

**MEETING OF THE JOINT AUDIT AND COMPLIANCE COMMITTEE**  
**June 5, 2008**  
**10:00 a.m.**

**via UHC Conference Room and Teleconference**

TRUSTEES/DIRECTORS PRESENT: Messrs: Barry, Drotch, Haberland, Goldberg, and Nayden

STAFF PRESENT: Messrs: Bradley, Brohinsky, Callahan, Deckers, DeTora, Eaton, Feldman, Geoghegan, Hathaway, Kleinman, Larkin, Mattessich, McDowell, Nicholls, Noonan, O'Keefe, Patel, Rowe, Small, Sullivan, Upton, Urban, Veilleux, Walker, and Wetstone

Mesdames: Alexander, Aronson, Bailot, Barberi, Brady, Chiaputti, Liskom, Liu, Main, Mauriello, Munroe, Nichols, Rubin, Troyer, Violette, Welt, and Zincavage

UHY: Messrs. Brooder and Scillia

SEWARD & MONDE Mr. Puzzo

STATE AUDITORS: Messrs. Carroll, Rasimas and Slupecki

MEDIA: Ms. Merritt

The teleconference of the Joint Audit & Compliance Committee (JACC) was called to order at 10:03 a.m. by Trustee Nayden.

**TAB 1: Minutes**

**ON A MOTION** by Trustee Nayden and seconded by Trustee Drotch, the minutes of the March 12, 2008 JACC meeting were approved.

**TAB 2: Follow-up to the March 12, 2008 JACC Meeting**

K.M. Walker informed the JACC that OACE served on 35 committees; 27 of those committees were standing committees and eight were project based committees. Mr. Walker noted that he and President Hogan are considering conducting a University-wide evaluation and possibly a survey to determine the number of committees, time required, etc.

**TAB 3: Significant Compliance Activities**

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

As a result of the Compliance Agreement made between the Environmental Protection Agency (EPA) and the University of Connecticut, the Chief Audit & Compliance Officer is required to submit annual reports to the EPA every July 1<sup>st</sup>. OACE is well on its way in preparing that report. At this time, there are no material findings to report. Additional information will be provided to the committee once this report has been finalized.

The number of Freedom of Information Act (FOIA) requests has increased significantly since 2006 when OACE took over this task from the Attorney General's Office. The volume of FOIA requests is becoming an issue, an issue that we need to pay close attention to. Trustee Rowe asked K.M. Walker to check with other public institutions to see if they were experiencing this volume of requests.

S. Wetstone updated the JACC on UCHC's FOIA requests. S. Wetstone informed the JACC that he does not handle all FOIA requests made to the UCHC; he handles only those requests that are directed to Dr. Decker's office. There are seven or eight offices that handle FOIA requests at UCHC. UCHC does not have a centralized approach to handling these requests as the Storrs Campus does. W. Kleinman informed the JACC that there are different resources being made available to the Storrs Campus that are not made available to UCHC and feels that this needs to be addressed. K. M. Walker agreed to look at best practices between the two campuses.

OACE in Storrs is wrapping up annual compliance training required under the Compliance Agreement for this year; 90+% of the University have attended the training sessions either in person or on-line.

I. Mauriello informed the JACC that they have filled the two Coder Trainer positions at UCHC.

In compliance with the John Dempsey's Hospitals Certification of Compliance Agreement dated June 25, 2007, UCHC compliance is required to submit their first Annual Certification of Compliance Agreement Report to the Office of Inspector General of the Department of Health and Human Services by June 25, 2008. A table of contents and certification page has been provided to JACC members in Tab 3 of their packets. I. Mauriello believes that the government will take a close look at Section IV – Summary of Reviews, Audits or Analyses of Claims for the Administration of Herceptin, Drug Infusion Therapy and Chemotherapy Administration and Section V – Aggregate Overpayment Summary; five issues will be reported on under this section.

A copy of UCHC's quarterly newsletter the "Compliance courier" (Volume 2, Issue 1) was provided in Tab 3. The "Compliance courier" provides updates on important compliance issues and addresses frequently asked questions at the UCHC.

#### **TAB 4: Status of Audit Assignments**

OACE provided the JACC with the status of current audit assignments. There were seven audits completed during this reporting period.

