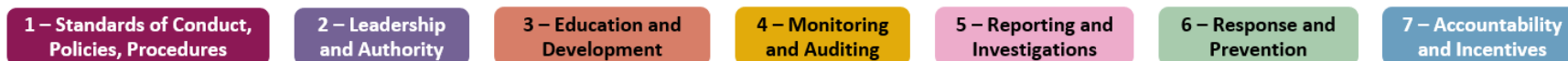
TITLE	AREA / SCOPE	STATUS	LOCATION
NCAA Division I Football Bowl Subdivision Requirements AY23/24	Perform agreed upon procedures to evaluate UConn's compliance with NCAA Division I FBS membership requirements pursuant to NCAA Bylaw 20.10.9 for academic year 2023-2024.	Mandatory	UConn
OTHER			
	Risk Assessment	Ongoing	UConn & UConn Health
	Follow-up Audit Activities	Ongoing	UConn & UConn Health
	Contingencies/Special Projects/Investigations/Consulting	Ongoing	UConn & UConn Health
























Presented for approval by the Joint Audit & Compliance Committee at their September 21, 2023 Meeting

ATTACHMENT 4.1

**Joint Audit and Compliance Committee JACC
Significant Compliance Activities – September 2023**

7 Elements of an Effective Compliance Program



Significant Compliance Activities – Office of University Compliance (OUC)	Compliance Unit
OUC revised the University Compliance Committee (UCC) Charter, which was approved by the UCC on August 10, 2023. A full revised Charter is included in the JACC packet for review and approval.	 
The 2023-2024 Annual University Compliance and Ethics Training for Graduate Assistants is in the final stages of production and will launch September 22, 2023. Training will include information on the University's Code of Conduct, the University's Guide to the State Code of Ethics, as well as information on the FERPA policy, Clery reporting, Export Control, and Accessible Course Design.	  
Educational compliance materials were developed and disseminated to the UConn and UConn Health communities on several topics including record retention and management, accessibility, Clery reporting, UConn's Policy on Policies, and information on how to report a compliance concern. See packet for a sampling of materials.	  
OUC has received 97 reported concerns as of August 30, 2023. Of those, 69 (71%) have been reviewed and closed.	   
The Senior Policy Council (SPC) met on August 21, 2023. The SPC approved 5 new or revised University policies, including a new Restriction on Lithium-Ion Battery Motorized Personal Transportation Vehicles (MPTV) Policy.	  
OUC provided in-person FERPA Training for approximately 120 students and family members at four different University programs/events: (1) New Student Orientation Leader Training (2) The Academic Achievement Center UConn Connects Program Training; (3) The UConn Honors Peer Mentor Program Training; and (4) Family Orientation at the Stamford Regional Campus.	  
The Policy Team reported policy metrics, including data trending, to the Executive Steering Committee, and has begun providing policy software demonstrations and info sessions to senior leadership at UConn Health. Document clean-up continues with over 276 standards documents retired, eighty percent (80%) of which were duplicate documents.	  
OUC started a LinkedIn group for UConn faculty and staff to network and follow for Compliance-related updates.	 

In collaboration with IT Security, OUC coordinated the management of the University's response to the National Student Clearinghouse MOVEit data breach which affected numerous institutions of higher education nationwide. OUC is pleased to report that the incident involved less than ten individuals affiliated with the University and their data was limited to name and date of birth. Appropriate notifications with information and resources were given to those individuals through the National Student Clearinghouse and the University.



OUC managed the implementation of an updated FERPA Designee Pin Page (FDPP), a platform which allows University staff to discuss student educational information (financial aid, academics, etc.) with parents and other designees through electronic consent of the student. OUC also established additional criteria for obtaining staff access to FDPP, such as required FERPA Training, along with certain unit/departmental information involving FDPP access for purposes of developing related data metrics.



OUC engaged in monitoring of the University's compliance with the Native American Graves and Repatriation Act (NAGPRA) and provided the Office of the Provost with recommendations for improvements and enhancements.



OUC added 6,623 staff and faculty contacts to the OUC email distribution lists, to whom educational compliance-related updates and reminders are sent biweekly.



Upcoming Compliance Activities

Compliance Unit

Policy Manager Software training is slated to launch at UConn Health on October 1, 2023, in preparation for clinical policy go-live. In advance of training, the OUC is hosting a 'Demo Week' with a series of information sessions, software demonstrations, and visits to staff meetings.



Informational videos regarding the Bayh-Dole Act and the Intellectual Property and Commercialization Policy will be available for the University community in September.



A Monthly Ethics Spotlight email campaign and Monthly Manager Compliance Chatter email campaign will both launch in September.



OUC is revising and updating the Compliance and Privacy sections of online New Employee Orientation for both UConn Storrs and Regional, and UConn Health, to launch in fall.



A new Privacy website will launch by the end of 2023, combining the existing FERPA website, HIPAA website, and Privacy website into one.









































ATTACHMENT 4.2

Draft Compliance Plan – FY 24

The following Compliance Plan was developed after reviewing and considering trends in reports and investigations from FY 23; applicable compliance risk areas identified by the University Risk Management and Insurance Association; and recent and emerging regulatory issues as identified by the Higher Education Compliance Alliance. Each Compliance Plan deliverable is linked to one or more of the seven elements of an effective compliance program as established in the US Federal Sentencing Guidelines.

Seven Elements of an Effective Compliance Program



















Deliverables	
Continue to enhance the institution-wide policy program including launching the MCN Policy Manager software at UConn Health for all policies including clinical, administrative, research, and academic.	 
Provide policy development guidance and education to policy owners.	  
Develop and launch ongoing training and education regarding Policy Manager for all UConn Health workforce members.	 
Update Privacy-related policies, including University FERPA Policy, FERPA Annual Notice, HIPAA Policies, and Red Flags Policy.	 
Develop UConn policy inventory and share status reports with policy owners to support regular review of policies and accompanying procedures.	  
Continue to engage leaders in key compliance positions at UConn and UConn Health and expand presence on regional campuses.	  
Establish Annual Compliance Program Report to JACC to increase communication on key compliance accomplishments and goals.	  
Develop educational resources for managers and supervisors to enhance compliance understanding, a culture of compliance, training completion and enforcement; and resources to support their staff.	   
Expand breadth and scope of FERPA training program across the institution.	 
Facilitate a university-wide mandatory compliance training committee to focus on developing a framework of best practices, self-assessment tools, and the standardization of training follow-up methods to promote accountability and consistency across the compliance program.	    
Launch a university-wide compliance culture survey to provide the workforce with a mechanism to provide feedback on UConn and UConn Health's culture of compliance and identify opportunities for enhancement.	  
Enhance the monitoring and follow up process on recommendations following a compliance investigation.	   
Continue to work with Human Resources to offer compliance-related recognition opportunities (i.e., President's Spirit Awards).	 

Draft Compliance Plan – FY 24

Seven Elements of an Effective Compliance Program



Deliverables

Partner with Labor Relations at UConn and UConn Health to evaluate the effectiveness of accountability measures for compliance violations.					
Collaborate with IT Security to review and evaluate the University's Incident Response Plan and develop systems for response and management of data subject rights in compliance with GDPR and other applicable laws and regulations.					
Develop and distribute specific education on how to comply with the University's Travel Policy, Non-Retaliation Policy, and Privacy policies.					
Participate in institution-wide efforts to address conflicts of interest and conflicts of commitment.					
Engage in monitoring efforts focused on third-party compliance.					
Establish a new compliance risk assessment process with the University Compliance and Ethics Committee.					

ATTACHMENT 4.3

UConn COMPLIANCE AND ETHICS COMMITTEE CHARTER

PURPOSE

The UConn Compliance and Ethics Committee (UCEC) will support the University in maintaining an effective compliance and ethics program that is reasonably designed and implemented to prevent, detect, and correct compliance violations. The scope of the UCEC includes implementation and oversight of all higher education compliance program elements as well as those common to all areas and functions within the University of Connecticut, regardless of location¹. Through engagement in regular meetings and sub-committee participation, committee members will work collaboratively to coordinate and monitor compliance activities. The committee will recommend or take necessary actions to promote a culture of ethical conduct and commitment to compliance with laws, policies, and regulations.

