## Joint Audit & Compliance Committee

**Agenda**

1:00pm – 1:30 pm – Executive Session  
1:30pm – 3:30 pm - Public Meeting

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Action</th>
<th>Tab</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Session to discuss:</strong></td>
<td></td>
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<tr>
<td>• C.G.S. 1-200(6)[E] – Preliminary drafts or notes that the public agency has determined the public’s interest in withholding outweighs the public’s interest in disclosure. [1-210(b)(1)]</td>
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</tr>
<tr>
<td>• C.G.S. 1-200(6)[E] A discussion of any matter which would result in the disclosure of public records or the information contained therein pertaining to strategy and negotiations with respect to pending claims regarding Recovery Audit Contractor (RAC) Audits [1-210(b)(4)]</td>
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<tr>
<td>• C.G.S. 1-200(6)[C] - Matters concerning standards, processes and codes not available to the public the disclosure of which would compromise the security or integrity of information technology systems</td>
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<tr>
<td><strong>Opportunity for Public Comment</strong></td>
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<tr>
<td><strong>Minutes of the JACC</strong></td>
<td>Approval</td>
<td>1</td>
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<tr>
<td>• March 12, 2012</td>
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<td>• April 12, 2012</td>
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<tr>
<td><strong>Storrs &amp; UCHC Significant Compliance Activities</strong></td>
<td>Presentation</td>
<td>2</td>
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<tr>
<td>• Athletics</td>
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<tr>
<td>• Data Security and Records Management Program</td>
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<tr>
<td><strong>Significant Audit Activities</strong></td>
<td>Update</td>
<td>3</td>
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<tr>
<td>• Status of Audit Assignments (Storrs &amp; UCHC)</td>
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<tr>
<td>• Audit Follow-up Activity</td>
<td></td>
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<tr>
<td><strong>Joint Audit and Compliance Committee</strong></td>
<td>Approval</td>
<td>4</td>
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<tr>
<td>• Annual Charter Review/Update</td>
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</table>

June 7, 2012

*Individual Responsibility, Institutional Success*
# Joint Audit & Compliance Committee Agenda

**1:00pm – 1:30 pm – Executive Session**  
**1:30pm – 3:30 pm – Public Meeting**

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<thead>
<tr>
<th>Issue</th>
<th>Proposed Action</th>
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<tbody>
<tr>
<td>External Engagements Update</td>
<td>Update</td>
<td>5</td>
</tr>
<tr>
<td>Informational/Educational Items</td>
<td>Information Only</td>
<td>6</td>
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</tbody>
</table>
  |  • Quarterly Newsletter for Spring 2012  
  |  • Storrs  
  |  • UCHC | |
  |  • Newsletter, “Tone at the Top” – Issue 55 / April 2012  
  |  (Copyright 2012 The Institute of Internal Auditors) | |
  |  • Article “Information on Implementation of the Physician Payments Sunshine Act” (Centers for Medicare & Medicaid Services) | |
  |  • Article “New Health Law will Require Industry To Disclose Payments To Physicians” (Kaiser Health News) | |
  |  • Agenda Forecast | |
| Conclusion of Full Meeting | | |
| Information Session with OACE’s Chief Audit & Compliance Auditor and Direct Reports | | |

The next meeting of the JACC will be held on August 9, 2012 at 1:00 pm
TAB 1
JACC Special Meeting Minutes
March 12, 2012

JACC Members: F. Archambault, F. Borges, P. Drotch, D. Nayden, and W. Shepperd


McGladrey & Pullen: M. Bloom, L. Plack and L. Schaedel

The special meeting of the Joint Audit and Compliance Committee (JACC) was called to order at 10:30 am by Trustee Nayden.

Tab 1 – McGladrey & Pullen

M. Bloom, L. Plack and L. Schaedel of McGladrey & Pullen presented their draft reports on UConn 2000 for June 30, 2011 as follows:

- Agreed-Upon procedures on UConn 2000 construction expenditures
- Construction expenditures of UConn 2000 projects substantially completed

The JACC accepted these reports as written; final reports may now be issued.

Tab 2 – Marcum, LLP

The Office of Audit, Compliance & Ethics recommended that the Joint Audit & Compliance Committee approve the appointment of the accounting firm, Marcum, LLP, as independent auditors of the John Dempsey Hospital, University Medical Group and the UCHC Finance Corporation including the Office of Health Care Access and Hypothecation reports filed with the State of Connecticut for fiscal years 2012, 2013 and 2014.

ON A MOTION made by Trustee Shepperd and seconded by Trustee Archambault the JACC approved their hiring of Marcum LLP.

There was no further business.

ON A MOTION made by Trustee Drotch and seconded by Trustee Shepperd, the meeting was adjourned at 10:50 am.

Respectfully submitted,

Karen Violette
Secretary to the Joint Audit & Compliance Committee
The meeting of the Joint Audit and Compliance Committee (JACC) was called to order at 1:05 pm by Trustee Nayden.

**ON A MOTION** made by Trustee Drotch and seconded by Trustee Shepperd, THE JACC VOTED to go into executive session to discuss:

C.G.S. 1-200(6)[E] Preliminary drafts or notes that the public agency has determined the public’s interest in withholding outweighs the public’s interest in disclosure [1-210(b)(l)].

C.G.S. 1-200(6)[E] A discussion of any matter which would result in the disclosure of public records or the information contained therein pertaining to strategy and negotiations with respect to pending claims regarding Recovery Audit Contractor (RAC) Audits [1-210(b)(4)].

C.G.S. 1-200 (6)[C] Matters concerning standards, processes and codes not available to the public the disclosure of which would compromise the security or integrity of information technology systems.


The Executive Session ended at 2:00 p.m. and the JACC returned to open session at 2:05 p.m. There were no public comments.
TAB 1 - Minutes of the December 15, 2011 JACC Meeting

ON A MOTION made by Director Borges and seconded by Trustee Drotch, the minutes of December 15, 2011 meeting were approved.