K.M. Walker informed the JACC that C. Chiaputti has been doing double duty in supervising the audit staff at UCHC and Storrs. Since January, OACE has hired three new auditors at the Health Center. OACE is in the process of interviewing candidates for the Construction Auditor position in Storrs. Once this position is filled, OACE will be operating with a full auditing staff.

The FY 09 Risk Assessment is ongoing at this time. This Risk Assessment will drive the audit plan. Areas identified in the Risk Assessment, as well as audits not completed from the FY 08 audit plan will be combined to make up the new audit plan. Due to the volume of information, OACE is considering making this plan a two-year audit plan. Trustee Nayden indicated that we have not been operating at full capacity and this has significantly impacted the audit plan.

OACE provided a copy of management's responses to the three recommendations emanating from the March 20, 2008 Auditors' Report concerning the special review of UConn 2000 expenditures conducted by the Auditors of Public Accounts.

#### **TAB 5: Seward and Monde**

A. Puzzo from Seward and Monde summarized their Independent Accountants' Report on Applying Agreed-Upon Procedures to the Statements of Revenues and Expenses of Intercollegiate Athletics Program.

#### **TAB 6: Auditors of Public Accounts – University of Connecticut and University of Connecticut Health Center Statewide Single Audit – June 30, 2007**

J. Rasimis provided the JACC with an overview of their Statewide Single Audit – June 30, 2007. He briefly went over what a Single Audit was and addressed two of the 13 findings; Finding #5 – Nepotism at UCHC and Finding #7 – Cash Management.

- Finding #5 – Nepotism – UCHC

The Auditors of Public Accounts found four instances where principal investigators were approving the time and effort reports of family members that were charged to NIH grants. UCHC did not agree with this finding and believes that the UCHC's current nepotism policy is consistent with State Law and that potential conflicts of individuals related to a principal investigator are appropriately handled through reassignment of the direct or indirect line of supervision to a party other than the related party. In November 2007, the Health Center sought guidance from the Office of State Ethics to ensure that the UCHC's nepotism policy and practices are aligned with State Law. UCHC is currently awaiting a response from the Office of State Ethics. In order to close out this issue, the Auditors of Public Accounts would have to review the response from the Office of State Ethics to see exactly how closely their decision addresses the issue that UCHC brought up.

At the request of Director Haberland, S. Whetstone has agreed to add this issue to the agenda of the next Board of Directors meeting for discussion and then brought back to the JACC for further discussion.

- Finding #7 – Cash Management

Cash Management provisions require that cash advances for Federal programs be drawn as close as administratively possible to the actual cost outlay of program costs. The UCHC maintained cash balances of almost \$2,500,000 for a Department of Defense Research and Development Program, which is more than what is normally expended in an entire year. UCHC agreed with this finding. J. Small informed the JACC that it is difficult to return funds to the Department of Defense, as they do not take money back easily and they move slowly.

## **TAB 7: External Audit Projects**

Seward and Monde, as well as Accume have completed their engagements with the University. PwC was initially engaged to conduct an audit of the Medicare Cost Report however, they withdrew due to a conflict of interest; this audit will now be done by Internal Auditing Staff.

M. Brooder from UHY, LLP updated the JACC on the status of their Construction Audit; anticipated completion date is June 30, 2008.

There being no further questions or issues, **ON A MOTION** made by Trustee Nayden and seconded by Director Haberland, the meeting was convened to Executive Session pursuant to Connecticut General Statutes Section 1-200 at 10:57am. Management was dismissed. J. Carroll, J. Rasimis and G. Slupecki (Auditors of Public Accounts), A. Puzzo (Seward & Monde), M. Brooder and A. Scillia (UHY), remained for the Executive Session to meet with the JACC members and members of the Office of Audit, Compliance & Ethics to discuss management performance. C. Chiaputti, P. Drotch, J. Goldberg, P. Barry, J. Haberland, M. Liskom, I. Mauriello, D. Nayden, J. Nichols, K. Bailot, E. Zincavage, D. Barberi, Y. Liu, R. Rubin, K. Violette and K.M. Walker were present at this session.

The meeting was adjourned at 11:05 a.m.

Respectfully submitted,

*Karen Violette*

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Secretary to the JACC