RESPONSIBILITIES

Members of the UCEC will have knowledge of the management, administration and substance of the University's compliance program and will exercise day-to-day oversight of the implementation and effectiveness of program activities, including:

- Communication and advising on existing or anticipated compliance matters.
- Identification, prioritization, and remediation of compliance-related risks, including those associated with emerging compliance issues. This may include delegation of compliance responsibilities to appropriate individuals and offices.
- Recommendation of process changes based on evaluation of patterns and trends identified in confidential reporting and investigation activity reports.
- Identification of areas where University policies and procedures need to be established or enhanced, including developing a response to new or revised regulatory requirements.
- Evaluate the effectiveness and efficiency of existing compliance processes and program elements by reviewing and analyzing data.
- Share best practices and "lessons learned" across compliance functions.
- Exercise due diligence with respect to efforts to establish compliance standards and procedures that identify and prevent wrongdoing.
- Communicate and promote a culture of compliance and ethics.

COMPOSITION

The Office of University Compliance supports the administration of the UCEC, which is chaired by the University's Chief Compliance Officer. Voting members of the UCEC are appointed by the President and include leaders who have responsibility for key compliance areas across the institution including:

¹ Given the specific compliance requirements and needs of the healthcare environment, a separate Healthcare Compliance and Privacy Committee has been established with delegated oversight of healthcare compliance and privacy program functions for UConn and UConn Health business units rendering clinical services and/or clinical research/clinical trials.

UConn Compliance and Ethics Committee Charter

Voting UCEC Members	
Executive VP for Finance & CFO	Provost
Chief Human Resources Officer - UConn	VP for Human Resources - UCH
VP of Research	VP of Enrollment Management
AVP of University Safety	AVP of Office of Institutional Equity
VP Chief Information Officer - UConn	Chief Information Officer - UCH
VP of Student Affairs	Controller - UCH
AVP Master Planner and Architect	AVP Business Services and CPO
AVP of Financial Operations and Controller	Chief Administrative Officer - UCH
Director of Athletics	VP Facilities & Operations - UCH
Chief of Staff, President's Office	Chief of Staff, CEO – UCH
VP for Global Affairs	VP and Chief Strategy Officer
VP and Chief Diversity Officer - UConn	VP for Communications

Non-Voting UCEC Affiliates	
NAGPRA Coordinator	Chief Audit Executive
Director of Environmental Health and Safety - UConn	Director of Environmental Health and Safety - UCH
Regional Campus Director	Title IX Coordinator
Deputy ADA Coordinator	Chief Information Security Officer - UConn
Director of Veteran Affairs and Military Programs	Senior Director of Government Relations
Export Control Officer	AVP, Chief Healthcare Compliance and Privacy Officer
University Compliance Staff	University Privacy Officer
Facility Security Officer	Office of the General Counsel
AVP for Communications	University Ombuds
Associate Director of Athletics for Compliance	Director, University Events and Conference Services
Executive Director of Employee and Labor Relations	

REPORTING

The UCEC reports to the Joint Audit and Compliance Committee (JACC). Quarterly, the JACC will receive updates regarding this Committee's reviews and recommendations, including high-level summaries of the compliance program's activities and initiatives.

MEETINGS

The UCEC shall meet quarterly, or more frequently as necessary, while sub-committees may meet more frequently as needed. A majority of voting members constitute a quorum for the transaction of business. The committee shall take action by affirmative vote of a majority of the committee members present at a duly held meeting.

ATTACHMENT 4.4

Healthcare Compliance, Privacy & Integrity Program – Summary Dashboard

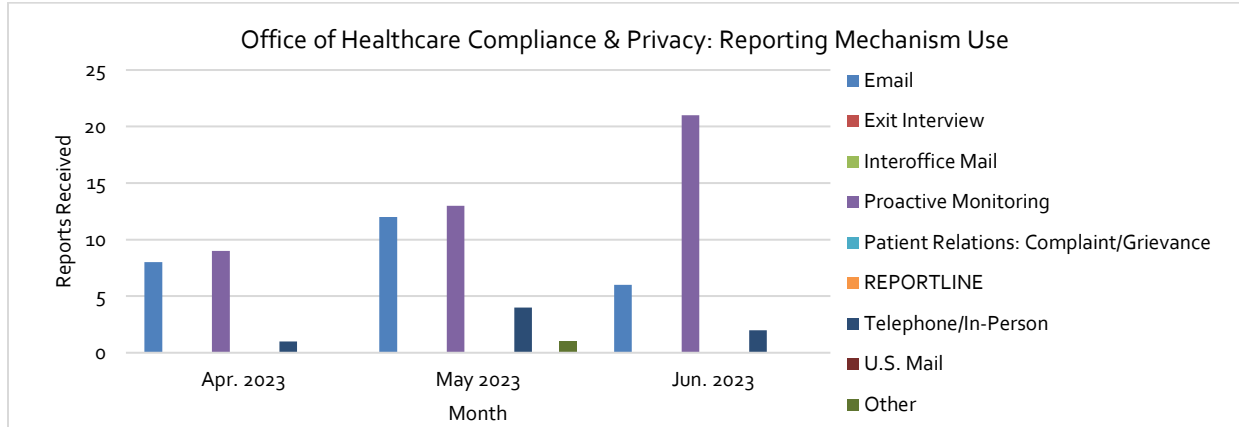
JACC, September 21, 2023

1. Policies, Procedures, and Standards of Conduct	
Program Policies	<p>OHCP policies approved by the UConn Health Administrative Policy Committee calendar year-to-date:</p> <ul style="list-style-type: none"> • 2001-03: Sanctions and Exclusions • 2018-02: Prevention and Detection of Fraud, Waste, and Abuse • 2023-06: HIPAA Patient Rights • 2007-12: Reporting and Refunding Overpayments to Federal Healthcare Programs • 2023-03: Identification and Protection of Protected Health Information • 2023-04: Information Blocking • 2003-12: Notice of Privacy Practices • 2003-09: Responding to Breaches of Privacy or Security of Protected Health Information and/or Personal Information • 2023-05: Use and Disclosure of Protected Health Information
2. Oversight	
Healthcare Compliance & Privacy Committee	First committee meeting scheduled for Aug. 31, 2023, at 1 pm in the Munson Training Room with a Teams option.
Office of Healthcare Compliance & Privacy	<p>Administrative Program Coordinator (new position): Hillary Barigye started Jul. 14, 2023. This role provides administrative and project support focused on data analytics and reporting.</p> <p>Assistant Privacy Officer (vacancy): Joelle McCarthy starting Sept. 8, 2023. As one of three Assistant Privacy Officers, this role supports proactive education, policy development, management of inquiries, and investigations as related to HIPAA privacy.</p>
3. Education & Training	
Annual Mandatory Training	The next launch of mandatory healthcare compliance education to occur in collaboration with University Compliance in Q3 FY2023, facilitating a single course of all “compliance” training (opposed to the current state of separate courses in separate quarters). Collaborative module under development to include University Compliance, Healthcare Compliance & Privacy, and Information Security content.
Board Education	<p>Healthcare Compliance & Privacy Annual Review (as presented to the JACC in March 2023) presented to the UConn Health Board of Directors on September 11, 2023.</p> <p>Practical Guidance for Health Care Governing Boards on Compliance Oversight by the OIG HHS, AHIA, AHLA, and HCCA provided as part of the JACC September 21, 2023, meeting book.</p>

