JOINT AUDIT & COMPLIANCE COMMITTEE MEETING

SEPTEMBER 10, 2020

PUBLIC SESSION

Dial in Number: 1-888-455-0409
Passcode: PUBLIC
# Agenda

**Joint Audit & Compliance Committee Meeting**  
**September 10, 2020**

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

Meeting held by Telephone: Public Call In Number: 1-888-455-0409 Access Code: PUBLIC  
(Note: this meeting will be recorded)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Proposed Action</th>
<th>Attachment</th>
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<tbody>
<tr>
<td>Executive Session to discuss:</td>
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<td> C.G.S. 1-200(6)[E] – 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. [1-210(b)(1)]</td>
<td>Review</td>
<td>None</td>
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<td> C.G.S. 1-200(6)[E] – Records or the information contained therein pertaining to strategy and negotiations with respect to pending claims [1-210(b)(4)]</td>
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<tr>
<td> C.G.S 1-200(6)(E) – Records, reports and statements privileged by the attorney-client relationship. [1-210(b)(10)]</td>
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<td> C.G.S. 1-200(6)[C] – 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. [1-210(b)(20)]</td>
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## GENERAL

### 1. General
- Opportunity for Public Comments  
  None
- Minutes of the June 3, 2020 JACC Meeting  
  Approval  
  1.1

## AUDIT

### 2. External Audit Activities
- Status of External Audit Engagements  
  Update  
  2.1
- BKD – Fee Approval - NCAA Agreed Upon Procedures Performed on Athletics Program  
  Approval  
  2.2
- Pharmacy Optimization Consultants, Inc DBA 340B Compliance Partners – Appointment – Audit of UConn Health’s Two Covered Entities 340B Drug Pricing Program  
  Approval  
  2.3
- Auditors of Public Accounts UConn Health Departmental Audit for the FY 2017 and 2018  
  Presentation  
  2.4

### 3. Significant Internal Audit Activities
- Status of Audits  
  Update  
  3.1
- Status of Audit Findings  
  Update  
  3.2
- Draft Audit Plan FY 2021  
  Approval  
  3.3

## COMPLIANCE

### 4. Compliance Activities
- Significant Compliance Activities  
  Update  
  4.1
- Draft Compliance Plan FY 2021  
  Approval  
  4.2
- Informational/Educational Items  
  Informational  
  4.3
- Public Safety Update  
  Presentation  
  None

## INFORMATION TECHNOLOGY

### 5. Information Technology Update
- UCONN Health  
  Update  
  5.1
- UCONN  
  Update  
  5.2

## CLOSING

### 6. Conclusion of Full Meeting

The next meeting of the JACC will be held on December 16, 2020 at 10:00 am
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The meeting of the Joint Audit and Compliance Committee (JACC) was called to order at 10:01 a.m. by Committee Chair Boxer.

ON A MOTION made by Committee Chair Boxer, approved by Trustee Gouin and seconded by Trustee Dennis-Lavigne, 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 that the public’s interest in withholding such documents clearly outweighs the public interest in disclosure. [1-210(b)(1)]
- C.G.S. 1-200(6)[E] – Records or the information contained therein pertaining to strategy and negotiations with respect to pending claims
- C.G.S. 1-200(6)[E] – Records, reports and statements privileged by the attorney-client relationship. [1-210(b)(10)]
- C.G.S. 1-200(6)[C] – 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. [1-210(b)(20)]

Executive Session was attended by the following: JACC, BOT and BOD members: M. Boxer, F. Archambault, R. Carbray, A. Dennis-Lavigne, J. Gouin, B. Pollard, D. Toscano; President and Cabinet members: A. Agwunobi, N. Fuerst, N. Gelston, T. Katsouleas, M. Kirk, C. Lejuez, R. Maric, R. Rubin Senior Staff: J. Blumenthal, J. Geoghegan, A. Keilty; Audit and Compliance Staff: O. Andujar, K. Bailot, T. Dyer, K. Fearney, E. Gallo, M. Gendraud, K. Goss, H. Hildebrandt, K. Hill, D. Hook, M. Kennedy, F. LaRosa, C. Murray, L. Neal, G. Perrotti, A. Quaresima, K. Violette, E. Vitullo, E. Zincavage; Portions of Executive Session were also attended by: C. Bernard, C. Gray, M. Mundrane, C. Podesta.

The Executive Session ended at 10:55 a.m. ON A MOTION made by Committee Chair Boxer, approved by Director Carbray and seconded by Trustee Dennis-Lavigne, the JACC returned to open session at 10:56 a.m. There were no public comments.
Tab 1 - Minutes of the Meeting

ON A MOTION made by Committee Chair Boxer, approved by Director Carbray and seconded by Trustee Dennis-Lavigne, the minutes of the March 5, 2020 JACC meeting were approved.

Tab 2 - External Engagements

F. LaRosa provided the committee with an update on ongoing external engagements.

ON A MOTION made by Committee Chair Boxer, approved by Director Carbray and seconded by Trustee Dennis-Lavigne, the Pharmacy Optimization Consultants LLC, dba 340B Compliance Partners – Amended audited review period was approved.

Tab 3 - CohnReznick LLP

C. Kurth from CohnReznick presented the audit report for the fiscal year 2019 UCONN 2000 construction projects substantially completed funded with University of Connecticut general obligation bonds.

C. Kurth from CohnReznick presented the agreed upon procedures report for the fiscal year 2019 UCONN 2000 construction projects not yet substantially completed funded with University of Connecticut general obligation bonds.

C. Kurth from CohnReznick presented the agreed upon procedures report for the fiscal year 2019 on the Technology Quadrant Phase II - Innovative Partnership Building and the Intramural, Recreational and Intercollegiate Facilities – Recreational Center.

Tab 4 - Auditors of Public Accounts


Tab 5 - UConn Health 340b Compliance Audits

K. Metcalf presented on the UConn John Dempsey Hospital’s annual 340b independent audit.

K. Metcalf presented on the UConn Ryan White’s annual 340b independent audit.

W. Thorpe presented on the UConn Hemophilia Treatment Center annual 340b independent audit.

Tab 6 - Significant Compliance Activities

K. Fearney provided an update on compliance activities.


Tab 7 – IT and EPIC Update
C. Podesta provided an update on the UConn Health IT projects and EPIC programs.

M. Mundrane and C. Bernard provided an update on the UConn IT projects.

Tab 8 – UConn & UConn Health Significant Audit Activities
F. LaRosa provided the JACC with an update on the status of audit assignments.

Tab 9 – Informational / Educational Items
K. Fearney provided educational information on Faculty Consulting, digital environments, FERPA, and compliance matters.

There being no further business, ON A MOTION made by Committee Chair Boxer, approved by Director Carbray and seconded by Trustee Dennis-Lavigne, the meeting was adjourned at 11:59 a.m.