TAB 2 - Significant Compliance Activities

K. Fearney and I. Mauriello provided the JACC with a summary of significant compliance activities for both the University of Connecticut (University) and the University of Connecticut Health Center (UCHC) including:

UCHC

- Annual Compliance Training
- Institutional Conflict of Interest (Col) Disclosures in Research
- Department of Health & Human Services, Office of Inspector General (OIG) Work Plan
- Coding – Internal Classification of Diseases (ICD) – ICD – 10 and Version 5010 Changes
- Nuclear Regulatory Commission Review
- Food and Drug Administration Review
- 2011 Annual Report to Office for Civil Rights – HIPAA

J. Kulko presented the JACC with an update on Clinical Trials Billing Monitors

Storrs

- Annual Compliance Training
- Freedom of Information Update
- Privacy Update

T. Monahan presented the JACC with an update on Environmental Health and Safety activities.

TAB 3 - Significant Audit Activities

C. Chiaputti provided the JACC with a status update of current audit assignments. OACE completed 9 audits this cycle. In addition OACE completed two special projects. JACC deferred acceptance of two of the nine audits completed (CITI and CCEI) during this period, pending additional management responses. The nine audits completed this period were:

- Capitol Projects Policy and Procedures Review – Facilities Development and Operations
- ARRA Validation (4th Quarter, 2011)
- Accounts Receivable / Bad Debt
- Clinical Engineering Systems Audit
- Connecticut Center for Entrepreneurship and Innovation (CCEI)
- Connecticut Institute Technology Institute (CITI)
- UCHC Quality Reporting Process
- NCAA Division I-A Membership Requirements
- ARRA Construction Project
Tab 4 – Joint Audit and Compliance Committee

K. Walker updated the JACC on the 2011 Self Assessment Executive Summary and Detailed Analysis.

Tab 5 – OACE Strategic Plan FY 2012-2014

K. Walker updated the JACC on the status of the OACE Strategic Plan for Fiscal Years 2012 through 2014.

Tab 6 – External Audit Projects

The JACC was provided with an update on all external audit projects currently underway at the University and UCHC.

A special meeting was held on March 12, 2012 to seek JACC approval to hire Marcum, LLP to perform financial audits of the John Dempsey Hospital (JDH), UCHC Finance Corporation and the University Medical Group (UMG) and to discuss UConn 2000 Construction audits conducted by McGladrey & Pullen, FY11.

Tab 7 – Auditors of Public Accounts

J. Rasimas and J. Carroll presented their communications to the JACC on the University and UCHC Financial Statements as of and for the year ended June 30, 2011.

TAB 8 – Informational/Educational Items

The JACC was provided with copies of the quarterly newsletter – University of Connecticut (Winter 2012), the JACC Agenda Forecast and the “Ohio State Needs Ethics Office” ESPN.com.

There was no further business.

ON A MOTION made by Trustee Drotch and seconded by Director Borges, the meeting was adjourned at 3:00 p.m.

Respectfully submitted,

Angela Marsh

Angela Marsh
Assistant Secretary to the Joint Audit & Compliance Committee
TAB 2
Joint Audit & Compliance Committee
Significant Compliance Activities

UCHC

Institutional Conflict of Interest (CoI) Disclosures in Research

Process underway. All disclosures made. Institutional CoI Management Committee is reviewing and determining necessary management plans.

Coding – International Classification of Diseases (ICD) – ICD – 10 and Version 5010 Changes

Due to provider group serious concerns about ability to meet regulation for October 1, 2013, CMS has delayed the compliance deadline to October 1, 2014.

New National Institutes of Health CoI Rule

The new rule requires compliance effective August 24, 2012. The rule modifies the definitions, thresholds, and requirements for disclosing, reviewing, managing and reporting financial relationships between research personnel and outside entities. Policy updates and training are underway.

Government Refunds

- **Psychiatric Partial Hospitalization (PHP) and Intensive Outpatient Treatment (IOP)**

  Management requested a review of this program by internal audit. The review noted overpayment of Medicare and Medicaid dollars due to documentation deficiencies and an unlicensed provider. A consultant with expertise in psychiatric care reviewed affected records to determine the definitive overpayment. These were subsequently refunded. Management has implemented comprehensive reviews prior to billing the service as corrective action.

- **Insulin**

  Overpayments were discovered during an audit of the hospital chargemaster. A two-fold problem was identified. It was noted that the drug insulin was set up in the chargemaster in one hundred unit increments rather than the five unit increments required by most Medicare codes. Also, deficiencies in the charge capture process initiated a charge every time the insulin was ordered rather than administered. The compounding effect of the errors resulted in a material overstatement of charges in some Medicare patients, creating an overpayment that required refund. Management determined that until such time as a technology correction could be implemented assuring proper charging on administration of the drug, billing is on hold.
Joint Audit & Compliance Committee
Significant Compliance Activities

STORRS

Annual Compliance Training


Freedom of Information Update

- Decision reached by the Connecticut Supreme Court in University of Connecticut v. Freedom of Information Commission, 303 Conn. 724 (Feb. 21, 2012). The case established concretely that the University can establish and maintain trade secrets, including customer lists, and may utilize where appropriate the exception in the Freedom of Information Act to withhold records the University determines to constitute trade secrets, even though the University does not principally engage in a trade.

Privacy Update

- FERPA Group has been convened to review the University’s FERPA policy in light of new regulations that became effective in January, 2012.

- Increasing our focus on proactive privacy and information management by way of the Records Management Initiative being rolled out by our office.

Compliance Update

- Director of Compliance was invited to speak at the Society of Corporate Compliance and Ethics' Higher Education Compliance Conference held in Austin, TX June 3 – June 6, 2012.

- Athletics Presentation
The Case for a Comprehensive Records Management Program

Current State of Affairs

• No comprehensive program or designated office responsible for records management
• Lack of consistent procedures and protocols regarding the lifecycle (i.e., creation, maintenance, destruction) of University records
• The University has a designated Records Management Liaison Officer (RMLO), but her role is limited to approving the destruction of records and to serving as an informal resource regarding the State’s Retention Schedules.
• Significant lack of physical space as departments grow
• Numerous data compromises or near misses have occurred in recent months and years, resulting in a reactive rather than proactive approach to records management.
• Lack of data/record inventories (i.e., we don’t know what records we even have)

Benefits of Comprehensive Records Management Programs

Following good records management practices helps both individual employees and the University as a whole to:

• Meet legal requirements;
• Help clarify and organize data governance and similar responsibilities;
• Safeguard vital information;
• Support identity theft prevention efforts (i.e., diminish the number of data breaches);
• Improve access to information (e.g., responding to FOI requests more quickly);
• Control the growth of materials taking up valuable physical office space;
• Control the growth of electronic data taking up valuable hard-drive space;
• Reduce operating costs;
• Minimize litigation risks;
• Support business continuity and emergency preparedness;
• Support better management decision making; and
• Preserve University history.