Healthcare Compliance, Privacy & Integrity Program – Summary Dashboard

JACC, September 21, 2023

4. Reporting & Communication



5. Auditing & Monitoring

Office of Healthcare Compliance & Privacy (OHCP) Work Plan	Of the 12 projects on the Interim Compliance Auditing and Monitoring Plan, nine (9) remain open with expected completion by Dec. 31, 2023. Of the three completed projects, no significant systemic issues were identified, and operational corrective action plans to improve documentation and coding processes will be complete by Oct. 1, 2023.
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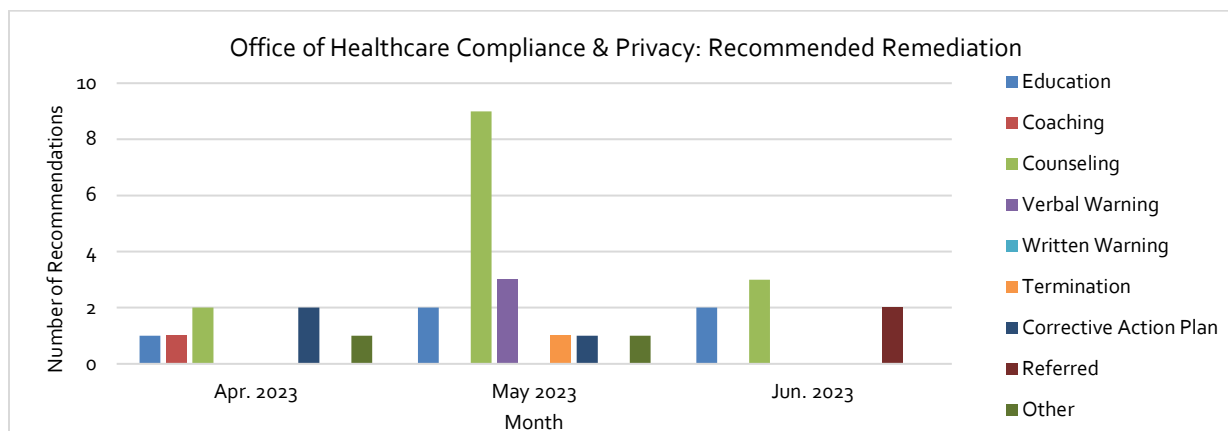
Government Post-Payment Audits	Records Requested	\$ at Risk	Records Pending	Records Denied	\$ Recouped to Date
RAC - JDH	70	\$811,100	2	1*	\$0
RAC - UMG	108	\$157,930	48	3	\$3,346
MAC - Inpatient Psychiatry - Noridian Special Review	3	\$205,363	2	0	\$0
TPE - Outpatient Group Therapy *Review closed June 2023*	40	\$10,409	0	2	\$170
QIO - High Weighted DRG	4	\$114,306	0	0	\$0
CERT	2	\$16,829	2	0	\$0

EXPLANATION: The government contracts various post-payment audit programs to detect and correct improper payments due to billing, coding, documentation, and other types of errors. For each reviewed encounter/payment ("Record"), the total number of records requested comprises the "Records Requested;" Records identified as having an error comprise the "Records Denied." For each reviewed Record, the originally paid dollars comprise the "\$ at Risk" amounts; dollars taken back from that pool by the programs due to an identified error comprise the "\$ Recouped to Date" amounts.

Healthcare Compliance, Privacy & Integrity Program – Summary Dashboard

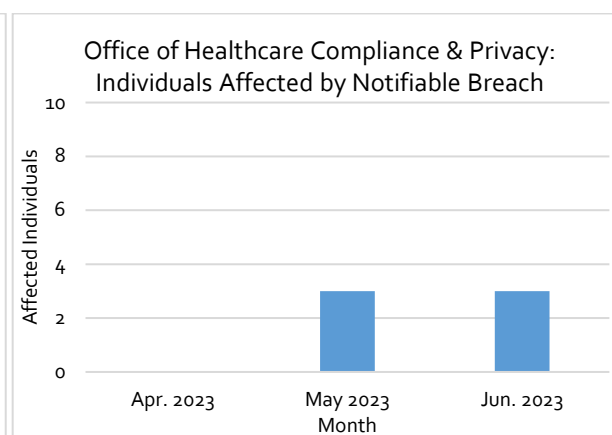
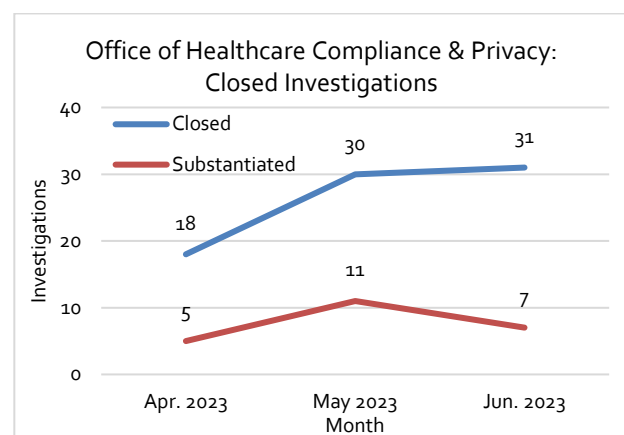
JACC, September 21, 2023

6. Enforcement & Discipline



7. Response & Prevention

Compliance & Privacy Risk Assessment and OHCP Work Plan Development	Risk Assessment Fy2024 underway for expected presentation to JACC in Q4Fy2024.
Voluntary Disclosures	<p>Nurse-Only Evaluation and Management Services: Review by SunStone Consulting identified an associated total overpayment of \$359.37. In March 2023, UConn Health returned \$212.48 to Medicare and \$146.89 to Medicaid; no systemic issues identified.</p> <p>Podiatry Services Provided by a Registered Nurse: Review by UConn Health's Government Payment Oversight Committee identified an associated total overpayment of \$1,646.39. In June 2023, UConn Health returned \$710.34 to Medicare, \$41.36 to Medicaid, \$288.47 to self-pay patients, and \$606.22 to commercial payers; overpayment occurred due to systemic use of a provider type (registered nurse) not authorized by payers to perform billable podiatry services.</p>



ATTACHMENT 4.5

Compliance

SUMMER

Series

Welcome to the Office of University Compliance Summer Series! We will share key information, reminders, and resources periodically throughout the summer.

This week's topic is **Records Management**.

Records and Information Management at UConn

As a state agency, UConn follows records disposition rules established by the Office of the Public Records Administrator of the Connecticut State Library. Summer might be the perfect time to declutter your space by disposing of old records.

Records Compliance at
UConn

It's Okay to Say Goodbye

In most cases, we do not need to keep records forever. Rather, ask yourself the questions listed below to make decisions about what to keep (and what to toss!)

1. **Do I still need this record?** If yes, keep it! If no, go to step 2.
2. **Is this record the “official record copy” or a duplicate?** If it's a duplicate and it's no longer needed, destroy it. If it's the official record copy, go to step 3.
3. **Does the age of this record meet the minimum requirement on the state's records retention schedule?** If no, retain the record. If yes, go to step 4.
4. **Does the age of this record meet the minimum requirement for the University?** The state sets the minimum retention requirement, and for some records the University's retention is longer. When in doubt—ask! If no, retain the record. If yes, go to step 5.
5. Complete the **RC-108 Authorization for Disposition form** and submit to Records Management Liaison Officer on your campus.
6. Upon receiving approval, **please destroy the records**, taking care to shred any documents that are sensitive. For example, shredding should be the method of destruction for student, patient, payroll, and procard records.

Click on the image to the right to view a decision tree that will help you determine whether or not to keep a record.



Help is Available

At times, the records destruction process can be a bit more involved than the above referenced steps. If at any time you need guidance, please contact the University's Records Management Liaison Officer, **Betsy Pittman**.

If you come across records that you believe may have historical value, please contact **Betsy** who may decide to transfer the records to University Archives to preserve our history.

Additional Resources

Records Management
FAQ

Tips for Keeping Records
Organized

Test what you learned this week.

View more Compliance Clips and Chatters.

Test Your Knowledge

Explore More Topics

Join our LinkedIn group to stay in touch.



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UConn
OFFICE OF UNIVERSITY
COMPLIANCE

Compliance

SUMMER

Series

Welcome to the Office of University Compliance Summer Series! We will share key information, reminders, and resources periodically throughout the summer.

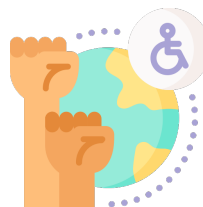
July is Disability Pride Month! [Learn more here.](#)

This week's topic is **Accessibility.**

A Landmark Civil Rights Law

The Americans with Disabilities Act (ADA) was signed into law on July 26, 1990, and was later amended and expanded in 2008.¹

July 26th is celebrated as Disability Pride Day in honor of the ADA, which promotes visibility for the 160 million Americans with a disability. It is an opportunity to honor each individual's uniqueness as "a natural and beautiful part of human diversity," according to [America's Disability Community](#).²



UConn Promotes Equal Access for All

The [Office of Institutional Equity](#) monitors UConn's compliance with the Americans with Disabilities Act (ADA) and [Section 504 of the Rehabilitation Act](#) to support equal access to students, staff, faculty and visitors with disabilities to participate in University-sponsored, non-course related programs or activities, in collaboration with the University community.