Respectfully submitted,

Molly Kennedy
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Joint Audit & Compliance Committee Meeting

External Audit Activities
## Status of External Audit Engagements

<table>
<thead>
<tr>
<th>Vendor / Auditor</th>
<th>Area</th>
<th>Scope</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marcum, LLP</td>
<td>UConn Health</td>
<td>Audits of the John Dempsey Hospital and Dental Clinics (Clinical Programs Fund), including the OHCA filings, UConn Medical Group (UMG) and the UConn Health Finance Corporation for FY2017 through FY2021.</td>
<td>The FY2020 engagement is underway.</td>
</tr>
<tr>
<td>BKD</td>
<td>UConn 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 FY2016, through FY2020.</td>
<td>Request for approval for fee increase for FY 2020 will be presented to the JACC at the September 2020 meeting. Audit engagement will begin in September 2020.</td>
</tr>
<tr>
<td>CohnReznick, LLP</td>
<td>UConn &amp; UConn Health</td>
<td>Annual audit of UCONN 2000 substantially complete projects and annual agreed upon procedures (AUP) for FY2016 through FY2020.</td>
<td>The FY2020 engagement has not started.</td>
</tr>
<tr>
<td>Pharmacy Optimization Consultants LLC, dba 340B Compliance Partners.</td>
<td>UConn Health</td>
<td>Audit of UConn Health’s Covered Entities (CE) 340B Drug Pricing Program for the period TBD. This engagement includes an audit of the CEs contract pharmacy arrangements required by Health Resources and Services Administration.</td>
<td>Request for approval for fee and appointment will be presented to the JACC at the September 2020 meeting for two of the three CEs.</td>
</tr>
<tr>
<td>State Auditors</td>
<td>UConn &amp; UConn Health</td>
<td>Annual Audit of Federal Funds required under the Federal Single Audit Act.</td>
<td>The FY2020 engagement is underway.</td>
</tr>
<tr>
<td>State Auditors</td>
<td>UConn &amp; UConn Health</td>
<td>Annual Audit of Federal Funds required under the Federal Single Audit Act and Annual Financial Statements Audit as part of the Comprehensive Annual Financial Report issued by the Office of the State Comptroller.</td>
<td>The FY2020 engagement is underway.</td>
</tr>
<tr>
<td>State Auditors</td>
<td>UConn Health</td>
<td>Biennial Departmental Statutory Required Audits (CGS Sec 2-90).</td>
<td>Fiscal Years 2017, 2018 audit report was issued on July 7, 2020. Fiscal Years 2016, 2017, 2018 engagement is underway. A draft of audit findings has been received and UConn is in the process of finalizing its response.</td>
</tr>
<tr>
<td>State Auditors</td>
<td>UConn</td>
<td>Biennial Departmental Statutory Required Audits (CGS Sec 2-90).</td>
<td>Fiscal Years 2016, 2017, 2018 engagement is underway. A draft of audit findings has been received and UConn is in the process of finalizing its response.</td>
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TO: Members of the Joint Audit and Compliance Committee

FROM: Frank LaRosa
Chief Audit Executive

DATE: September 10, 2020

SUBJECT: FY2020 Fee Notification - NCAA Financial Agreed Upon Procedures

RECOMMENDATION

On September 25, 2019 the Joint Audit and Compliance Committee (JACC) approved a two-year contract extension with the accounting firm BKD to perform and report on agreed-upon procedures in compliance with The National Collegiate Athletic Association (NCAA) Financial Reporting Requirements for the fiscal years ending June 30, 2019 and 2020.

The Office of Audit and Management Advisory Services seeks JACC approval of the fees proposed by BKD for the fifth year of the contract, which covers the fiscal year ended June 30, 2020. The proposed fee totaling $28,872.48 includes $27,762 for performing agreed-upon procedures detailed in the attachment to the engagement letter plus a four percent administrative fee of $1,110.48.

BACKGROUND

NCAA Constitution 3.2.4.15 and 3.2.4.15.1 require that “an institution shall submit financial data detailing operating revenues, expenses and capital related to its intercollegiate athletics program to the NCAA on an annual basis in accordance with the financial reporting policies and procedures ... The report shall be subject to annual agreed-on verification procedures approved by the membership (in addition to any regular financial reporting policies and procedures of the institution) and conducted by a qualified independent accountant who is not a staff member of the institution and who is selected by the institution’s chancellor or president or by an institutional administrator from outside the athletics department designated by the chancellor or president. The independent accountant shall verify the accuracy and completeness of the data prior to submission to the institution’s chancellor or president and the NCAA. The institution’s chancellor or president shall certify the financial report prior to submission to the NCAA.”

Approved by the Joint Audit & Compliance Committee at their __________meeting
July 21, 2020

Mr. Scott Jordan  
Executive Vice President for Administration  
and Chief Financial Officer  
University of Connecticut  
352 Mansfield Road, Unit 1122  
Storrs, CT 06269-1122

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to the following specified users: UNIVERSITY OF CONNECTICUT (University) (specified party). These services will be performed pursuant to that certain Purchasing Agreement for the National Collegiate Athletic Association (NCAA) Financial Auditing Services entered into by and between the University and BKD, LLP (“BKD” or “we”), dated as of October 10, 2016 and amended December 2, 2019 (the “Agreement”). This letter, together with any attachments to this letter shall constitute SOW #5 for purposes of the Agreement (this “SOW #5”).

ENGAGEMENT OBJECTIVES AND SCOPE

We will apply the procedures enumerated in the attachment to this letter /SOW to assist the University in complying with the NCAA Bylaw 3.2.4.17 for the year ended June 30, 2020. The sufficiency of these requested procedures is solely the responsibility of the specified parties listed above. Consequently, we make no representation regarding the sufficiency of the procedures for the purpose for which the report has been requested or for any other purpose.

Because we have not been engaged to conduct an examination or review, we will not express an opinion or conclusion, respectively, on complying with the NCAA Bylaw 3.2.4.17. In addition, we have no obligation to perform any procedures beyond those listed in the attachment to this letter/SOW #5.

OUR RESPONSIBILITIES

We will conduct our agreed-upon procedures engagement in accordance with attestation standards established by the American Institute of CPAs.
Our engagement will not include a detailed examination of all transactions and cannot be relied upon to disclose misstatements that might exist due to error, fraud and illegal acts. However, we will inform you of any such matters, if material, that come to our attention.

We will submit a report summarizing the procedures performed and the results of those procedures. The report is intended solely for the information and use of University and is not intended to be and should not be used by anyone other than these specified parties.

Mary McKinley, partner, is responsible for supervising the engagement and authorizing the signing of the report or reports.

If, for any reason, we are unable to complete our procedures, we may decline to issue a report as a result of this engagement.

YOUR RESPONSIBILITIES

It should be understood that the management of the University is responsible for the proper recording of transactions and preparation of financial statements. Management of the University is also responsible for establishing and maintaining effective internal control over financial reporting and setting the proper tone; creating and maintaining a culture of honesty and high ethical standards; and establishing appropriate controls to prevent, deter and detect fraud and illegal acts. Management of the University is also responsible for identifying and ensuring compliance with laws and regulations applicable to its activities and for establishing and maintaining effective internal control over compliance.

To facilitate our engagement, management is responsible for providing a written assertion about the measurement or evaluation of the subject matter against the criteria, supplying us with all necessary information and for allowing us access to personnel to assist in performing our services. It should be understood that management is responsible for the accuracy and completeness of these items, for the subject matter and the written assertion(s) referred to above and for selecting and determining the appropriateness of the criteria.

At the conclusion of our engagement, management will provide to us a letter confirming the availability of this information, the written assertion(s), certain representations made during the engagement and acknowledging certain responsibilities outlined in this engagement letter.

OTHER SERVICES

We may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of those services, including any findings that may result. You also acknowledge those services are adequate for your purposes, and you will establish
and monitor the performance of those services to ensure they meet management’s objectives. Any
and all decisions involving management responsibilities related to those services will be made by
you, and you accept full responsibility for such decisions. We understand you will designate a
management-level individual to be responsible and accountable for overseeing the performance of
those services, and you will have determined this individual is qualified to conduct such oversight.

ENGAGEMENT FEES

Our fees for services under this letter/SOW #5 will be $27,762. In addition, you will be billed fees
for services from other professionals, if any, as well as an administrative fee of 4% to cover such
items as copies, postage and other delivery charges, supplies, technology-related costs, such as
computer processing, software licensing, research and library databases, and similar expense items.

Our fees are based upon the understanding that the personnel of the University will be available to
assist us. Assistance is expected to include:

- Preparing schedules and analysis
- Responding to inquiries
- Pulling selected documents from files
- Helping to resolve any difficulties encountered

We will provide you with a detailed list of assistance and schedules required and the date such
assistance and schedules are to be provided before the engagement begins. All schedules should be
provided in electronic form unless indicated otherwise.