Moving Forward

• Need support from the Board of Trustees and Senior Administration to impress upon the University community that Records Management is necessary and a priority
• Need departments and offices to be ready to expend time and energy to review the current state of their records, create an inventory, and be prepared to take action
• Need to assign resources (money, time, effort) for this initiative to be successful
# Joint Audit & Compliance Committee

## Records Management Inventory

<table>
<thead>
<tr>
<th>SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Record</td>
</tr>
<tr>
<td>Paper or Electronic?</td>
</tr>
<tr>
<td>Format / Medium</td>
</tr>
<tr>
<td>How / Where Maintained?</td>
</tr>
<tr>
<td>Contain Sensitive and/or Personal Information?</td>
</tr>
<tr>
<td>Security Measures being taken to protect the data</td>
</tr>
<tr>
<td>Data Owner</td>
</tr>
<tr>
<td>Official Record Copy?</td>
</tr>
<tr>
<td>Which Record Retention Schedule?</td>
</tr>
<tr>
<td>Can these records be destroyed?</td>
</tr>
<tr>
<td>Process to be followed for destruction</td>
</tr>
<tr>
<td>Are there legal holds?</td>
</tr>
</tbody>
</table>
Executive Summary
secureU – Enterprise IT Security

Project Background & Overview
The University of Connecticut operates as part of a distributed IT model, resulting in an IT infrastructure that is managed inefficiently, expensive to maintain and insecure. The University should review the effectiveness of this model and look to centralize IT functions that aren’t unique wherever possible. Specifically, this project will provide centralization and process standardization for information security and client support services.

This initiative is designed to meet the following goals:

1- Reduce the risk of data loss, primarily Personally Identifiable Information (PII) and intellectual property
2- Improve overall personal computer and server security, reliability and availability
3- Centrally manage client workstation to reduce support overhead and reduce time to resolution.

The initiative is currently being piloted and proving effective, in the Torrington and West Hartford campuses.

The project is expected to cost approximately $4 Million dollars over 3 years and will result in a computing environment that is easier and cheaper to maintain and is more secure.

Objectives/Goals
- To locate and remove electronic and paper-based personally identifiable information (PII) from personal computers, servers and offices
- To establish and enforce an operating system baseline for all personal computers that includes:
  - Removing PII
  - Current patches
  - Current anti-virus software
  - Whole disk encryption
- To enable network protections that will protect personal computers and servers from compromise and improve system availability
- To provide improved data access and disaster recovery capabilities
- To provide physical security audits for any area containing confidential data
- To implement a wireless network dedicated to guest access
- To establish University IT risk assessment program

Benefits
- Reduce the financial and reputational impact due to public exposure of PII
- Protect institutional intellectual property
- Provide a framework for compliance with Federal and State regulations
- Reduce University IT support overhead through system and process standardization
- Provide tools and processes for all IT administrators to effectively assist with the project and ongoing support
**Scope**

- **In Scope**
  - All University owned personal computers
  - Any personally owned computers used to access University data
  - All University servers
  - University wired and wireless networks
- **Out of Scope**
  - Personal devices and University guests accessing the specifically provisioned guest network

**Assumptions**

- 2 FTE hired
- Cooperation from departmental IT, faculty and staff
- Project dollars encumbered

**Constraints**

- Lack of resources and institutional support to continue immediately following the pilot to build off of its success and take advantage of established processes

**Inter-project dependencies**

The following secureU components are all interrelated and should be done as part of the entire program:

- **Data Loss Protection**
  - IdentityFinder will be used to locate and remediate unneeded PII
  - Firewall services will be enabled to detect PII that is sent outside of the University
  - Centrally managed whole disk encryption solution deployed to all hosts containing PII

- **Centrally Managed Workstation**
  - 10GB file storage that is backed up nightly for all faculty and staff. When used for all files it dramatically reduces the risk of data loss due to unforeseen problems.
  - Remote trouble shooting capabilities which will enable expedited problem resolution.
  - Software such as patches, upgrades and new installs can be deployed off hours and without involvement from the user, improving system reliability and productivity. This will also remove the necessity of notification through the SafeConnect system.
  - Systems storing PII will be able to use Microsoft Bitlocker for encryption

- **Network Security Enhancements**
  - SafeConnect policies enabled to validate and enforce:
    - That the computer is properly patched.
    - That the computer has a current anti-virus program
    - That the computer is encrypted
    - That the computer has the IdentityFinder software installed
  - Network modifications to separate client computers from servers, enabling more granular security controls
  - Enable firewall policies designed to reduce hacker attacks and date exfiltration

- **Physical Security Audit**
  - Review the physical security of locations containing servers or PII in paper or electronic format
  - Perform a combination of physical site reviews and electronic vulnerability assessments resulting in recommended remediation steps
Risks

- Exemption strategies will need to be established to address computers that cannot fit into this model (i.e. Special purpose research equipment)
- Perception of increased centralized control may lead to concerns by departmental IT administrators
- The true scope of the PII remediation effort is currently unknown and could be more time-consuming than expected

Prepared by:
Jason Pufahl
Chief Information Security Officer
Jason.pufahl@uconn.edu
860 486 3743
University is extremely vulnerable to data breaches due to the significant growth in data creation, storage and criminal activity.

Cost of a data breach as the result of malicious attacks, stolen laptops and botnets is $204* per compromised customer record.

secureU

- Program of interrelated projects focused on reducing risk and improving policy compliance, including:
  - **Identity Finder** - Personal Identifiable Information (PII) scanning and remediating software.
  - **Managed Workstation** – Collaborative effort to provide standardized and secure PC configuration.
  - **SafeConnect** – Required for all computers, determines and enforces computer compliance with security policies.
  - **Enterprise File Storage** – Secure location providing data backup & recovery for all Faculty & Staff.
  - **Encryption** – Required for all computers with PII.
  - **Antivirus** – Required for all computers.
  - **Firewalls** – Protects clients & servers.

*The Information Security secureU program and OACE’s Records Management Initiative are working towards complimentary goals*
Security Score

- A computed value to measure departmental compliance with the secureU initiatives.
  - Weights: Total PII Remaining, Antivirus, Operating System Patches & Encryption Installed

![Bar Chart]

- West Hartford
- Torrington
TAB 3
## Joint Audit & Compliance Committee
### Status of Audit Assignments

<table>
<thead>
<tr>
<th>Audit Project</th>
<th>Storrs or UCHC</th>
<th>Planning</th>
<th>Fieldwork</th>
<th>Draft Report Issued</th>
<th>Final Draft Report Issued</th>
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<tbody>
<tr>
<td>ARRA Validation 1&lt;sup&gt;st&lt;/sup&gt; Quarter</td>
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<td>Foundation Receipts &amp; Expenditures</td>
<td>Storrs</td>
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<td>Center for Science &amp; Technology Commercialization (CSTC)</td>
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<td>Storrs</td>
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<td>Faculty Consulting (07/01/10-12/31/10)</td>
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<td>Special Payroll Follow-up</td>
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<td>Banner Post Implementation Review</td>
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<td>Case Management</td>
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</table>
# Joint Audit & Compliance Committee