[Learn More About Accessibility at UConn](#)

Putting Accessibility into Action

We can each do our part as members of the UConn community to ensure we are promoting a culture of inclusivity and access for all. Here are a few ways to incorporate accessibility into our work. **Click/Select each heading for more information.**

[Plan Accessible Events](#)



As a public entity, UConn has a responsibility to make all sponsored events accessible. Event planners and organizers should help to ensure accessibility for participants or attendees with disabilities.

[Create Accessible Digital Content](#)



Because our digital content reaches far beyond our campuses, it is vital for us to understand and implement accessibility principles in every aspect of digital communication.

[Include Accessibility Statements on University Event Publications](#)



All University publications describing or inviting participation in UConn programs or activities must contain a non-discrimination statement as required by federal regulations and [UConn policy](#).

Design Accessible Courses



Accessibility allows learners to engage fully with their classes, peers, and faculty, and to obtain the most out of their UConn experience. [Check out a Compliance Clip on accessible course design.](#)

Report an Accessibility Issue



If you have a concern related to accessibility on any UConn campus, you can report it to the Office of Institutional Equity using Accessibility Issue Form, or directly to the ADA Coordinator or Deputy ADA Coordinator.

Requesting Accommodations

Human Resources is charged with facilitating requests for employee ADA workplace accommodations. Please contact HR if you are an employee who needs to request a workplace accommodation under the ADA, or a supervisor or manager who has been presented with a request for an accommodation.

Human Resources

Students who are requesting academic or residential accommodations should contact The Center for Students with Disabilities (CSD). CSD works to ensure students with disabilities have the same access to programs, opportunities and activities as all others at UConn.

Center for Students with Disabilities

Additional Resources

Test what you learned this week.

Test Your Knowledge

View more Compliance Clips and Chatters.

Explore More Topics

Join our [LinkedIn group](#) to stay in touch.



Images from Flaticon.com

1. What is the Americans with Disabilities Act (ADA)? (n.d.). ADA National Network. <https://adata.org/learn-about-ada>

2. DeVault, N., & DeVault, N. (2023). What is Disability Pride? *The Latest National Disability News*. <https://www.ameridisability.com/post/how-to-display-disability-pride>

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UConn
UNIVERSITY COMPLIANCE

Compliance

SUMMER

Series

Providing Compliance reminders and resources all summer long

Welcome to the Office of University Compliance Summer Series! We will share key information, reminders, and resources periodically throughout the summer.

This week is all about **Policy**.

Policies at the University

The University's **mission** and **values** are expressed through and supported by its stated policies. Policies also help to guide UConn's community by establishing rights and responsibilities, and promoting ethical standards, integrity, transparency, and accountability.

Department Policies



Individual units such as departments, centers, schools, or colleges may create and maintain policies that are applicable to their respective area, as long as these are not in conflict with official university policies.

These policies must be vetted through the appropriate Department Head, Dean, or Director.

University Policies

A university policy is an official statement expressing the position of the university on an issue of university-wide importance. It has broad application and exists to achieve collective compliance with applicable laws, regulations, and organizational requirements.

University policies must be approved by the President's Senior Policy Council, may be approved by committees, and may require the Board of Trustees approval.



Check out the [University's Policy Website](#), your definitive, easy-to-use guide to policies that apply across the University of Connecticut.

[University Policy Website](#)

University Policy on Policies

The University Policy on Policies aims to ensure that University policies are well defined, understandable, consistent with the University's mission, values, and goals, and sanctioned by the University's administrative authorities through standardized processes.

The policy covers how to develop a new policy; revise, decommission, or archive an existing policy; and how to expedite policy approvals when emergent needs exist.

[Review the Policy on Policies](#)

There are multiple steps to writing and revising a policy. To assist with the policy development process, the Office of University Compliance created a **policy template** and a **submission checklist** to help policy owners ensure policies have all necessary elements and that provides a consistent format, which enhances accessibility and understanding of policies.

[Policy Template and Submission Checklist](#)

Watch: UConn's Policy on Policies



Additional Resources

Test what you learned this week.

[Test Your Knowledge](#)

View more Compliance Clips and Chatters.

[Explore More Topics](#)

Questions?

[Email policy@uconn.edu](mailto:policy@uconn.edu)

Interested in receiving policy updates?

[Join the Policy Listserv](#)

Join our [LinkedIn group](#) to stay in touch.



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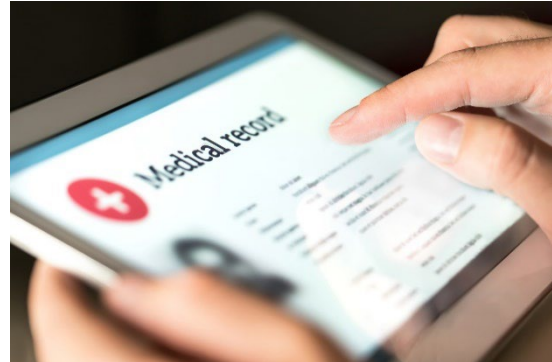
HEALTHCARE COMPLIANCE & PRIVACY MATTERS



Self-Access Education

Did you know that UConn Health Workforce Members who are patients of UConn Health have the same rights of access as patients who are not Workforce Members?

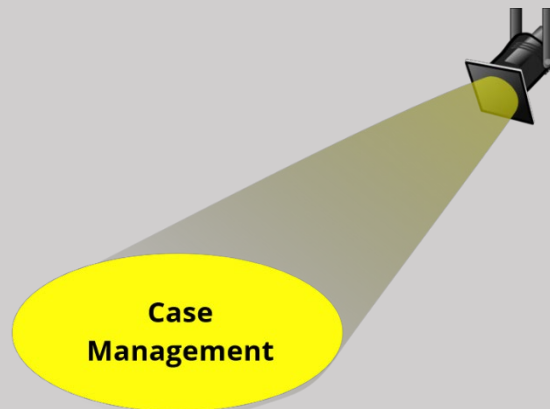
[Read More](#)



Spotlight on Case Management

An integral partner of the Office of Healthcare Compliance & Privacy (OHCP) is UConn Health's Case Management Department. Find out more about this dependable compliance partner and the work they do.

[Read More](#)



Office of Healthcare Compliance & Privacy
263 Farmington Avenue, Farmington, CT 06030

Phone: 860.679.6060 **Fax:** 860.679.1016

**UConn
HEALTH**

HEALTHCARE COMPLIANCE & PRIVACY MATTERS



Reporting Compliance and Privacy Concerns/Incidents

Do you know what to do if you observe a possible compliance or privacy concern/ incident? All UConn Health workforce members have a responsibility to report compliance and privacy concerns and incidents.

[Read More](#)



Educational Walk-Through Exercises

The Office of Healthcare Compliance & Privacy (OHCP) looks forward to visiting your area in an upcoming Compliance & Privacy Walk-Through! Contact [Hillary Barigye](#) at 860.679.4202 with any questions or concerns, and review the checklist [here](#) to prepare.



Office of Healthcare Compliance & Privacy
263 Farmington Avenue, Farmington, CT 06030

Phone: 860.679.6060 **Fax:** 860.679.1016

UConn
HEALTH

HEALTHCARE COMPLIANCE & PRIVACY MATTERS



National Coverage Determination Compliance

[Read More](#)

Learn about National Coverage Determinations (NCDs), what they mean to UConn Health, and why it's important that you maintain awareness of requirements for services delivered in your operational area(s).



Office of Healthcare Compliance & Privacy
263 Farmington Avenue, Farmington, CT 06030

Phone: 860.679.6060 **Fax:** 860.679.1016

**UConn
HEALTH**



Practical Guidance for Health Care Governing Boards on Compliance Oversight

Office of Inspector General,
U.S. Department of Health and Human Services
Association of Healthcare Internal Auditors
American Health Lawyers Association
Health Care Compliance Association

About the Organizations

This educational resource was developed in collaboration between the Association of Healthcare Internal Auditors (AHIA), the American Health Lawyers Association (AHLA), the Health Care Compliance Association (HCCA), and the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services (HHS).