Our timely completion of the engagement depends on timely and accurate schedule and analyses
preparation and on the availability of the University personnel to provide other assistance. If there
are inaccuracies or delays in preparing this material, or if we experience other assistance difficulties
that add a significant amount of time to our work, our fees will increase. If these circumstances
occur, we will promptly notify you to discuss alternative solutions and impact on our fees.

Our engagement fee does not include any time for post-engagement consultation with your
personnel or third parties, inquiries from regulators or testimony or deposition regarding any
subpoena. Charges for such services will be billed separately.

If our invoices for this or any other engagement you may have with BKD are not paid within
30 days, we may suspend or terminate our services for this or any other engagement. In the event
our work is suspended or terminated as a result of nonpayment, you agree we will not be
responsible for any consequences to you.
OTHER ENGAGEMENT MATTERS AND LIMITATIONS

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information.

This engagement letter/SOW #5 represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information.

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of BKD, LLP have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

We are an independent accounting firm allowed to use the name “Praxity” in relation to our practice. We are not connected by ownership with any other firm using the name “Praxity,” and we will be solely responsible for all work carried out by us on your behalf. In deciding to engage us, you acknowledge that we have not represented to you that any other firm using the name “Praxity” will in any way be responsible for the work that we do.
We will be pleased to discuss this letter with you at any time and look forward to the opportunity of serving you. If the above arrangements are acceptable to you, please sign the copy of this letter and return it to us. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a “duplicate original” of this agreement.

BKD, LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

UNIVERSITY OF CONNECTICUT

BY ________________________________
Scott Jordan
Executive Vice President for Administration
and Chief Financial Officer

DATE ______________________________

Attachment
University of Connecticut
Agreed-Upon Procedures
Attachment to Engagement Letter Dated July 21, 2020
For the Year Ended June 30, 2020

We will obtain the statement of revenue and expenses (Statement), as prepared by the administration of the University of Connecticut (University). We will compare the amounts disclosed in the Statement to the University’s general ledger. For relevant revenue and expense categories, we will perform the following:

1. We will compare the amount of each operating revenue and expense category reported in the Statement during the year ended June 30, 2020, to supporting schedules provided by the administration of the University. We will recalculate the totals per the supporting schedules. The following revenue reporting categories are expected to be less than 4.0% of total revenues and the following expense categories are expected to be less than 4.0% of total expenses and, therefore, no procedures will be required for these categories:

Revenues
a. Indirect institutional support revenue – athletic facilities debt service, lease and rental fees
b. Guarantees
c. Media rights
d. NCAA distributions
e. Program, novelty, parking and concession sales
f. Sports camp revenues
g. Athletics restricted endowment and investments income
h. Other operating revenues

Expenses
i. Guarantees expense
j. Severance
k. Recruiting
l. Sports equipment, uniforms and supplies
m. Game expenses
n. Fundraising, marketing and promotion
o. Spirit groups expense
p. Direct overhead and administrative expenses
q. Medical expenses and insurance
2. We will inquire of the University’s management whether there were any of the following revenues, expenses or other reporting items during the year ended June 30, 2020:
   a. Direct state or other government support
   b. Transfers to the University
   c. Indirect institutional support
   d. In-kind revenues
   e. Compensation and benefits provided by a third party
   f. Conference distributions of bowl-generated revenues
   g. Bowl revenues
   h. Coaching salaries, benefits and bonuses paid by a third party
   i. Support staff/administrative compensation, benefits and bonuses paid by a third party
   j. Sports camp expenses
   k. Indirect s to the University
   l. Indirect institutional support expenses
   m. Bowl expenses
   n. Bowl expenses – coaching, compensation / bonuses
   o. Excess transfers to the University
   p. Conference realignment expenses

3. We will compare each revenue and expense amount to prior year amounts and current year budget estimates. We will obtain and document an understanding of any significant variances (significant defined as a 10% change) from prior year amounts or current year budget estimates. We will report the analysis in the agreed-upon procedures report.

**Operating Revenues**

4. Ticket sales – We will compare the detail of tickets sold, complementary tickets provided and unsold tickets per the supporting schedules during the year ended June 30, 2020, to the related revenue reported in the Statement. We will obtain ticket reports by sport for football, men’s and women’s basketball, men’s and women’s soccer and men’s ice hockey. We will inquire of the University’s management whether the Paciolan ticket system report tracks unsold tickets or attendance.
University of Connecticut
Agreed-Upon Procedures
Attachment to Engagement Letter Dated July 21, 2020
For the Year Ended June 30, 2020

5. Student fees – We will compare the amount of student fees approved and documented in board materials for the year ended June 30, 2020, with the amount per the Statement. We will obtain and document an understanding of the University’s methodology for allocating student fees to the Division of Athletics.

6. Direct institutional support – We will compare the direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

7. Contributions – We will inquire of University management whether there were any single contributions that constituted 10% or more of all contributions received during the year ended June 30, 2020, and if so, we will obtain and review supporting documentation for each such contribution.

8. Conference distributions and conference distributions of bowl generated revenues – We will obtain and read agreements related to the University’s conference distributions and participation in revenue from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. We will obtain a supporting schedule relating to the University’s allocation of revenues for regular season football television, American Athletic Conference football championship game, post-season bowl games, regular season basketball games, the American Athletic Conference basketball tournament and the NCAA basketball tournament. We will recalculate the totals per the supporting schedule and agree the related revenues to those per the Statement. We will compare the amount per the supporting schedule for American Athletic Conference distributions to correspondence from the American Athletic Conference.

9. Royalties, licensing, advertisements and sponsorships – We will obtain the IMG Communication, Inc. (IMG) multimedia rights sponsorship agreement related to the University’s participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2020, and gain an understanding of the relevant terms and conditions. We will agree the terms of the IMG contract to the supporting schedule of such revenues and agree the supporting schedule to the Statement.

   We will obtain the NIKE USA, Inc (NIKE) agreement related to the University’s participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2020, and gain an understanding of the relevant terms and conditions. We will agree the terms of the IMG contract to the supporting schedule of such revenues and agree the supporting schedule to the Statement.

Operating Expenses

10. Athletic student aid – We will select a sample of students (10% of the total student-athletes of the University, as the University uses NCAA’s compliance assistant (CA) software to prepare athletic aid detail with a maximum sample size of 40 from the listing of University
student aid recipients during the reporting period. Data should be captured by the institution through the creation of a squad/eligibility list for each sponsored sport. We will obtain individual student account detail for each selection and compare total aid to data per the NCAA’s CA software or the NCAA’s Membership Financial Reporting System. We will also compare the following per the student’s account detail to data per the NCAA’s CA software or the NCAA’s Membership Financial Reporting System:

a. We will compare the equivalency value in the CA software for each student-athlete (rounded to two decimal places) to supporting documentation.

b. We will note whether grants-in-aid were calculated by using the revenue distribution equivalencies by sport and in aggregate (athletic grant amount divided by the full grant amount).

c. We will note whether other expenses related to attendance (also known as cost of attendance) are included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.07.

d. We will note whether full grant amount is entered as a full year of tuition, not a semester or quarter.

e. We will note whether the award for student-athletes who participated in more than one sport are only included in one sport’s award.

f. We will note whether athletics grants are only for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.

g. We will note whether grants-in-aid are for sports that meet the minimum contests and participants’ requirements of Bylaw 20.9.6.3.

h. We will note whether any selections representing grants to student-athletes listed on the CRDE as “Exhausted eligibility (fifth-year)” or “Medical” receive credit in the grants-in-aid component.

i. We will note whether any sports were discontinued during the fiscal year.

j. We will note whether any had exhausted their athletic eligibility.

k. We will note whether the selected student received a Pell Grant and, if so, we will note whether the value of the grant was excluded from the calculation of equivalencies or the total dollar amount of student athletics’ aid expense for the University.

l. We will note whether the selected student received a Pell Grant and, if so, we will note whether the student’s grant was excluded from the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.
11. Coaching salaries, benefits and bonuses paid by the University and related entities – We will obtain a listing of coaches employed by the University during the year ended June 30, 2020. We will select a sample of four coaches’ contracts that include football, men’s and women’s basketball and one other sport. We will agree the financial terms and conditions of each selection to the related coaching salaries, speaking fees, automobile stipends and bonuses recorded by the University in the summary payroll registers and in the Statement during the year ended June 30, 2020. We will inquire of University management whether there were any coaches employed by related entities.