## Status of Audit Assignments

### Audit Project

<table>
<thead>
<tr>
<th>Audit Project</th>
<th>Storrs or UCHC</th>
<th>Planning</th>
<th>Fieldwork</th>
<th>Draft Report Issued</th>
<th>Final Draft Report Issued</th>
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<tr>
<td>Graduate Medical Education (GME)</td>
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<td>Total Audits (25) – One is on hold</td>
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<td>16</td>
<td>03</td>
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</tbody>
</table>

### Special Projects/Consulting/Follow-up

<table>
<thead>
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<th>Special Projects/Consulting/Follow-up</th>
<th>Storrs or UCHC</th>
<th>Planning</th>
<th>Fieldwork</th>
<th>Draft Report Issued</th>
<th>Project Complete</th>
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<td>Psych APRN Consultations Review</td>
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<td>School of Engineering Grant</td>
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<td>Pacemaker Review</td>
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<td>IT</td>
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<td>Storrs</td>
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<td>Avis Rental Car Agreement</td>
<td>Storrs</td>
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<tr>
<td>Contract Process</td>
<td>UCHC</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>Total Special Projects/Consulting (08)</td>
<td>(03)</td>
<td>(01)</td>
<td>(04)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
UCHC Open Items by Finding Category

- Business Purpose
- Documentation
- Governance
- Monitoring
- Physical Security of Assets
- Policy
- Procedures
- Regulatory Compliance
- Security
- Technology
- Training

Number of open items in category:
TAB 4
Joint Audit & Compliance Committee (JACC) Charter

Purpose

The primary function of the Joint Audit and Compliance Committee (the “Committee”) is to assist the University of Connecticut Board of Trustees and the University of Connecticut Health Center Board of Directors in fulfilling their oversight responsibilities relating to: the integrity of the University's financial statements, the systems of internal control, the performance of the Office of Audit, Compliance and Ethics functions, and the University’s compliance with legal and regulatory requirements. In so doing, it is the responsibility of the Committee to maintain free and open communication among the Committee, management, the internal auditors and compliance officers/staff of the University. The Committee shall take all appropriate actions to set the overall University tone for quality financial reporting, sound business risk practices, and ethical behavior.

Membership

The Committee shall consist of seven members all of whom are independent of management and the University. Four members will be selected from the University of Connecticut Board of Trustees (BOT) and three members will be selected from the Board of Directors of University of Connecticut Health Center (UCHC). Members of the Committee shall be considered independent as long as they do not accept any consulting, advisory, or other compensatory fee from the University and are not affiliated persons of the University, its subsidiaries or management.

A majority of Committee members shall be “financially literate” and at least one member shall be a “financial expert.” Financial literacy is defined as being able to read and understand fundamental financial statements. Financial expert means a person who has: an understanding of generally accepted accounting principles and financial statements; experience applying such principles; experience preparing or auditing financial statements; experience with internal controls; and an understanding of audit committee functions.

Roles and Responsibilities

Internal Control:

• Assure that management is setting the appropriate tone in communicating the importance of internal controls and ensuring that all individuals have an understanding of their roles and responsibilities and also that systems are in place and being followed to ensure appropriate compliance with internal control procedures.

• Evaluate the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing critical business functions information in the event of a systems breakdown

• Determine whether internal control recommendations made by internal and external auditors have been implemented by management
Joint Audit & Compliance Committee (JACC) Charter

- Ensure that audit and compliance staff keep the Joint Audit and Compliance Committee informed about fraud, illegal acts, deficiencies in internal control, and other audit and compliance-related matters

Financial Reporting:

General

- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the University’s financial statements
- Review significant risks and exposures and the plans to minimize such risks

Annual Financial Statements:

- Review the annual financial statements and determine whether they are complete and consistent with the information known to Committee members, and assess whether the financial statements reflect appropriate accounting principles
- Review the annual report before its release and consider whether the information is adequate and consistent with members’ knowledge about the University and its operations

Compliance with Laws and Regulations:

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management’s investigation and follow-up (including disclosure, repayment and disciplinary actions) on any fraudulent acts or other irregularities
- Periodically obtain updates from management, and the University’s counsel regarding compliance
- Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements and other required reports
  Review the findings of any significant examinations by regulatory agencies and organizational response

The Office of Audit, Compliance and Ethics:

- Review and ensure that the University of Connecticut has the appropriate structure, staffing and capability to effectively carry out internal audit, compliance and ethics responsibilities
Joint Audit & Compliance Committee (JACC) Charter

• Concur in the appointment, replacement, reassignment, or dismissal of the Chief Audit & Compliance Officer

• Review and confirm the structure, priorities and key action plans of the audit, compliance and ethics function

External Auditors:

• Appoints, reviews contracts and approves fees of outside auditors

• Establishes policies that ensure management and trustee independence of outside auditors, including “revolving door” employment restrictions and prohibiting external auditors from providing management consulting services, particularly with respect to information technology and systems

Other Responsibilities:

• Ensure that significant findings and recommendations made by OACE staff and external auditors are received, discussed and acted upon in an appropriate and timely manner

• Review, with the University’s counsel, legal matters that could have a significant impact on the University’s financial statements

• Review and update the Joint Audit and Compliance Committee charter; receive approval of changes from the Board of Trustees

• Regularly update the Board of Trustees and Health Center Board of Directors on Committee activities, any key external audit issues or regulatory reviews, and make appropriate recommendations

Review and approve the University’s standards of conduct and other compliance-related policy guidance

Resources and Authority

The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the University and the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
Joint Audit & Compliance Committee (JACC) Charter

Meetings

A majority of the members of the Committee will constitute a quorum for the transaction of business. The Committee shall maintain written minutes of its meetings, which will be filed with the Secretaries of the Board of Trustees and Health Center Board of Directors. Reports of all meetings will be made to the Board of Trustees and Board of Directors.

The Committee may request any officer, employee, outside counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

As part of its responsibility to foster open communication, the Committee shall provide sufficient opportunity for the internal audit and compliance staff and external auditors to meet privately with the Committee. At least annually, or as needed, the Committee shall meet separately with the chief audit and compliance officer and management.

Adoption of Charter

Approved by the JACC on June 7, 2012.
University of Connecticut
Joint Audit and Compliance Committee (JACC)
Charter

Purpose

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• Review the findings of any significant examinations by regulatory agencies and organizational response

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• Review and ensure that University of Connecticut has the appropriate structure, staffing and capability to effectively carry out the internal audit, compliance and ethics responsibilities
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• Establishes policies that ensure management and trustee independence of outside auditors, including “revolving door” employment restrictions and prohibiting external auditors from providing management consulting services, particularly with respect to information technology and systems

Other Responsibilities:

• Meet with the Chief Audit & Compliance Officer, and management in separate executive sessions to discuss any matters that the Committee believe should be discussed privately

• Ensure that significant findings and recommendations made by the Office of Audit, Compliance & Ethics staff and internal and external auditors are received, discussed and acted upon in an appropriate and timely manner

• Review, with the University’s counsel, legal matters that could have a significant impact on the University’s financial statements

• Review and update the Joint Audit and Compliance Committee charter; receive approval of changes from the Board of Trustees

• Regularly update the Board of Trustees and Health Center Board of Directors on Committee activities, any key external audit issues or regulatory reviews, and make appropriate recommendations

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As part of its responsibility to foster open communication, the Committee shall provide sufficient opportunity for the internal auditor audit and compliance staff and external auditors to meet privately with the Committee. At least annually, or as needed, the Committee shall meet separately with the chief audit and compliance officer and management.