AHIA is an international organization dedicated to the advancement of the health care internal auditing profession. The AHLA is the Nation's largest nonpartisan, educational organization devoted to legal issues in the health care field. HCCA is a member-based, nonprofit organization serving compliance professionals throughout the health care field. OIG's mission is to protect the integrity of more than 100 HHS programs, including Medicare and Medicaid, as well as the health and welfare of program beneficiaries.

The following individuals, representing these organizations, served on the drafting task force for this document:

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Catherine A. Martin, Principal, Ober | Kaler (AHLA)

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Sanford V. Teplitzky, Principal, Ober | Kaler (AHLA)

Published on April 20, 2015.

This document is intended to assist governing boards of health care organizations (Boards) to responsibly carry out their compliance plan oversight obligations under applicable laws. This document is intended as guidance and should not be interpreted as setting any particular standards of conduct. The authors recognize that each health care entity can, and should, take the necessary steps to ensure compliance with applicable Federal, State, and local law. At the same time, the authors also recognize that there is no uniform approach to compliance. No part of this document should be taken as the opinion of, or as legal or professional advice from, any of the authors or their respective agencies or organizations.

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Introduction

Previous guidance¹ has consistently emphasized the need for Boards to be fully engaged in their oversight responsibility. A critical element of effective oversight is the process of asking the right questions of management to determine the adequacy and effectiveness of the organization's compliance program, as well as the performance of those who develop and execute that program, and to make compliance a responsibility for all levels of management. Given heightened industry and professional interest in governance and transparency issues, this document seeks to provide practical tips for Boards as they work to effectuate their oversight role of their organizations' compliance with State and Federal laws that regulate the health care industry. Specifically, this document addresses issues relating to a Board's oversight and review of compliance program functions, including the: (1) roles of, and relationships between, the organization's audit, compliance, and legal departments; (2) mechanism and process for issue-reporting within an organization; (3) approach to identifying regulatory risk; and (4) methods of encouraging enterprise-wide accountability for achievement of compliance goals and objectives.

A critical element of effective oversight is the process of asking the right questions....

¹ OIG and AHHA, *Corporate Responsibility and Corporate Compliance: A Resource for Health Care Boards of Directors* (2003); OIG and AHHA, *An Integrated Approach to Corporate Compliance: A Resource for Health Care Organization Boards of Directors* (2004); and OIG and AHHA, *Corporate Responsibility and Health Care Quality: A Resource for Health Care Boards of Directors* (2007).

Expectations for Board Oversight of Compliance Program Functions

A Board must act in good faith in the exercise of its oversight responsibility for its organization, including making inquiries to ensure: (1) a corporate information and reporting system exists and (2) the reporting system is adequate to assure the Board that appropriate information relating to compliance with applicable laws will come to its attention timely and as a matter of course.² The existence of a corporate reporting system is a key compliance program element, which not only keeps the Board informed of the activities of the organization, but also enables an organization to evaluate and respond to issues of potentially illegal or otherwise inappropriate activity.

Boards are encouraged to use widely recognized public compliance resources as benchmarks for their organizations. The Federal Sentencing Guidelines (Guidelines),³ OIG's voluntary compliance program guidance documents,⁴ and OIG Corporate Integrity Agreements (CIAs) can be used as baseline assessment tools for Boards and management in determining what specific functions may be necessary to meet the requirements of an effective compliance program. The Guidelines "offer incentives to organizations to reduce and ultimately eliminate criminal conduct by providing a structural foundation from which an organization may self-police its own conduct through an effective compliance and ethics program."⁵ The compliance program guidance documents were developed by OIG to encourage the development and use of internal controls to monitor adherence to applicable statutes, regulations, and program requirements. CIAs impose specific structural and reporting requirements to

2 *In re Caremark Int'l, Inc. Derivative Litig.*, 698 A.2d 959 (Del. Ch. 1996).

3 U.S. Sentencing Commission, *Guidelines Manual* (Nov. 2013) (USSG), http://www.ussc.gov/sites/default/files/pdf/guidelines-manual/2013/manual-pdf/2013_Guidelines_Manual_Full.pdf.

4 OIG, *Compliance Guidance*, <http://oig.hhs.gov/compliance/compliance-guidance/index.asp>.

5 USSG Ch. 8, Intro. Comment.

promote compliance with Federal health care program standards at entities that have resolved fraud allegations.

Basic CIA elements mirror those in the Guidelines, but a CIA also includes obligations tailored to the organization and its compliance risks. Existing CIAs may be helpful resources for Boards seeking to evaluate their organizations' compliance programs. OIG has required some settling entities, such as health systems and hospitals, to agree to

Board-level requirements, including annual resolutions. These resolutions are signed by each member of the Board, or the designated Board committee, and detail the activities that have been undertaken to review and oversee the organization's compliance with Federal health care program and CIA requirements. OIG has not required this level of Board involvement in every case, but these provisions demonstrate the importance placed on Board oversight in cases OIG believes reflect serious compliance failures.

Although compliance program design is not a “one size fits all” issue, Boards are expected to put forth a meaningful effort....

Although compliance program design is not a “one size fits all” issue, Boards are expected to put forth a meaningful effort to review the adequacy of existing compliance systems and functions. Ensuring that management is aware of the Guidelines, compliance program guidance, and relevant CIAs is a good first step.

One area of inquiry for Board members of health care organizations should be the scope and adequacy of the compliance program in light of the size and complexity of their organizations. The Guidelines allow for variation according to “the size of the organization.”⁶ In accordance with the Guidelines,

⁶ USSG § 8B2.1, comment. (n. 2).

OIG recognizes that the design of a compliance program will depend on the size and resources of the organization.⁷ Additionally, the complexity of the organization will likely dictate the nature and magnitude of regulatory impact and thereby the nature and skill set of resources needed to manage and monitor compliance.

While smaller or less complex organizations must demonstrate the same degree of commitment to ethical conduct and compliance as larger organizations, the Government recognizes that they may meet the Guidelines requirements with less formality and fewer resources than would be expected of larger and more complex organizations.⁸ Smaller organizations may meet their compliance responsibility by “using available personnel, rather than employing separate staff, to carry out the compliance and ethics program.” Board members of such organizations may wish to evaluate whether the organization is “modeling its own compliance and ethics programs on existing, well-regarded compliance and ethics programs and best practices of other similar organizations.”⁹ The Guidelines also foresee that Boards of smaller organizations may need to become more involved in the organizations’ compliance and ethics efforts than their larger counterparts.¹⁰

Boards should develop a formal plan to stay abreast of the ever-changing regulatory landscape and operating environment. The plan may involve periodic updates from informed staff or review of regulatory resources made available to them by staff. With an understanding of the dynamic regulatory environment, Boards will be in a position to ask more pertinent questions of management

7 Compliance Program for Individual and Small Group Physician Practices, 65 Fed. Reg. 59434, 59436 (Oct. 5, 2000) (“The extent of implementation [of the seven components of a voluntary compliance program] will depend on the size and resources of the practice. Smaller physician practices may incorporate each of the components in a manner that best suits the practice. By contrast, larger physician practices often have the means to incorporate the components in a more systematic manner.”); Compliance Program Guidance for Nursing Facilities, 65 Fed. Reg. 14,289 (Mar. 16, 2000) (recognizing that smaller providers may not be able to outsource their screening process or afford to maintain a telephone hotline).

8 USSG § 8B2.1, comment. (n. 2).

9 *Id.*

10 *Id.*

and make informed strategic decisions regarding the organizations' compliance programs, including matters that relate to funding and resource allocation. For instance, new standards and reporting requirements, as required by law, may, but do not necessarily, result in increased compliance costs for an organization. Board members may also wish to take advantage of outside educational programs that provide them with opportunities to develop a better understanding of industry risks, regulatory requirements, and how effective compliance and ethics programs operate. In addition, Boards may want management to create a formal education calendar that ensures that Board members are periodically educated on the organizations' highest risks.