12. Support staff/administrative salaries, benefits and bonuses paid by the University and related entities – We will select a sample of four athletic support staff/administrative personnel employed by the University. We will obtain supporting salary information per the Kuali Financial System (KFS) system for each selection and agree the information to supporting schedules and to the expense recorded by the University in the Statement. We will inquire of University management whether there were any coaches employed by related entities.

13. Team travel – We will obtain documentation of the University’s team travel policies and compare them to the NCAA’s policies. We will obtain supporting schedules for team travel expenses and compare them to the Statement.

14. Game expenses – We will obtain and agree supporting schedules for game expenses to the Statement. We will select two of the largest contracts and agree the amounts per the contracts to the supporting schedules.

15. Other operating expenses and transfers to the University – We will obtain the supporting schedules for other operating expenses and transfers to the University to the Schedule. We will select a sample of one expense and compare the selected item to invoices and supporting schedules and agree the information to expense recorded by University management.

Additional Minimum Procedures

For Grants-in-Aid:

We will compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA or equivalent supporting equivalency calculations from the University. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the CRDE or equivalent supporting equivalency calculations, we will inquire of the University’s management about the discrepancy and document the response.
We will compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. We will inquire and document an explanation for any variance great than +/- 4%.

For Sports Sponsorship:

We will obtain the University’s Sports Sponsorship and Demographics Forms Report for the reporting year. We will compare the countable sports reported by the University with the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum-contest requirement. Post-season contests are not countable toward the contest requirements, only the regular season. If the University requested and/or received a waiver related to minimum contests or minimum participants for a particular sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. We will note whether the University has reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

We will compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. We will inquire and document an explanation for any variance.

For Pell Grants:

We will agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award, e.g., Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid, and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System, to a report generated from the University’s financial aid records, of all student-athlete Pell Grants.

We will compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. We will inquire and document an explanation for any variance greater than +/- 20 grants.

**Agreed-Upon Procedures Related to Affiliated and Outside Organizations**

16. The University will identify all intercollegiate athletics-related outside organizations incurring expenses on behalf of the Division of Athletics that were not under University’s accounting control. We will obtain statements of expenses incurred on behalf of the Division of Athletics. We will agree the amounts reported in those statements to inclusion in the Statement.
University of Connecticut
Agreed-Upon Procedures
Attachment to Engagement Letter Dated July 21, 2020
For the Year Ended June 30, 2020

17. We will obtain the audited financial statements of the University of Connecticut Foundation, Inc. and the related internal control observations letter and the compiled statements of the UConn Club as of and for the year ended June 30, 2020, noting any matters that would significantly affect the Statement.

Minimum Agreed-Upon Procedures for Other Reporting Items

18. We will inquire of the University’s management whether there were excess transfers to the University or conference realignment expenses.

19. We will inquire of the University’s management whether there was any athletics-related debt. If there is athletics-related debt, we will recalculate the annual maturities and agree total outstanding athletics-related debt to supporting documentation and the University’s general ledger.

20. We will inquire of the University’s management whether there was any institutional debt. If so, we will agree the amounts to supporting documentation and the University’s general ledger.

21. We will inquire of the University’s management whether there were any athletics-dedicated endowments. If so, we will agree the amounts to supporting documentation and the University’s general ledger.

22. We will inquire of the University’s management whether there were any institutional endowments. If so, we will agree the amounts to supporting documentation and the University’s general ledger.

23. We will inquire of the University’s management whether there were any athletics-related capital expenditures. If so, we will select a sample of one expenditure from the general ledger detail and agree the amount to supporting documentation.

Agreed-Upon Procedures Related to Internal Control

24. We will make inquiries of the Office of the Controller and Division of Athletics personnel relating to any changes during the current fiscal year in the procedures and internal accounting controls unique to the Division of Athletics.
TO: Members of the Joint Audit & Compliance Committee

FROM: Frank LaRosa
Chief Audit Executive

DATE: September 10, 2020

SUBJECT: Approval of Appointment of Pharmacy Consultants Inc, DBA 340B Compliance Partners, to Conduct an Independent Audit of UConn Health Covered Entities

RECOMMENDATION

That the Joint Audit and Compliance Committee (JACC) approve the appointment of Pharmacy Consultants Inc, DBA 340B Compliance Partners to conduct an audit of two of the three UConn Health Covered Entities: John Dempsey Hospital and Division of Infectious Diseases/Infectious Disease Clinic (Ryan White Part A) applicable to the 340B Drug Pricing Program for a period to be determined by the vendor. The maximum fee for this engagement is $52,300, which includes project-related reimbursable expenses for administrative costs.

BACKGROUND

As a 340B covered entities, John Dempsey Hospital and Division of Infectious Diseases/Infectious Disease Clinic (Ryan White Part A) has elected to dispense 340B drugs to patients through contract pharmacy arrangements.

Federal Register Vol. 75, No. 43 Notice Regarding 340B Drug Pricing Program — Contract Pharmacy Services issued guidelines that govern the operation and compliance of contract pharmacies for 340B covered entities. These guidelines require that “Covered entities are responsible for ensuring compliance of their contract pharmacy arrangement(s) with all 340B Program requirements. In order to fulfill the ongoing obligation of compliance, all covered entities are required to provide oversight of the contract pharmacy, maintain auditable records and are expected to conduct annual audits of their contract pharmacies, completed by an independent auditing firm”.

The engagement with Pharmacy Consultants Inc. is designed to fulfill the audit requirement. The Office of Audit and Management Services seeks JACC approval of this engagement.

Approved by the Joint Audit & Compliance Committee at their __________________ meeting.
The Independent Compliance Audit Scope will review a six month period during calendar year 2020 where the below listed Covered Entities (CE) will be evaluated per the current HRSA rules and regulations.

<table>
<thead>
<tr>
<th>COVERED ENTITY</th>
<th>340B ID</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UConn Health- John Dempsey Hospital (Parent)</strong></td>
<td>DSH070036</td>
</tr>
<tr>
<td>UConn Health- Cardiology (Child)</td>
<td>DSH070036A</td>
</tr>
<tr>
<td>UConn Health- Dermatology (Child)</td>
<td>DSH070036B</td>
</tr>
<tr>
<td>UConn Health- Outpatient Psychiatry Service (Child)</td>
<td>DSH070036C</td>
</tr>
<tr>
<td>UConn Health- Storrs Urgent Care (Child)</td>
<td>DSH070036D</td>
</tr>
<tr>
<td>UConn Health- Medical Services/Cardiology (Child)</td>
<td>DSH070036E</td>
</tr>
<tr>
<td>UConn Health- Surgical Center (Child)</td>
<td>DSH070036F</td>
</tr>
<tr>
<td>UConn Health- Neag Cancer Center (Child)</td>
<td>DSH070036G</td>
</tr>
<tr>
<td>UConn Health- Canton Urgent Care (Child)</td>
<td>DSH070036H</td>
</tr>
<tr>
<td>UConn Health- Canton Dermatology (Child)</td>
<td>DSH070036J</td>
</tr>
<tr>
<td><strong>UConn Health- Division of Infectious Diseases / Infectious Diseases Clinic (Ryan White Part A)</strong></td>
<td>RWI06030</td>
</tr>
</tbody>
</table>

The fee schedule for enhanced services by the vendor for each CE is as follows:

<table>
<thead>
<tr>
<th>COVERED ENTITY</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UConn Health- John Dempsey Hospital (Parent &amp; Child sites)</strong></td>
<td>$32,400 (annually x2 years)</td>
</tr>
<tr>
<td><strong>UConn Health- Division of Infectious Diseases / Infectious Diseases Clinic (Ryan White Part A)</strong></td>
<td>$13,500</td>
</tr>
</tbody>
</table>

1. Policy and Procedure Review- Review 340B policies and procedures that address procurement, distribution, dispensing, inventory management, audit documentation procedures, patient eligibility, accumulation and administration of the 340B program.
   A. Description of CE’s registration/recertification process
   B. Process for ensuring that the 340B OPAIS record is up-to-date and accurate for the parent, applicable off-site outpatient facilities and contract pharmacies (including regular review and timely update of 340B OPAIS records)
   C. Process for determining what sites are eligible; Address whether each service area in which 340B drugs are purchased, ordered, or provided is included on the grant or reimbursable on the CE’s most recently filed Medicare cost report (MCR)
   D. Description of procurement process (including contract pharmacy)
   E. Prevention of GPO violations (for DSH CE only)
   F. Definition for any exclusions to the definition of covered outpatient drugs (i.e. bundled drugs, orphan drugs, or inpatient drugs)
   G. CE’s process for conducting oversight of its contract pharmacies listed on the HRSA website:
      i. Internal audits
      ii. Independent audits
   H. How the CE accounts for 340B inventory or accumulation, if applicable (if physical inventory vs. virtual inventory replenishment)
   I. Prevention of diversion at CE – Process for confirming the following:
      i. Site eligibility location
      ii. Referral/responsibility of care remained with CE
      iii. Medical/patient health record
iv. Patient eligibility (including status change)
  v. Provider eligibility (relationship)
  vi. Service in the scope of grant (non-hospital)
  vii. Documenting and accounting for wastage of a drug not administered

J. Prevention of diversion at contract pharmacy - Process for confirming the following:
   i. Site eligibility location
   ii. Referral/responsibility of care remained with CE
   iii. Medical/patient health record
   iv. Patient eligibility
   v. Provider eligibility (relationship)
   vi. Service in the scope of grant (if applicable / non-hospital)

K. Mechanism to prevent duplicate discounts at CE and off-site facilities for:
   i. Physician administration
   ii. Outpatient prescriptions
   iii. Billing multiple state Medicaid agencies, if applicable

L. Mechanism to prevent duplicate discounts at contract pharmacies for outpatient prescriptions

M. When and how CE would self-disclose and CE’s definition of non-compliance material breach

2. Review CE Eligibility Documentation

   DSH:
   A. A listing of locations where health care services are provided to individuals for which the hospital deems itself responsible for the health care services provided for purposes of meeting 340B eligibility including physical address.
   B. The applicable MCRs that were most recently filed to the audit period.
   C. If the hospital utilizes 340B drugs at offsite outpatient facilities, provide the trial balance that was submitted to CMS with the MCR(s). For each MCR and corresponding trial balance, include a trial balance crosswalk. The trial balance crosswalk includes the name of each offsite outpatient facility, the routine service line number on the MCR Worksheets A and C, the department code, and the location code or shorthand used to identify the site in the electronic health record (EHR).
   D. If the hospital has a contract with a State or local government to provide health care services to low income individuals, provide a copy of that contract. If a hospital is owned or operated by the government or granted government powers, include documentation showing the ownership or government powers.

   Non-Hospitals:
   A. A listing of locations where health care services are provided to individuals for which the non-hospital deems itself responsible for the health care services provided for purposes of meeting 340B eligibility including physical address.
   B. Notice of Grant Award (NGA) and/or sub grantee documentation, or FQHC-LA designation or FQHC638 compact agreement.

3. 340B Universe review for each CE

   A. Include a narrative describing the methodology, by which the data was gathered, and any limitations or exclusions (e.g. whether reversed transactions, or any other elements, were excluded or other 340B orders or dispenses, were direct purchases included or other purchasing mechanisms). Define each area(s) of service on the spreadsheet(s) with column headings name and indicate which area the spreadsheet represents.
   B. Provide a listing of all 340B drug orders and administrations provided to patients from the parent site, offsite facilities/child sites, and pharmacies (in-house/entity-owned and contracted) during the sample
period (preferable in Excel format or another electronic format). Include the following data elements in the listing:

i. The drug/product name/NDC

ii. The acquisition price

iii. The type of account the drug was purchased through, purchase account and the associated 340B ID number

iv. The quantity issued

v. The patient ID number (this is typically the medical record number or date of birth, but can be any number you assigned that will allow tracking through CE’s system to retrieve all information associated with the order)

vi. The payer (all payers including Medicaid)

vii. The date of the order (mixed-use pharmacy) or date(s) written and filled (in-house/entity-owned or contract pharmacy)

viii. The ordering provider

ix. The location/site 340B drug was administered/ordered (mixed-use pharmacy) or prescribed (in-house or contract pharmacy)

x. The date the drug was administered, or dispensed

A sample of prescriptions will be selected for testing while the audit team is on site. For the selected items, individual records will need to be available in either electronic or paper format. If electronic health records (EHRs) are utilized, please provide an individual with system knowledge to navigate the EHR.

4. Provider List Review
   A list of the CE’s eligible providers, to include first name, last name, NPI and whether employed/contracted (preferable in Excel format). Review of proof of employment, contract, or credentialing for providers during the audit.

5. Purchasing Documentation Review
   A. Listing of CE’s wholesalers and 340B drug purchase orders made between dates of selected time frame, including price paid.
   B. Listing of all accounts used to purchase drugs for the parent, off-site facilities, and contract pharmacies, which includes locations dispensing or distributing 340B drugs and a description of the applicable pricing (340B - with 340B ID identified on account listing, GPO, WAC, CSOS, other).

6. Contract Pharmacy Documentation Review
   Listing of contract pharmacies, and the current contracts that:
   A. Individually identify by name and address each registered contract pharmacy location participating in the contract pharmacy arrangement; and
   B. Individually identify each CE location by name and address or have a general statement that inclusively identifies the parent and all CE location(s), participating in the contract pharmacy arrangement.

7. Self-Disclosure Documentation Review
   A. A copy of any self-disclosures made to the Office of Pharmacy Affairs since the beginning of the audit timeframe.

8. Medicaid Billing Documentation Review
   For each CE 340B ID that carves-in (provides 340B drugs to patients with fee-for-service Medicaid), will review the Medicaid billing numbers (e.g. national provider identifier or state-assigned billing number) that are listed on the paper or electronic claim to Medicaid to identify the “pay-to” provider. Review will include out-of-state Medicaid billing numbers and the state associated with that number, where applicable.
PROPOSAL FOR SERVICES

340B Drug Program Silver Level Partnership Plan

Pharmacy Consultants, Inc.
DBA 340B Compliance Partners
Roaring Spring, PA
Overview

340B Compliance Partners is pleased to submit this proposal for services to support UCONN Health in achieving its goals for improving and maintaining compliance and integrity for its 340B program. The Silver Level Partnership Plan provides the annual independent audit fees over 12 months with availability of 340B Compliance Partners throughout the 2-year contract term for guidance, questions, and reaching out to governing bodies anonymously for clarifying questions from HRSA/Apexus/Connecticut State Medicaid, etc. for the specific 340B registration for JDH. 340B Compliance Partners is a pharmacist-owned and operated private company. Guidance and audits are provided by pharmacists and pharmacy technicians to more closely resemble the current HRSA 340B program audits. We are committed to a beneficial partnership to improve your program and will be responsive, reliable and thorough. Our corporate slogan states our mission and what we provide as your partner: “The guidance you want. The analysis you need.”