**Adoption of Charter**

Approved by the Joint Audit & Compliance Committee on 06/07/12
TAB 5
The Office of Audit, Compliance & Ethics  
Status of External Audit Projects  

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Area</th>
<th>Scope</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marcum, LLP</td>
<td>UCHC</td>
<td>Audits of the John Dempsey Hospital and Dental Clinics (Clinical Programs Fund), including the OHCA fillings, UConn Medical Group (UMG) and the University of Connecticut Health Center Finance Corporation for Fiscal Year 2011.</td>
<td>The JACC approved the hiring of Marcum, LLP to conduct this audit at a Special Meeting of the JACC on March 12, 2012. Work is underway.</td>
</tr>
<tr>
<td>BKD</td>
<td>Storrs Athletics</td>
<td>NCAA agreed upon procedures performed on all revenues, expenses, and capital expenditures for or on behalf of the University’s Athletics Program for FY 2012.</td>
<td>OACE will request JACC approval to hire BKD for FY12 at the August 9, 2012 JACC meeting.</td>
</tr>
<tr>
<td>McGladrey &amp; Pullen, LLP</td>
<td>Storrs, Regionals &amp; UCHC UCONN 2000 Expenditures for FY 2012</td>
<td>Audit of UCONN 2000 named projects substantially completed during FY 2012. Deferred maintenance with designated projects’ budgets substantially completed in FY 2012 and agreed upon procedures performed on total UCONN 2000 expenditures (named projects, deferred maintenance and equipment) for FY 2012.</td>
<td>OACE will request JACC approval to hire McGladrey &amp; Pullen, LLP for FY12 at the August 9, 2012 JACC meeting.</td>
</tr>
</tbody>
</table>
TAB 6
End of Semester Reminder: Textbooks

As we head into the end of the semester, many questions arise regarding the textbooks that have been sent to University faculty, often unsolicited, from publishers.

Under the State Code of Ethics, it is not permissible to keep these textbooks as personal property, nor is it permissible to sell the textbooks for personal profit.

The books may, however, be kept as University property, since the State Code of Ethics allows gifts from so-called restricted donors to be accepted as “gifts to the state,” (i.e., to the University or a division/department, not to any individual state employee). These textbooks can then be kept as department or school property. They can also be sent to the University Libraries as University property when they are no longer useful for faculty.

As appropriate, University Libraries has the option of adding these books to its collection, selling them at its book sale, donating them to Better World Books (which sells them and donates the proceeds to various charities), or disposing of them in a proper manner.

For more information, please review the University Libraries Disposal Policy at: http://lib.uconn.edu/about/policies/disposal.html.

Contracting with the State

Current state employees who may wish to enter into a contract with the state should be mindful of certain provisions contained in the state’s Code of Ethics.

State employees, their immediate family members, and their associated businesses may not enter into a contract with a state agency valued at $100 or more unless the contract is awarded through an open, public process. (This prohibition does not apply to a contract of employment as a state employee.)

For example, a UConn employee who owns a landscaping business may enter into a landscaping contract with the University or another state agency, provided that the opportunity was publicly noticed and the process is conducted in the appropriate, open manner.

Contracts made in violation of these rules can be voided.

Note that an exception exists for a contract with a public institution of higher education (such as the University) to support a collaboration with the institution to develop and commercialize any invention or discovery.

Contact Kim Fearney, Director of Compliance, Office of Audit, Compliance and Ethics, at kim.fearney@uconn.edu; 860-486-6195 with questions regarding the Code of Ethics and contracting with a state agency.
Federal Misrepresentation of Information Rules

Many staff members are already gearing up for the fall by creating and printing materials. When doing so, be mindful of the Program Integrity Rules that were issued by the U.S. Department of Education in 2010. These regulations include requirements that institutions ensure certain topics are not “misrepresented” to students, prospective students and members of the public. These topics include information concerning:

1) the nature of the institution’s educational programs;
2) financial charges; and
3) employability of the institution’s graduates.

As these regulations extend to all communications, including print and digital (online) information, University departments should make every effort to review their communications. Please make sure the information you are putting out is accurate and up-to-date, particularly with marketing materials and program websites.

The 2010 regulations expanded the Department of Education’s authority for sanctions for misrepresentation. This could lead to fines and other actions against the University.

Questions on misrepresentation can be directed to the Office of Audit, Compliance and Ethics. For more information on the Program Integrity Rules visit the Department of Education’s website at http://www.ed.gov/ or the University’s Student Consumer Information website at www.heoa.uconn.edu.
Policy # 2012-01 Email Communication with Patients/Research Participants was approved on February 14, 2012. UCHC has now implemented Secure Web Delivery email encryption allowing us to encrypt any email necessary.

When you send an email to a patient, you must follow the policy for email encryption, Policy # 2011-04 Electronic Communication of UCHC Confidential Data: Use of Email Encryption. This policy requires that when using the UCHC/CMHC Microsoft Outlook Email System to send confidential information you MUST include [Secure] (the brackets and the word) in either the subject line (preferred) or in the body of the email. Soon the IT Department will be making a “SECURE” button available in the UCHC/CMHC Microsoft Outlook Email System. This button may also be used when available to secure the message.

Please keep the following points in mind in order to comply with the HIPAA Privacy Rule:

- Whenever sending email with PHI always confirm that the receiver has a need to know the information and is authorized to receive it.

- Email communication may be considered treatment and therefore is considered a part of the individual’s medical record. For that reason, when in the judgment of the email account holder, an email communication addresses treatment or advice that should become a part of the patient’s permanent record, the email account holder must print the email and send it to the Health Information Management Department for scanning into the record.

If you have any questions regarding the new policy, you may contact Iris Mauriello at mauriello@ns01.uchc.edu or (860) 679-3501

Please join us in celebrating National Corporate Compliance and Ethics Week May 7th-11th. Compliance Office staff members will be stop by to say “hello” and “thank you” on Wednesday May 9th. We look forward to seeing you!
In late August, 2011 the National Institutes of Health (NIH) published a new rule which strengthens accountability, expands and adds transparency to investigators’ disclosure of Significant Financial Interests (SFIs). The rule goes into effect on August 24, 2012.