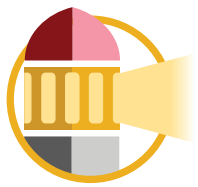
Finally, a Board can raise its level of substantive expertise with respect to regulatory and compliance matters by adding to the Board, or periodically consulting with, an experienced regulatory, compliance, or legal professional. The presence of a professional with health care compliance expertise on the Board sends a strong message about the organization's commitment to compliance, provides a valuable resource to other Board members, and helps the Board better fulfill its oversight obligations. Board members are generally entitled to rely on the advice of experts in fulfilling their duties.¹¹ OIG sometimes requires entities under a CIA to retain an expert in compliance or governance issues to assist the Board in fulfilling its responsibilities under the CIA.¹² Experts can assist Boards and management in a variety of ways, including the identification of risk areas, provision of insight into best practices in governance, or consultation on other substantive or investigative matters.

11 See Del Code Ann. tit. 8, § 141(e) (2010); ABA Revised Model Business Corporation Act, §§ 8.30(e), (f)(2) Standards of Conduct for Directors.

12 See Corporate Integrity Agreements between OIG and Halifax Hospital Medical Center and Halifax Staffing, Inc. (2014, compliance and governance); Johnson & Johnson (2013); Dallas County Hospital District d/b/a Parkland Health and Hospital System (2013, compliance and governance); Forest Laboratories, Inc. (2010); Novartis Pharmaceuticals Corporation (2010); Ortho-McNeil-Janssen Pharmaceuticals, Inc. (2010); Synthes, Inc. (2010, compliance expert retained by Audit Committee); The University of Medicine and Dentistry of New Jersey (2009, compliance expert retained by Audit Committee); Quest Diagnostics Incorporated (2009); Amerigroup Corporation (2008); Bayer HealthCare LLC (2008); and Tenet Healthcare Corporation (2006; retained by the Quality, Compliance, and Ethics Committee of the Board).

Roles and Relationships

Organizations should define the interrelationship of the audit, compliance, and legal functions in charters or other organizational documents. The structure, reporting relationships, and interaction of these and other functions (e.g., quality, risk management, and human resources) should be included as departmental roles and responsibilities are defined. One approach is for the charters to draw functional boundaries while also setting an expectation of cooperation and collaboration among those functions. One illustration is the following, recognizing that not all entities may possess sufficient resources to support this structure:



The compliance function promotes the prevention, detection, and resolution of actions that do not conform to legal, policy, or business standards. This responsibility includes the obligation to develop policies and procedures that provide employees guidance, the creation of incentives to promote employee compliance, the development of plans to improve or sustain compliance, the development of metrics to measure execution (particularly by management) of the program and implementation of corrective actions, and the development of reports and dashboards that help management and the Board evaluate the effectiveness of the program.

The legal function advises the organization on the legal and regulatory risks of its business strategies, providing advice and counsel to management and the Board about relevant laws and regulations that govern, relate to, or impact the organization. The function also defends the organization in legal proceedings and initiates legal proceedings against other parties if such action is warranted.

The internal audit function provides an objective evaluation of the existing risk and internal control systems and framework within an organization. Internal audits ensure monitoring functions are working as intended and identify where management monitoring and/or additional

Board oversight may be required. Internal audit helps management (and the compliance function) develop actions to enhance internal controls, reduce risk to the organization, and promote more effective and efficient use of resources. Internal audit can fulfill the auditing requirements of the Guidelines.

The human resources function manages the recruiting, screening, and hiring of employees; coordinates employee benefits; and provides employee training and development opportunities.

The quality improvement function promotes consistent, safe, and high quality practices within health care organizations. This function improves efficiency and health outcomes by measuring and reporting on quality outcomes and recommends necessary changes to clinical processes to management and the Board. Quality improvement is critical to maintaining patient-centered care and helping the organization minimize risk of patient harm.

Boards should be aware of, and evaluate, the adequacy, independence,¹³ and performance of different functions within an organization on a periodic basis. OIG believes an organization's Compliance Officer should neither be counsel for the provider, nor be subordinate in function or position to counsel or the legal department, in any manner.¹⁴ While independent, an organization's counsel and compliance officer should collaborate to further the interests of the organization. OIG's position on separate compliance and legal functions reflects the independent roles and professional obligations of each function;¹⁵

13 Evaluation of independence typically includes assessing whether the function has uninhibited access to the relevant Board committees, is free from organizational bias through an appropriate administrative reporting relationship, and receives fair compensation adjustments based on input from any relevant Board committee.

14 See OIG and AHHA, *An Integrated Approach to Corporate Compliance: A Resource for Health Care Organization Boards of Directors*, 3 (2004) (citing Compliance Program Guidance for Hospitals, 63 Fed. Reg. 8,987, 8,997 (Feb. 23, 1998)).

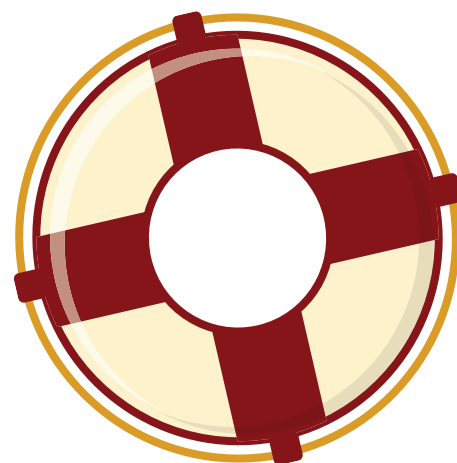
15 See, generally, *id.*

the same is true for internal audit.¹⁶ To operate effectively, the compliance, legal, and internal audit functions should have access to appropriate and relevant corporate information and resources. As part of this effort, organizations will need to balance any existing attorney-client privilege with the goal of providing such access to key individuals who are charged with the responsibility for ensuring compliance, as well as properly reporting and remediating any violations of civil, criminal, or administrative law.

The Board should have a process to ensure appropriate access to information; this process may be set forth in a formal charter document approved by the Audit Committee of the Board or in other appropriate documents. Organizations that do not separate these functions (and some organizations may not have the resources to make this complete separation) should recognize the potential risks of such an arrangement. To partially mitigate these potential risks, organizations should provide individuals serving in multiple roles the capability to execute each function in an independent manner when necessary, including through reporting opportunities with the Board and executive management.

Boards should also evaluate and discuss how management works together to address risk, including the role of each in:

- 1.** identifying compliance risks,
- 2.** investigating compliance risks and avoiding duplication of effort,
- 3.** identifying and implementing appropriate corrective actions and decision-making, and
- 4.** communicating between the various functions throughout the process.



¹⁶ Compliance Program Guidance for Hospitals, 63 Fed. Reg. 8,987, 8,997 (Feb. 23, 1998) (auditing and monitoring function should “[b]e independent of physicians and line management”); Compliance Program Guidance for Home Health Agencies, 63 Fed. Reg. 42,410, 42,424 (Aug. 7, 1998) (auditing and monitoring function should “[b]e objective and independent of line management to the extent reasonably possible”); Compliance Program Guidance for Nursing Facilities, 65 Fed. Reg. 14,289, 14,302 (Mar. 16, 2000).

Boards should understand how management approaches conflicts or disagreements with respect to the resolution of compliance issues and how it decides on the appropriate course of action. The audit, compliance, and legal functions should speak a common language, at least to the Board and management, with respect to governance concepts, such as accountability, risk, compliance, auditing, and monitoring. Agreeing on the adoption of certain frameworks and definitions can help to develop such a common language.

Reporting to the Board

The Board should set and enforce expectations for receiving particular types of compliance-related information from various members of management. The Board should receive regular reports regarding the organization's risk mitigation and compliance efforts—separately and independently—from a variety of key players, including those responsible for audit, compliance, human resources, legal, quality, and information technology. By engaging the leadership team and others deeper in the organization, the Board can identify who can provide relevant information about operations and operational risks. It may be helpful and productive for the Board to establish clear expectations for members of the management team and to hold them accountable for performing and informing the Board in accordance with those expectations. The Board may request the development of objective scorecards that measure how well management is executing the compliance program, mitigating risks, and implementing corrective action plans. Expectations could also include reporting information on internal and external investigations, serious issues raised in internal and external audits, hotline call activity, all allegations of material fraud or senior management misconduct, and all management exceptions to the organization's

The Board should receive regular reports regarding the organization's risk mitigation and compliance efforts....

code of conduct and/or expense reimbursement policy. In addition, the Board should expect that management will address significant regulatory changes and enforcement events relevant to the organization's business.