The Objective

❖ Conduct annual on-site independent third-party audit for the following registered entity:
   DSH070036
❖ Mimic HRSA audit to prepare client for selection for audit in identifying strengths and opportunities for improvement.
❖ Serve as a resource for guidance and seeking answers throughout the term of the contract.
❖ Contact regulatory bodies on behalf of the CE while maintaining CE’s anonymity to ask clarifying questions related to the 340B Program Operations
❖ Provide ongoing staff and stakeholder education to assist with meeting HRSA expectations.

The Opportunity

❖ Goal #1: Promote continuous readiness and compliance for 340B program
❖ Goal #2: Identify HRSA audit expectations for your entity
❖ Goal #3: Make recommendations that maximize the savings and revenue opportunities of the 340B program
❖ Goal #4: Work with pharmacy staff and others to provide education and guidance
for ongoing internal audits and program integrity

The Solution

1. A. The Client hereby agrees to engage the Consultant to provide the Client with the following consulting services (the "Services") for DSH:

   ❖ Service will include providing the annual independent audit from each universe i.e. parent, various service sites or child sites, and contract pharmacy settings. Auditors will mimic the HRSA audit. Detailed audit process/content for audit is provided confidentially to client and 340B Compliance Partners prides itself in the detail level of the independent audit. A minimum sample from each child site and each contract pharmacy are incorporated to analyze all systems and sites.

   ❖ Mimic HRSA audit with level of detail entity desires, including walking through entire process of sending an email to Authorizing Official, pre-audit conference call, data request with comparable deadlines, and finally on-site portion for at least two to three days or longer depending on scope and sample size with a final report for entity to create a CAP. If unable to provide onsite audit, a virtual audit will be conducted covering the same data.

   ❖ Kickoff meeting with Stakeholders- includes guidance of where each will fit into HRSA audit process

   ❖ Verification of all items needed to prove eligibility

   ❖ Complete review of Policies and Procedures

   ❖ Review of accuracy of HRSA database for all addresses

   ❖ Review of pharmacy accounts to order medications

   ❖ Meet with staff to discuss topics auditor will ask for ex. Buyer to discuss order determination process

   ❖ Demonstration of split-billing system

   ❖ Patient definition

   ❖ Provider file

   ❖ Eligibility process for provider, credentialing, contracting

   ❖ Process when provider no longer eligible

   ❖ Contracts with contract pharmacies reviewed

   ❖ Samples from all universes will be reviewed: Primary entity, Child Sites, Entity-Owned retail (if applicable), and Contract Pharmacy will be used for samples [eligible location, eligible provider, eligible patient, verify insurance, verify medical record documentation of either administration in mixed-use or of prescription submission to pharmacy, billing modifiers (if needed)]

3
Accumulator functionality is reviewed for each sample selection with replenishment analysis

Review process for changes in accumulator- if applicable

Inventory process: tour of med areas for storage and discussion of restock

GPO Prohibition analysis

Medicare billing analysis for drugs purchased at 340B (G and K status drugs)

Medicaid Carve-in/Carve-out status and appropriate billing per SPA

Review of minutes of 340B Oversight Committee or equivalent

Review internal audit process, frequency, documentation, reported to?

Material Breach defined in policies and records of any self-disclosure

Review location files for eligibility from billing files

Hard copy prescription review from contract pharmacies

Physical site visits to service locations- as many as possible

Visit a local contract pharmacy to view understanding of staff as it relates to 340B

Round-table of things to consider for audit i.e. if physicians write prescriptions for themselves, hallway prescriptions for co-workers, etc.

Power Point Educational session provided on-site to audience of choice (arranged in advance for appropriate level of content) Assists in meeting expectations of ongoing education of staff

Exit Conference to discuss concerns and answer questions

Complete written report of what is going well and what opportunities exist as well as potential risk points within four weeks of exit.

Available for guidance throughout the term of the contract

Contact Apexus, HRSA or state Medicaid programs to gain clarity on questions related to 340B Program

2. The Services will also include any other consulting tasks which the Parties may agree upon. As an annual independent audit client, 340B Compliance Partners will come onsite if requested when actual HRSA audit is conducted for a significantly discounted rate.

OUR PROPOSAL

UCONN Health have a desire to be completely compliant with the 340B Program while maximizing the potential savings to meet the 340B program’s intent. However, faced with the complexities of the program and time-consuming internal audit requirements,
UCONN Health face the possibility of ongoing missed opportunities and risk of HRSA audit findings for non-compliance.

Our partnership will assist UCONN Health Affiliates in meeting their goals for compliance and maximizing savings.

**Technical/Project Approach**

Our goal is to study your 340B program, examine results of any prior HRSA audits to assist with any corrective action, learn about your systems and processes, mimic the HRSA audit with the onsite audit and remote reviews, provide guidance for a strategic ongoing audit plan, and serve as your partner for compliance and integrity.

The actual process will be the following:

1. Contracts fully executed
2. Choose onsite dates
3. Schedule the process initiation approximately 30 days in advance of onsite
4. Covered Entity to choose audience for onsite educational offering if desired
5. Email sent to Authorizing Official to notify of upcoming mock audit
6. Kick-off call scheduled and held within a few days of email
7. Data requests will be sent to designated 340B stakeholders with deadlines prior to call and will be reviewed during the kick-off call
8. Designated individual will be provided access to a shared folder to submit data files and all requested documents
9. Two Auditors will conduct a 3-day onsite portion of audit for DSH each year of the agreement. Virtual audit will be conducted if travel is restricted due to state or national emergency.
10. Detailed mock audit report will be prepared for submission to the Authorizing Official and Primary Contact or designee(s).
11. Contact Information is available to 340B Stakeholders to reach out throughout the term of the contract for guidance and research on behalf of the Covered Entities.

**Timeline for Execution**

Kick off for this contract is upon completion of all signatures unless otherwise negotiated.
Key project dates are outlined below. Dates are best-guess estimates and are subject to change until a contract is executed.
**Supplied Material/ Entity Responsibilities**

The following materials are to be supplied by UCONN Health for this project. For 340B Compliance Partners to meet project milestones, this material must be supplied on schedule. The due dates included in the following table represent our best guess based on current proposed dates:

<table>
<thead>
<tr>
<th>Materials to be supplied by UCONN Health</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>All materials that would be requested in preparation for HRSA audit- complete list to be provided with kick off call and communication</td>
<td>TBD</td>
</tr>
<tr>
<td>Staff available for kickoff call and onsite visit to get best result from audit and education</td>
<td>TBD</td>
</tr>
<tr>
<td>6 months of data requests at a designated time to mimic HRSA audit representing 6 months in 2020 and 6 months of data at a designated time to mimic HRSA audit representing 6 months in 2021</td>
<td>TBD</td>
</tr>
</tbody>
</table>

**EXPECTED RESULTS**

We expect our proposed solution to UCONN Health Affiliates’ audit needs to provide the following results:

- Provide the analysis you need with the guidance you want
- Provide a snapshot of program integrity and compliance
❖ Instill confidence in staff with an educated approach to a robust, compliant 340B program
❖ Provide feedback for potential findings and opportunities for improvement

**PRICING**

The following table details the pricing for delivery of the services outlined in this proposal. This pricing is valid for 30 days from the date of this proposal: exp September 10, 2020. UCONN Health Affiliates agree to serve as a reference for 340B Compliance Partners upon successful completion of meaningful services. Other services available for additional fees such as creation of robust policies and procedures, individualized training programs for 340B Coordinators, negotiation and set-up of contract pharmacies, TPA selection and negotiations.