Key areas of the new 2011 Rule as compared to the 1995 Rule include:
- A decrease in thresholds for reporting from $10,000 to $5,000. This generally applies to payments for services and/or equity interests. It includes any equity interest in non-publicly traded entities.
- Mandatory disclosure of any non-cost travel related to institutional responsibilities.

We are offering on your doorstep training sessions on the new regulation. If you would like to schedule a training session for your department please contact Gus Fernandez at gfernandez@nso2.uchc.edu (860)679-8125

** Modifier 25 Definition:** A significant identifiable E&M service by the same physician on the same day of the procedure or other therapeutic service.

On June 1st a patient sees an Orthopedist with the complaint of right knee pain. The physician documents a history and an exam. An x-ray of the right knee is ordered. The physician then decides that the patient would benefit from a Celestone Injection of the right knee. Would we use Modifier 25 with the E&M in this scenario?

Generally, Medicare considers E&M services provided on the day of a procedure to be part of the work of the procedure and does not make a separate payment. But in this case:
- the purpose of the E&M was to evaluate a specific compliant
- the purpose of the visit was other than evaluating and/or obtaining information needed to perform the procedure
- the medical necessity of the E&M and the procedure were appropriately documented by the physician
- the physician performed extra work that went above and beyond the typical work associated with the procedure code

Therefore, the answer to this question would be “YES”.

If you have any questions, you may contact Janice McDonnell at jmcdonnelluchc.edu (860) 679-4093

**Congratulations to the following OACE Staff Members**

**Janice McDonnell, Compliance Specialist**
AHIMA offers a program that teaches coding professionals how to become proficient in the ICD-10-CM coding system while preparing them to train other coding professionals in this system. The AHIMA Academy for ICD-10-CM includes an online course and one and a half days of in-person training. At the in-person workshop, trainers focus on in-class intermediate and advanced ICD-10-CM coding exercises while modeling training techniques. After successful completion of both the online and in-person training portions, attendees complete an assessment in order to earn an AHIMA ICD-10-CM Trainer Certificate.

Janice has completed the program and has passed the test!

**Gus Fernandez, Research Compliance Monitor**
The Research Compliance Office was recently awarded a “Best of the Best Practices” award through Health Ethics Trust for work in the Conflict of Interest Management area. Gus will be presenting on this topic and will receive the award at the Compliance Professionals Colloquium held by the Health Ethics Trust this May.

Please join us in congratulating our staff on these impressive achievements!
ETHICAL DILEMMAS

What rationalization does a company make to justify a corporate culture where ethics are ignored? In recent years, greed, fraud, and a lack of ethical conduct have led to the collapse of many organizations. A variety of internal and external pressures can lead companies down the wrong path. And once the first misstep is taken, it’s a slippery slope to hurting stakeholders, the community, and your reputation.

This turmoil and damage could have been avoided if organizations had chosen to maintain an ethical corporate environment, exercising integrity-rich behavior and ensuring the tone at the top was above reproach. This issue of Tone at the Top presents suggestions for creating and promoting an ethical corporate climate and the role internal auditors can play in helping ensure the environment supports ethical decisions and behavior.

Code of Ethics

It’s important to note that internal auditors adhere to their own Code of Ethics, which is included in The IIA’s International Professional Practices Framework (IPPF). The Code of Ethics mandates that internal auditors behave and practice with:

- Integrity.
- Objectivity.
- Confidentiality.
- Competency.

It also delineates rules of conduct under each of the principles. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control.
Ethical Values

According to the Institute for Global Ethics (IGE), five ethical values exist in any human culture, regardless of age, religious affiliation, gender, or nationality. Those values — which play a role in all dealings, transactions, relationships, and situations — comprise being:

- Honest and truthful.
- Responsible and accountable.
- Fair and equitable.
- Respectful and mindful.
- Compassionate and caring.

Just imagine how choices might be altered if every organization made a conscious decision to embrace and foster these five values, and if everyone, individually and collectively, made a concerted effort to incorporate them in all of their encounters and actions.

The IGE works to “explore the global common ground of values, elevate awareness of ethics, provide practical tools for making ethical decisions, and encourage moral actions based on those decisions.” The institute provides case studies — such as the one included here — of a broad range of dilemmas that can be used to explore how individuals and groups might react when faced with making a decision that challenges their ethical code.

Case Study: A Lack of Outrage

Larry is a young port engineer who works energetically for his shipping company, overseeing repairs and related projects. He is proud when put in charge of a multi-million-dollar repair order for one of his company’s ships. The repairs are contracted out to a major shipyard, and everything goes smoothly until the end of the project. When Larry is handed the bill, he realizes it has been inflated by about one-third of total project costs.

Larry is shocked. He has never been confronted by such an apparently corrupt practice before. After delaying the “sign off” for a couple of days, he approaches his boss, points out what is going on, and explains why he cannot sign off. His boss asks for specifics, which Larry readily supplies.

A meeting is arranged between shipyard and shipping company officials, who go over the disputed items. They agree the shipping company is being overbilled by millions of dollars. To Larry's surprise, however, there is little reaction from either side of the table. Nor is there any definitive, ethical stance from his company.

The meeting adjourns until the next day, when shipyard officials meet again and this time offer to split the difference. For approval, both parties turn to Larry who explains

An Ethical Culture

According to the U.S. Federal Sentencing Guidelines, a company with an “effective” compliance and ethics program exercises due diligence to prevent and detect criminal conduct and promotes a culture that encourages ethical conduct and commitment to compliance with the law.


Several practices management can use to monitor the ethical tone of the organization include conducting employee surveys, holding discussions with Human Resources to review upward feedback from staff, and implementing a way to review employee complaints, such as a confidential whistleblower hotline. According to the U.S. Sarbanes-Oxley Act of 2002, Section 301, each audit committee shall “establish procedures for the receipt, retention, and treatment of complaints received by the issuer regarding accounting, internal accounting controls or auditing matters; and the confidential anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.”

Internal audit often is involved in the creation of an anonymous hotline, asked to monitor and assess its effectiveness, and sometimes serves as the clearinghouse for investigating hotline tips. Several essential phases in hotline development include marketing to build awareness, ensuring accessibility for ease of use, and the timely and effective handling of reported issues.
he cannot sign off on the adjusted bill. Again, the meet-
ing adjourns with no apparent reaction, and Larry is left in a daze.

By the time of the third meeting, Larry begins to piece things together. Apparently his superiors respect his integ-
rity. They are following orderly procedures to arrive at a final bill. But he cannot help noticing their lack of outrage and conviction. What drives them to such a compromise?