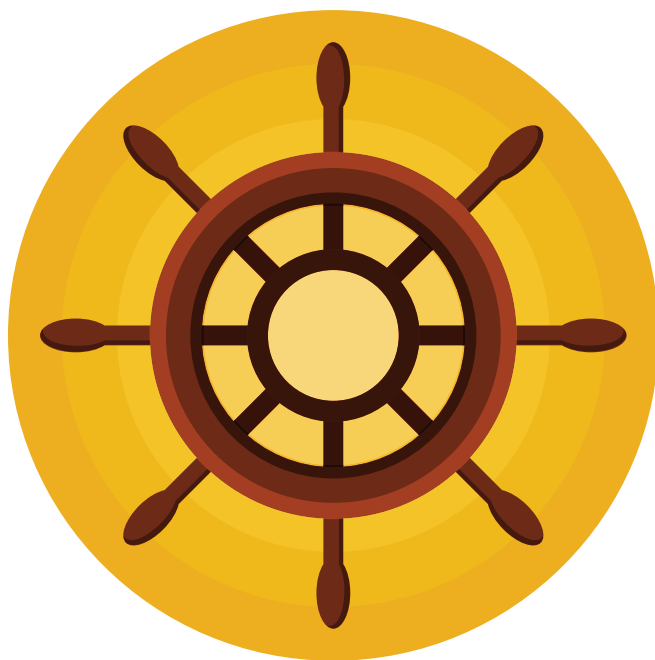
Boards of health care organizations should receive compliance and risk-related information in a format sufficient to satisfy the interests or concerns of their members and to fit their capacity to review that information. Some Boards use tools such as dashboards—containing key financial, operational and compliance indicators to assess risk, performance against budgets, strategic plans, policies and procedures, or other goals and objectives—in order to strike a balance between too much and too little information. For instance, Board quality committees can work with management to create the content of the dashboards with a goal of identifying and responding to risks and improving quality of care. Boards should also consider establishing a risk-based reporting system, in which those responsible for the compliance function provide reports to the Board when certain risk-based criteria are met. The Board should be assured that there are mechanisms in place to ensure timely reporting of suspected violations and to evaluate and implement remedial measures. These tools may also be used to track and identify trends in organizational performance against corrective action plans developed in response to compliance concerns. Regular internal reviews that provide a Board with a snapshot of where the organization is, and where it may be going, in terms of compliance and quality improvement, should produce better compliance results and higher quality services.

As part of its oversight responsibilities, the Board may want to consider conducting regular “executive sessions” (i.e., excluding senior management) with leadership from the compliance, legal, internal audit, and quality functions to encourage more open communication. Scheduling regular executive sessions creates a continuous expectation of open dialogue, rather than calling such a session only when a problem arises, and is helpful to avoid suspicion among management about why a special executive session is being called.

Identifying and Auditing Potential Risk Areas

Some regulatory risk areas are common to all health care providers. Compliance in health care requires monitoring of activities that are highly vulnerable to fraud or other violations. Areas of particular interest include referral relationships and arrangements, billing problems (e.g., upcoding, submitting claims for services not rendered and/or medically unnecessary services), privacy breaches, and quality-related events.

The Board should ensure that management and the Board have strong processes for identifying risk areas. Risk areas may be identified from internal or external information sources. For instance, Boards and management may identify regulatory risks from internal sources, such as employee reports to an internal compliance hotline or internal audits. External sources that may be used to identify regulatory risks might include professional organization publications, OIG-issued guidance, consultants, competitors, or news media. When failures or problems in similar organizations are publicized, Board members should ask their own management teams whether there are controls and processes in place to reduce the risk of, and to identify, similar misconduct or issues within their organizations.



The Board should ensure that management consistently reviews and audits risk areas, as well as develops, implements, and monitors corrective action plans. One of the reasonable steps an organization is expected to take

under the Guidelines is “monitoring and auditing to detect criminal conduct.”¹⁷ Audits can pinpoint potential risk factors, identify regulatory or compliance problems, or confirm the effectiveness of compliance controls. Audit results that reflect compliance issues or control deficiencies should be accompanied by corrective action plans.¹⁸

Recent industry trends should also be considered when designing risk assessment plans. Compliance functions tasked with monitoring new areas of risk should take into account the increasing emphasis on quality, industry consolidation, and changes in insurance coverage and reimbursement. New forms of reimbursement (e.g., value-based purchasing, bundling of services for a single payment, and global payments for maintaining and improving the health of individual patients and even entire populations) lead to new incentives and compliance risks. Payment policies that align payment with quality care have placed increasing pressure to conform to recommended quality guidelines and improve quality outcomes. New payment models have also incentivized consolidation among health care providers and more employment and contractual relationships (e.g., between hospitals and physicians). In light of the fact that statutes applicable to provider-physician relationships are very broad, Boards of entities that have financial relationships with referral sources or recipients should ask how their organizations are reviewing these arrangements for compliance with the physician self-referral (Stark) and anti-kickback laws. There should also be a clear understanding between the Board and management as to how the entity will approach and implement those relationships and what level of risk is acceptable in such arrangements.

Emerging trends in the health care industry to increase transparency can present health care organizations with opportunities and risks. For example, the Government is collecting and publishing data on health outcomes and quality measures (e.g., Centers for Medicare & Medicaid Services (CMS) Quality Compare Measures), Medicare payment data are now publicly available (e.g.,

¹⁷ See USSG § 8B2.1(b)(5).

¹⁸ See USSG § 8B2.1(c).

CMS physician payment data), and the Sunshine Rule¹⁹ offers public access to data on payments from the pharmaceutical and device industries to physicians. Boards should consider all beneficial use of this newly available information. For example, Boards may choose to compare accessible data against organizational peers and incorporate national benchmarks when assessing organizational risk and compliance. Also, Boards of organizations that employ physicians should be cognizant of the relationships that exist between their employees and other health care entities and whether those relationships could have an impact on such matters as clinical and research decision-making. Because so much more information is becoming public, Boards may be asked significant compliance-oriented questions by various stakeholders, including patients, employees, government officials, donors, the media, and whistleblowers.

Encouraging Accountability and Compliance

Compliance is an enterprise-wide responsibility. While audit, compliance, and legal functions serve as advisors, evaluators, identifiers, and monitors of risk and compliance, it is the responsibility of the entire organization to execute the compliance program.

In an effort to support the concept that compliance is “a way of life,” a Board may assess employee performance in promoting and adhering to compliance.²⁰ An organization may assess individual, department, or facility-level performance or consistency in executing the compliance program. These assessments can then be used to either withhold incentives or to provide bonuses

Compliance is an enterprise-wide responsibility.

19 See Sunshine Rule, 42 C.F.R. § 403.904, and CMS *Open Payments*, <http://www.cms.gov/Regulations-and-Guidance/Legislation/National-Physician-Payment-Transparency-Program/index.html>.

20 Compliance Program Guidance for Nursing Facilities, 65 Fed. Reg. 14,289, 14,298-14,299 (Mar. 16, 2000).

based on compliance and quality outcomes. Some companies have made participation in annual incentive programs contingent on satisfactorily meeting annual compliance goals. Others have instituted employee and executive compensation claw-back/recoupment provisions if compliance metrics are not met. Such approaches mirror Government trends. For example, OIG is increasingly requiring certifications of compliance from managers outside the compliance department. Through a system of defined compliance goals and objectives against which performance may be measured and incentivized, organizations can effectively communicate the message that everyone is ultimately responsible for compliance.