<table>
<thead>
<tr>
<th>Services Cost Annual Independent On-site audit</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Independent on-site audit and ongoing consultation is a monthly flat fee due on the 1st of the month that begins that month’s service for a 24-month term.</td>
<td></td>
</tr>
<tr>
<td>1. DSH070036 UCONN Health</td>
<td>$2700/month for 24 months</td>
</tr>
<tr>
<td>Actual out-of-pocket expenses incurred in connection with the completion of our engagement, such as travel costs, mileage and tolls, meals.</td>
<td>Capped at $2800 for DSH</td>
</tr>
</tbody>
</table>

**QUALIFICATIONS**

340B Compliance Partners is focused entirely on the 340B program- this is our business. Your entity needs a responsive, reliable and thorough partner to comply with all the complexities of the program. Why choose us? We speak the language of pharmacy and 340B. We have been on the side of a covered entity, involved in the detailed operations of 340B and have been audited by HRSA. We have provided consultative services to guide others through a HRSA audit as well as partnered to revamp policies and procedures and analyze contract pharmacy arrangements and details of those contracts. Our mission is to help covered entities feel confident in their program integrity without spending a large portion of 340B savings on independent
audits and consultants to do so. Some of our staff have been part of one of the fastest growing DSH covered entities with an increase of contract pharmacies from simply an employee pharmacy to well over 70 contract pharmacies in a span of 5 years. Pharmacy personnel are by nature detail-oriented and you need this level of analysis to examine your program under a microscope to look for opportunities for improvement proactively.

340B Compliance Partners is comprised of pharmacy personnel who have either completed or are in the process of completing the Apexus 340B Operations Certification. We have greater than 25 years of combined 340B experience. We have a track record individually for being reliable and responsive. With the new Bizzell Group (comprised of pharmacists and technicians) conducting the HRSA audits, our company more closely mimics the process of the actual HRSA audit experience.

**CONCLUSION**

We look forward to partnering with UCONN Health affiliates and supporting your efforts to improve your compliance for your 340B program. We are confident we can meet the challenges ahead, and stand ready to partner with you in delivering an effective and supportive solution. If you have questions on this proposal, feel free to contact Sherri Faber at your convenience by email at sfaber@340BCompliancePartners.com or by phone at (304) 964-3903. We will be in touch with you to arrange a follow-up conversation on the proposal.

Thank you for your consideration,

Sherri D. Faber, RPh, MHA
President of 340B Compliance Partners
PROPOSAL FOR SERVICES

340B Drug Program Compliance Audit

Pharmacy Consultants, Inc.
DBA 340B Compliance Partners
Roaring Spring, PA
Overview

340B Compliance Partners is pleased to submit this proposal for services to support UCONN Health in achieving its goals for improving and maintaining compliance and integrity for its 340B program. 340B Compliance Partners is a pharmacist-owned and operated private company. Guidance and audits are provided by pharmacists and pharmacy technicians to more closely resemble the current HRSA 340B program audits. We are committed to a beneficial partnership to improve your program and will be responsive, reliable and thorough. Our corporate slogan states our mission and what we provide as your partner: “The guidance you want. The analysis you need.”

The Objective

❖ Conduct annual on-site independent third-party audit for the following registered entity:

RWI06030

❖ Mimic HRSA audit to prepare client for selection for audit in identifying strengths and opportunities for improvement.

❖ Provide ongoing staff and stakeholder education to assist with meeting HRSA expectations.

The Opportunity

❖ Goal #1: Promote continuous readiness and compliance for 340B program
❖ Goal #2: Identify HRSA audit expectations for your entity
❖ Goal #3: Make recommendations that maximize the savings and revenue opportunities of the 340B program
❖ Goal #4: Work with pharmacy staff and others to provide education and guidance for ongoing internal audits and program integrity

The Solution

1. The Client hereby agrees to engage the Consultant to provide the Client with the following consulting services (the "Services") for RWI:
❖ Mimic HRSA notification of selection for audit
❖ Pre-audit conference call
❖ Data submission for audit period with expected time frames
❖ Review of policies and procedures
❖ Review of scope
❖ Analysis of contract pharmacy contract dates compared with dates of OPAIS registration dates
❖ Analysis/Review of addresses on OPAIS for accuracy
❖ Review of any prior audit findings to verify correction completion
❖ Internal clinic ordering process of ordering meds (if applicable)
❖ Medicaid Carve-out process analysis
❖ Use of savings/revenue discussion to determine appropriate use within guidelines
❖ Sample review from entity and contract pharmacies [eligible provider, eligible patient, documentation in medical record of either administration or submission to contract pharmacy, insurance of patient, accumulation in contract pharmacy TPA, and replenishment]
❖ Educational session to audience of your choice (arranged in advance for appropriate level of content) Assist in meeting expectations of education of staff.
❖ Exit conference to discuss concerns and any potential findings.
❖ Final written report detailing what is going well and identifying potential opportunities for improvement will be provided within 4 weeks of exit

2. The Services will also include any other consulting tasks which the Parties may agree upon. As an annual independent audit client, 340B Compliance Partners will come onsite if requested when actual HRSA audit is conducted for a significantly discounted rate.

**OUR PROPOSAL**

UCONN Health have a desire to be completely compliant with the 340B Program while maximizing the potential savings to meet the 340B program’s intent. However, faced with the complexities of the program and time-consuming internal audit requirements, UCONN Health face the possibility of ongoing missed opportunities and risk of HRSA audit findings for non-compliance.

Our partnership will assist UCONN Health Affiliates in meeting their goals for compliance and maximizing savings.
Technical/Project Approach

Our goal is to study your 340B program, examine results of any prior HRSA audits to assist with any corrective action, learn about your systems and processes, mimic the HRSA audit with the onsite audit and remote reviews, provide guidance for a strategic ongoing audit plan, and serve as your partner for compliance and integrity.

The actual process will be the following:

1. Contracts fully executed
2. Choose onsite dates (25% of fee due to hold dates)
3. Schedule the process initiation approximately 30 days in advance of onsite
4. Covered Entity to choose audience for onsite educational offering if desired
5. Email sent to Authorizing Official to notify of upcoming mock audit
6. Kick-off call scheduled and held within a few days of email
7. Data requests will be sent to designated 340B stakeholders with deadlines prior to call and will be reviewed during the kick-off call
8. Designated individual will be provided access to a shared folder to submit data files and all requested documents
9. Two Auditors will conduct a 1-day onsite portion of audit for Ryan White Program. If due to emergent circumstances, a live onsite audit is not possible; a virtual audit will be conducted covering the same topics.
10. Detailed mock audit report will be prepared for submission to the Authorizing Official and Primary Contact or designee(s).

Timeline for Execution

Kick off for this contract is upon completion of all signatures unless otherwise negotiated. Key project dates are outlined below. Dates are best-guess estimates and are subject to change until a contract is executed.
<table>
<thead>
<tr>
<th>Description</th>
<th>Start Date</th>
<th>Onsite Date</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual independent audit onsite: RWI06030</td>
<td>Prep TBD</td>
<td>Onsite TBD</td>
<td>30 days advance prep with minimum one day onsite</td>
</tr>
</tbody>
</table>

*possible to combine trip for Ryan White and HTC to save on travel expenses*

## Supplied Material/ Entity Responsibilities

The following materials are to be supplied by UCONN Health for this project. For 340B Compliance Partners to meet project milestones, this material must be supplied on schedule. The due dates included in the following table represent our best guess based on current proposed dates:

<table>
<thead>
<tr>
<th>Materials to be supplied by UCONN Health</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>All materials that would be requested in preparation for HRSA audit- complete list to be provided with kick off call and communication</td>
<td>TBD</td>
</tr>
<tr>
<td>Staff available for kickoff call and onsite visit to get best result from audit and education</td>
<td>TBD</td>
</tr>
<tr>
<td>6 months of data requests at a designated time to mimic HRSA audit representing 6 months in 2020</td>
<td>TBD</td>
</tr>
</tbody>
</table>

## EXPECTED RESULTS

We expect our proposed solution to UCONN Health Affiliates’ audit needs to provide the following results:

- Provide the analysis you need with the guidance you want
- Provide a snapshot of program integrity and compliance
- Instill confidence in staff with an educated approach to a robust, compliant 340B
program
❖ Provide feedback for potential findings and opportunities for improvement

PRICING

The following table details the pricing for delivery of the services outlined in this proposal. This pricing is valid for 30 days from the date of this proposal: exp Sept 10, 2020. UCONN Health Affiliates agree to serve as a reference for 340B Compliance Partners upon successful completion of meaningful services. Other services available for additional fees such as creation of robust policies and procedures, individualized training programs for 340B Coordinators, negotiation and set-up of contract pharmacies, TPA selection and negotiations.