*(Institute for Global Ethics, 2012)*

**A Clear Tone**

Larry is left wondering about the tone at the top of his organization. Is he out of step with the corporate culture? Will he be protected if he vehemently expresses his disapproval and outrage?

According to The IIA Research Foundation’s study, *Audit Committee Effectiveness: What Works Best — 4th Edition*, culture and compliance are the “soul of accountability” and tone at the top is about “creating a culture where everyone feels responsible for doing the right thing.” Although the board of directors is responsible for overseeing the tone at the top, the board’s audit committee is key to discerning whether the purported tone actually permeates the entire organization.

Internal auditors can assist the audit committee by assess-
ing whether policies are being followed or are ineffective, expose fraudulent activities that could have devastating repercussions on the organization, and identify operational problems like those Larry discovered. They can be the eyes and ears of the board. In some organizations, the audi-

tors assess the entire ethical environment and determine whether the practices, polices, and procedures in place are ethical and effective, and that they contribute to a strong internal control system.

**Whistleblower Protection**

Provision for anonymity to any individual who willingly comes forward to report a suspicion of fraud is a key to encouraging such reporting and should be a com-
ponent of the organization’s policy. The most effective whistleblower hotlines preserve the confidentiality of callers and provide assurance to employees that they will not be retaliated against for report-
ing their suspicions of wrongdoing, including wrongdo-
ing by their superi-

ors. Another key is demonstrating that their reporting will result in appropriate and timely action being taken. To preserve the integrity of the whistleblower process, it must also provide a means of reporting suspected fraud that involves senior management, possibly reporting directly to the audit committee.

**Corporate Accountability**

Clearly, there are many ethical dilemmas in today’s business environment, and it’s not always easy to determine the right course of action. This is one reason an ethical tone at the top is critical to an organization’s long-term success.

When those at the top adhere to and promote a strong ethical code with clearly stated values, they have taken the first step toward creating a corporate culture in which employees follow suit. And when they make sure bad things don’t happen to employees like Larry, who step forward and blow the whistle on inappropriate activities, they send to all stakeholders a clear mes-

sage of unwavering ethics and accountability.
About 

**Tone at the Top**

*Tone at the Top* provides executive management, boards of directors, and audit committees with concise, leading-edge information on issues such as ethics, internal control, governance, and the changing role of internal auditing. It delivers relevant and timely guidance regarding the role and responsibilities for internal auditing. Email your comments about *Tone at the Top* to PR@theiia.org or call +1-407-937-1247.

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**About The IIA**

With more than 170,000 members in 165 countries, The Institute of Internal Auditors is internationally recognized as the global voice and standard-setting body for the internal audit profession. www.globaliia.org

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**Complimentary Subscriptions**

You, your colleagues, and your audit committee and board members receive complimentary subscriptions to *Tone at the Top*. Visit www.globaliia.org/knowledge/Pages/Tone-at-the-Top.aspx or call +1 (407) 937-1111.

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**New Year — New Look. More for You!**

For the past two decades, *Tone at the Top* has been exploring a wide range of risk, control, and governance matters facing governing bodies and internal auditors. During that time, the world and the internal audit profession have changed a lot—and we’re changing, too. We’re excited to unveil a new look for *Tone at the Top*, as well as an increased distribution frequency. Instead of our quarterly publication, you can now look forward to reading new issues in February, April, June, August, October, and December. To view our online archive, visit: www.globaliia.org/knowledge/Pages/Tone-at-the-Top.aspx.
Information on Implementation of the Physician Payments Sunshine Act

May 3

On December 19, 2011, the Centers for Medicare & Medicaid Services (CMS) published a proposed rule implementing the Physician Payments Sunshine Act, which was included as section 6002 of the Affordable Care Act of 2010. This provision will provide important transparency in requiring reporting of payments or gifts to physicians, and physician ownership and investment interests. During the 60 day comment period, CMS received over 300 comments from a wide range of stakeholders.

CMS is committed to addressing the valuable input received during the comment period, and to ensuring the accuracy of the data collected. In order to provide time for organizations to prepare for data submission and to sufficiently address the important input we received during the rulemaking process, CMS will not require data collection by applicable manufacturers and applicable group purchasing organizations before January 1, 2013.

CMS intends to release the final rule later this year. This timing will provide CMS with additional time to address operational and implementation issues in a thoughtful manner, and the ability to ensure the accuracy of the data that is collected.

Taken from CMS blog posts 5/9/12

http://blog.cms.gov/2012/05/03/information-on-implementation-of-the-physician-payments-sunshine-act/
New Health Law Will Require Industry To Disclose Payments To Physicians

By Arlene Weintraub
April 26, 2010

Doctors who accept speaking fees, five-star meals and other compensation from pharmaceutical or medical device companies will soon see their names – and the value of the gifts they accept – revealed on the Web, under a new federal law that follows several states in drawing attention to such financial benefits.

The experience of one of those states – Vermont – suggests that highlighting the medical industry’s largesse may curb the payments.

This month, the attorney general of Vermont – one of three states to require gift disclosures – released data showing that total payments to physicians dropped 13 percent in fiscal 2009 to $2.6 million. The reporting requirement began in 2002.

Consumer advocates have complained that industry compensation can affect a doctor’s choice of drugs or treatment and that exposing the doctors will dissuade such behavior. But some consumer groups say that the new law is too narrow in its scope. And it has raised complaints among some doctors, who say the provision will unfairly stain legitimate work they do for industry.

The overall dollar value of gifts to Vermont physicians "has been going down steadily for the last three years," says Wendy Morgan, chief of the state attorney general’s public protection division. "I think there are more health care providers who won’t accept gifts."

Vermont lawmakers want to make sure of that. Last year they amended the law to ban most gifts outright, including food, which accounted for $800,000 of the 2009 total.

The other states with similar legislation, Massachusetts and Minnesota, have also outlawed many forms of corporate gift-giving, although they do allow doctors to accept speaking fees and most product samples. All three states allow research grants.

Yet even consumers in those three states will get more detailed information and easier access to the data under the new federal program, which is part of the health overhaul signed into law last month.
Database Will Be Available Sept. 30, 2013

The Physician Payments Sunshine Act requires companies to begin recording any physician payments that are worth more than $10 in 2012 and to report them on March 31, 2013. That includes stock options, research grants, knickknacks, consulting fees and travel to medical conferences at chi-chi hotels. The details will be posted in a searchable database starting Sept. 30, 2013.

The measure is based on a bill that was introduced more than two years ago by Sens. Charles Grassley, R-Iowa, and Herb Kohl, D-Wis. The senators believe that physicians who receive benefits from drug and device makers are more inclined to prescribe the priciest products.

"We hope this lowers health care costs and strengthens patient-doctor relationships," says Ashley Glace, a spokeswoman for the Senate Special Committee on Aging, which spearheaded the original bill.