Governing Boards have multiple incentives to build compliance programs that encourage self-identification of compliance failures and to voluntarily disclose such failures to the Government. For instance, providers enrolled in Medicare or Medicaid are required by statute to report and refund any overpayments under what is called the 60 Day Rule.²¹ The 60-Day Rule requires all Medicare and Medicaid participating providers and suppliers to report and refund known overpayments within 60 days from the date the overpayment is “identified” or within 60 days of the date when any corresponding cost report is due. Failure to follow the 60-Day Rule can result in False Claims Act or civil monetary penalty liability. The final regulations, when released, should provide additional guidance and clarity as to what it means to “identify” an overpayment.²² However, as an example, a Board would be well served by asking management about its efforts to develop policies for identifying and returning overpayments. Such an inquiry would inform the Board about how proactive the organization’s compliance program may be in correcting and remediating compliance issues.

21 42 U.S.C. § 1320a-7k.

22 Medicare Program; Reporting and Returning of Overpayments, 77 Fed. Reg. 9179, 9182 (Feb. 16, 2012) (Under the proposed regulations interpreting this statutory requirement, an overpayment is “identified” when a person “has actual knowledge of the existence of the overpayment or acts in reckless disregard or deliberate ignorance of the overpayment.”) disregard or deliberate ignorance of the overpayment.”); Medicare Program; Reporting and Returning of Overpayments; Extensions of Timeline for Publication of the Final Rule, 80 Fed. Reg. 8247 (Feb. 17, 2015).

Organizations that discover a violation of law often engage in an internal analysis of the benefits and costs of disclosing—and risks of failing to disclose—such violation to OIG and/or another governmental agency. Organizations that are proactive in self-disclosing issues under OIG’s Self-Disclosure Protocol realize certain benefits, such as (1) faster resolution of the case—the average OIG self-disclosure is resolved in less than one year; (2) lower payment—OIG settles most self-disclosure cases for 1.5 times damages rather than for double or treble damages and penalties available under the False Claims Act; and (3) exclusion release as part of settlement with no CIA or other compliance obligations.²³ OIG believes that providers have legal and ethical obligations to disclose known violations of law occurring within their organizations.²⁴ Boards should ask management how it handles the identification of probable violations of law, including voluntary self-disclosure of such issues to the Government.

As an extension of their oversight of reporting mechanisms and structures, Boards would also be well served by evaluating whether compliance systems and processes encourage effective communication across the organizations and whether employees feel confident that raising compliance concerns, questions, or complaints will result in meaningful inquiry without retaliation or retribution. Further, the Board should request and receive sufficient information to evaluate the appropriateness of management’s responses to identified violations of the organization’s policies or Federal or State laws.

Conclusion

A health care governing Board should make efforts to increase its knowledge of relevant and emerging regulatory risks, the role and functioning of the organization’s compliance program in the face of those risks, and the flow and elevation of reporting of potential issues and problems to

23 See OIG, *Self-Disclosure Information*, <http://oig.hhs.gov/compliance/self-disclosure-info>.

24 See *id.*, at 2 (“we believe that using the [Self-Disclosure Protocol] may mitigate potential exposure under section 1128J(d) of the Act, 42 U.S.C. 1320a-7k(d).”)

senior management. A Board should also encourage a level of compliance accountability across the organization. A Board may find that not every measure addressed in this document is appropriate for its organization, but every Board is responsible for ensuring that its organization complies with relevant Federal, State, and local laws. The recommendations presented in this document are intended to assist Boards with the performance of those activities that are key to their compliance program oversight responsibilities. Ultimately, compliance efforts are necessary to protect patients and public funds, but the form and manner of such efforts will always be dependent on the organization's individual situation.

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ATTACHMENT 5.1

University of Connecticut
Joint Audit & Compliance Committee Meeting
Public Session
Sept 21, 2023

UConn – Information Technology Services

Financials FY2024 Operating

State Appropriation and Tuition Budget and Forecasted Expenditures:

	Budget	<u>\$42.7M</u>
Forecasted Personal Services and Fringe Benefits		\$30.1M
Forecasted Operating Expenses		<u>\$12.6M</u>
Forecasted Carryforward		<u>\$ 0.0M</u>

In FY2024, an additional operating budget of \$0.7M was approved for ITS. Due to contractual increases not centrally funded for this fiscal year, ITS internally funded all base salary, cost of living adjustment, and merit increases at 4.5%, which totaled ~\$0.7M, effectively resulting in a \$0.0M increase to the operating budget.

Deferred maintenance funding remains at \$1.7M and wired access layer refresh cabling was funded at \$2.0M. The wired and wireless equipment for the access layer is now on an annual refresh schedule and was funded at \$1.0M.

Capital funding of \$1.0M was approved this year for Network (Core and Distribution) and Security investments.

Information Technology Staffing (as of 8/21/23)

- ITS has thirteen new open positions.
- There have been ten new hires since May 26, 2023.
- There have been ten new Special Payroll hires since May 26, 2023.
- Since May 26, 2023, there have been seven separations and one new retirement.

Major Outages (as of 8/21/23)

<u>Outage Taxonomy</u>	<u># of Issues</u>	<u>Systems Affected</u>
Network Issue - Hardware	0	
Network Issue - Software	0	
Network Issue – Request Flood	0	
System Issue - Hardware	0	
System Issue - Software	0	
Third Party	4	Campus Wide Power (2), External Phone Services, and DUO Outage

Total # of Major Outages: 4

UConn – IT Projects Status (as of 8/21/23)

Project Name	Brief Project Description	Planned Budget	Actual Spend	Status	Rational for Yellow and Red Status	Expected Completion Date
WALR FY 2022 Phase 3	Upgrade all network equipment and wired access infrastructure for the University	\$4.000M	\$3.582M	COMPLETE	All work is complete.	NA
WALR FY 2023 Phase 4	Upgrade all network equipment and wired access infrastructure for the University	\$2.000M	\$1.530M	YELLOW	Completed McMahon Residence Hall. Hardware deployment for School of Business delayed.	12/31/2023
WALR FY 2024 Facilities Operations /Cabling Phase 5	Upgrade cabling and related infrastructure for continued network access upgrades	\$2.000M	\$0	GREEN	Began procurement.	9/30/2024
Kuali – Upgrade to Cloud	Migrate university Kuali Financials system from on-premise to Kuali-Co cloud solution.	\$1.400M	\$0.571M	GREEN	On schedule, on budget.	3/31/2024

ATTACHMENT 5.2

Joint Audit & Compliance Committee: September 21, 2023

UConn Health Information Technology Services

Public Session Key Takeaways

- **Financials FY2023 Q4: \$287,116 negative variance to budget. For Fiscal Year 2023 we were \$1,321,591 under budget.**
- **Staffing:**
 - **15 open positions**
 - **3 new positions**
- **Completed 34 projects between June – August 2023 or roughly 11 per month which aligns with our monthly average of 11/month.**
- **Of the 8 active projects listed in the IT Infrastructure – Security Program that remain:**
 - **2 Projects are in a Green status and on track**
 - **6 Projects are Yellow in a Watch status. Of these, 4 are related to our Network Refresh efforts and under a Watch status due to supply chain delays. All equipment has been received and we are now entering the 18 month deployment activities and monitoring closely.**
- **Two meetings of IT Governance have occurred to approve and prioritize major projects.**
- **Epic focus has been:**
 - **Epic Honor Roll recognition program to include recognition of Epic 8 Star (meaning we are a leader on the cutting edge and a leading organization in EMR use), Wound Care, Bone Marrow Transplant and Behavioral Health implementations., Epic Cheers solution deployment (one of 5 organizations leading the deployment of this full suite of functionality), Governance development, and projects approved and managed via IT Governance (ITG) Committee.**

University of Connecticut
Joint Audit & Compliance Committee Meeting
Public Session
September 21, 2023

UConn Health – Information Technology Services

Financials FY2023 Q4 Operating

State Appropriation and Tuition Budget and Forecasted Expenditures:

Budget	\$14,595,245
Personal Services and Fringe Benefits	\$10,052,711
Purchased Services	\$4,829,650
FY23 Q4 Actual/Projected	<u>\$14,882,361/14,595,245</u>
Q4 Variance	(\$287,116.68)
FY 23 End of Year Variance	\$1,321,591

Information Technology Staffing (as of 8/31/2023)

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

1. Open Positions:
 - a. 15 Open Technology Positions
2. New Positions:
 - a. 3 new positions
3. Hold: none
4. Terminations: none

Outages (6/01/23 – 8/31/23)

Outage	# of Issues	Duration	Systems Affected	Remediation
None to report				