It's not just states that are reporting physicians who are compensated by life-sciences companies. A growing number of pharmaceutical companies, feeling pressured by lawmakers expressing concerns about medical conflicts of interest, are also listing physician payments on the Internet. Most recently, Pfizer released details of $35 million in payments that it made to doctors in the second half of 2009.

Some industry critics gripe that the federal law has too many loopholes. It only applies to physicians and teaching hospitals, for example. Companies won’t have to report payments they make to nurses, physician assistants, and other medical professionals who might influence which products are prescribed.

"If any marketing avenue is not regulated, companies will find a way to exploit it," predicts Dr. Daniel Carlat, a psychiatrist and associate professor at Tufts Medical School. Carlat was once a speaker for Wyeth but quit over concerns about how to deal with a depression drug’s side effects. "I expect we’ll see a lot more nurse practitioners giving hired-gun talks," he says.

In Vermont, corporate payouts to nurses totaled $288,000 in 2009—almost triple the amount they received the previous year.

Some physicians opposed federal and state efforts to limit physician-industry relationships because they fear it will impede innovation.
Complaints from Doctors

"The use of the term 'sunshine' has an implicit aura of corruption," says Dr. Thomas Stossel, a professor of medicine at Harvard. Last year, Stossel co-founded the Association of Clinical Researchers and Educators, which promotes collaboration between physicians and industry to create better products.

Stossel has accepted speaking and consulting fees from companies such as Merck and Pfizer, and he says he's not opposed to his name appearing in corporate disclosures. But he does believe concerns about relationships between companies and doctors have been overblown. "What's wrong with a company buying me lunch or giving me a tote bag?" he asks.

Other physicians acknowledge that donations from industry – even small ones – can create conflicts of interest. "There is extensive literature suggesting that gifts can influence behavior," says Dr. Robert Steinbrook, adjunct professor of medicine at Dartmouth Medical School.

That evidence prompted the National Academy of Science's Institute of Medicine to issue a report last year endorsing the elimination of all physician-industry relationships that might unduly influence prescribing behavior.

While the new federal law stops short of banning gifts, it does promise to increase the public's understanding of how companies interact with physicians. Rather than simply listing names and dollar amounts, the federal database will include explanations of what services the physicians provided in return for the payments. And drop-down menus will make it simple for patients to parse the data by name, type of gift received, and other specifics.

As a result, "the legislation will allow us to analyze the data in ways that are meaningful," says Jerome P. Kassirer, a professor at Tufts University School of Medicine and author of "On the Take," a book about physicians' financial relationships with companies.

That will be especially useful for patients facing hip or knee replacements, or other procedures involving expensive medical devices, Kassirer adds. "They'll be able to determine whether their doctors are heavily invested in the companies making the devices," he says.
Research suggests that those details matter to some patients. Kevin P. Weinfurt, an associate professor of psychology and neuroscience at Duke University, has studied how patients participating in clinical trials react to physician disclosures. He found that patients were particularly troubled when doctors owned stock in the companies that were managing the clinical trials. "They felt somehow that this physician could do something in the trial that could make the company a lot of money, which would then make him a lot of money," Weinfurt says.

Industry groups representing pharmaceutical and medical-device makers have supported the federal provisions on physician disclosures.

"This knowledge will give the public greater confidence in the nature of the relationships" between companies and physicians, says David Nexon, senior executive vice president of AdvaMed, a trade association of medical device makers. "We have nothing to hide."

They want to hear from you: Contact Kaiser Health News

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## The Office of Audit, Compliance Ethics
### JACC Agenda Forecast

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Athletics Agreed-Upon Procedures Audit

The financial agreed-upon procedures reporting requirements of NCAA member institutions’ (institution) intercollegiate athletics programs are mandated under the provisions of NCAA Constitution 3.2.4.16 for each division. Per those requirements, all revenues, expenses and capitalized expenditures on behalf of an institution’s intercollegiate athletics program, including those by outside entities, are reported on annually by an independent accountant from outside the institution. The independent accountant shall be selected by the institution’s chief executive or the chief executive’s designee.

NCAA member institutions should be in full compliance with the new agreed-upon procedures contained herein no later than January 15.

Auditors of Public Accounts State-Wide Single Audit

Congress passed the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 (the Act), to improve state and local governments' financial management of Federal Financial Assistance (FFA) programs, to establish uniform requirements for audits of FFA, to promote efficient and effective use of audit resources and to ensure that Federal departments rely on and use the audit work performed under the Act. The Act establishes requirements for audits of the entity’s financial statements, including the Schedule of Expenditures of Federal Awards (SEFA), and for testing and reporting on internal controls and compliance with laws and regulations relevant to FFA. The Act requires independent auditors to perform the audit according to Generally Accepted Government Auditing Standards (GAGAS) as published in the GAO Yellow Book.

State and local governments must have a single audit according to the Act if they receive Federal FFA of $300,000 or more. A single audit consists of an audit of the financial statements (the General Purpose Financial Statements or GPFS), and of the FFA. Office of Management and Budget (OMB) Circular A-133 specifies that FFA programs are to be classified as either “Type A” or “Type B” depending on the total FFA expended by the entity and provides a general explanation of how to determine the dollar threshold used to distinguish between the two types of programs. All Type A and all Type B programs whose total expenditures exceed a cutoff point, the calculation of which is also specified in A-133, will be subject to a risk analysis that will determine major programs to be audited.

For major programs, the auditor is required to plan and perform tests of controls to support a low assessed level of control risk regarding the operation of internal control structure policies and procedures considered relevant in preventing or detecting material noncompliance with the applicable FFA compliance requirements. Additionally, the auditor must determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that have a direct and material effect on each of its major programs. The compliance requirements applicable to FFA programs can be found in the "OMB Circular A-133 Compliance Supplement" published by the OMB.

Auditors of Public Accounts 2-90 Report

In accordance with Section 2-90 of the Connecticut General Statutes, the Auditors of Public Accounts are authorized to perform evaluations of agency operations for effectiveness and compliance with laws and regulations.


The Auditors of Public Accounts presented their report on the University of Connecticut (including the Health Center) for the Fiscal Years ended June 30, 2006 and 2007 at the December 12, 2008 JACC Meeting.
Auditors of Public Accounts - Annual Financial Statements

The Auditors of Public Accounts audit: statements of net assets of the University of Connecticut and University of Connecticut Health Center; the related statements of revenues, expenses and changes in net assets; and statements of cash flows for the years then ended. Their responsibility is to express an opinion on these financial statements based on their audit. Audits are conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The Auditors of Public Accounts presented their report on the University of Connecticut and University of Connecticut Health Center for the Financial Statements as of and for the year ended June 30, 2010 at the February 17, 2011 JACC meeting.