<table>
<thead>
<tr>
<th>Services Cost Annual Independent On-site audit</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Independent on-site audit: flat fee consisting of 25% deposit upon signing and to hold onsite date, 50% upon arrival onsite to audit, final 25% balance due upon notification of completion of detailed report of mock HRSA audit- audit report will be sent upon receipt of final payment. **Costs per entity represents an average of a 15% discount included since there are three required audits.</td>
<td></td>
</tr>
<tr>
<td>1. RWI06030</td>
<td>$13,500</td>
</tr>
<tr>
<td>Actual out-of-pocket expenses incurred in connection with the completion of our engagement, such as travel costs, mileage and tolls, meals. ** Plan on consolidating the RWI and HM in one trip to save on expenses.</td>
<td></td>
</tr>
<tr>
<td>Capped at $2400 for the one additional trip for RWI/HTC. If separate trips for audit RWI travel cap is $1800</td>
<td></td>
</tr>
</tbody>
</table>

QUALIFICATIONS

340B Compliance Partners is focused entirely on the 340B program- this is our business. Your entity needs a responsive, reliable and thorough partner to comply with all the complexities of the program. Why choose us? We speak the language of pharmacy and 340B. We have been on the side of a covered entity, involved in the
detailed operations of 340B and have been audited by HRSA. We have provided consultative services to guide others through a HRSA audit as well as partnered to revamp policies and procedures and analyze contract pharmacy arrangements and details of those contracts. Our mission is to help covered entities feel confident in their program integrity without spending a large portion of 340B savings on independent audits and consultants to do so. Some of our staff have been part of one of the fastest growing DSH covered entities with an increase of contract pharmacies from simply an employee pharmacy to well over 70 contract pharmacies in a span of 5 years. Pharmacy personnel are by nature detail-oriented and you need this level of analysis to examine your program under a microscope to look for opportunities for improvement proactively.

340B Compliance Partners is comprised of pharmacy personnel who have either completed or are in the process of completing the Apexus 340B Operations Certification. We have greater than 25 years of combined 340B experience. We have a track record individually for being reliable and responsive. With the new Bizzell Group (comprised of pharmacists and technicians) conducing the HRSA audits, our company more closely mimics the process of the actual HRSA audit experience.

CONCLUSION

We look forward to partnering with UCONN Health affiliates and supporting your efforts to improve your compliance for your 340B program. We are confident we can meet the challenges ahead, and stand ready to partner with you in delivering an effective and supportive solution. If you have questions on this proposal, feel free to contact Sherri Faber at your convenience by email at sfaber@340BCompliancePartners.com or by phone at (304) 964-3903. We will be in touch with you to arrange a follow-up conversation on the proposal.

Thank you for your consideration,

Sherri D. Faber, RPh, MHA
President of 340B Compliance Partners
STATE OF CONNECTICUT

AUDITORS' REPORT
UNIVERSITY OF CONNECTICUT HEALTH CENTER
FISCAL YEARS ENDED JUNE 30, 2017 AND 2018

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN  ROBERT J. KANE
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In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the University of Connecticut Health Center (UConn Health). The objectives of this review were to evaluate UConn Health’s internal controls, compliance with policies and procedures, as well as certain legal provisions, and management practices and operations for the fiscal years ended June 30, 2017 and 2018.

The key findings and recommendations are presented below:

<table>
<thead>
<tr>
<th>Page</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Page 15</strong></td>
<td>UConn Health allowed certain employees to telework without formal approvals or performance benchmarks, and rejected applications of less than 3 telecommuting days without policy changes. UConn Health should review its telecommuting policy, practice, and enforcement tools to support measurable productivity, consistency in implementation, transparent attendance records, and its ability to monitor the program’s benefits. (Recommendation 2.)</td>
</tr>
<tr>
<td><strong>Page 28</strong></td>
<td>A non-competitively procured service agreement was executed over 2 months after the service start date. In addition to the late approval, UConn Health amended the contract to double its original value within a few months. UConn Health should institute mandatory procurement training for new managers and managers who failed to comply with UConn Health procurement policies. (Recommendation 9.)</td>
</tr>
<tr>
<td><strong>Page 32</strong></td>
<td>Our review of the new electronic medical records system project noted a lack of a permanent project director causing insufficient planning and monitoring of consultants’ invoices. UConn Health should consider centralizing its recordkeeping of user training and service history of expensive equipment to ensure these records are retained despite staffing changes. (Recommendation 11.)</td>
</tr>
<tr>
<td><strong>Page 25</strong></td>
<td>During the audited period, UConn Health paid $503,438 to 78 employees for 14,277 hours on paid administrative leave. Approximately 43% of these hours were for the investigations related to 6 employees, which lasted 3 to 10 months. UConn Health should complete employee disciplinary investigations in a timely manner. (Recommendation 7.)</td>
</tr>
<tr>
<td><strong>Page 12</strong></td>
<td>A manager was approved to perform excessive consulting days without any written performance evaluations. UConn Health should consider limitations on consulting activities and require managers with faculty titles to use leave time for their consulting activities. UConn Health should conduct annual performance evaluations and maintain them in personnel files. (Recommendation 1.)</td>
</tr>
<tr>
<td><strong>Page 39</strong></td>
<td>Capital equipment purchases totaling $259,644 did not include evidence that UConn Health considered competitive pricing. UConn Health should perform periodic assessments of its purchasing power and available product offers to determine whether it is prudent to continue procuring from group purchasing organizations. (Recommendation 13.)</td>
</tr>
</tbody>
</table>
July 7, 2020

AUDITORS’ REPORT

We have audited certain operations of the University of Connecticut Health Center (UConn Health) 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 years ended June 30, 2017 and 2018. The objectives of our audit were to:

1. Evaluate UConn Health’s internal controls over significant management and financial functions;
2. Evaluate UConn Health’s compliance with policies and procedures internal to the department 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.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of UConn Health, as well as certain external parties; and testing selected transactions. 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.

Except for whistleblower matters, we conducted our audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 such a basis.

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

1. Deficiencies in internal controls;
2. Apparent noncompliance with policies and procedures or legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors’ Findings and Recommendations in the accompanying report presents any findings arising from our audit of the University of Connecticut Health Center.

COMMENTS

FOREWORD

The University of Connecticut and the University of Connecticut Health Center (UConn Health) operate primarily under the provisions of Title 10a, Chapter 185, where applicable; Chapter 185b, Part III; and Chapter 187c of the General Statutes. The university and UConn Health are 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 of trustees makes rules for the governance of the university and health center and sets policies for the administration of the university and health center pursuant to duties set forth in Section 10a-104 of the General Statutes. The members of the board of trustees as of June 30, 2018, were:

Ex officio members:

Dannel P. Malloy, Governor
Steven K. Reviczky, Commissioner of Agriculture
Catherine H. Smith, Commissioner of Economic and Community Development
Dianna R. Wentzell, Commissioner of Education
Sanford Cloud, Jr., Chairperson of UConn Health’s Board of Directors

Appointed by the Governor:

Thomas E. Kruger, Cos Cob, Chairman
Andrea Dennis-LaVigne, Simsbury, Secretary
Andy F. Bessette, West Hartford
Mark Boxer, Glastonbury
Charles F. Bunnell, Waterford
Shari G. Cantor, West Hartford
Marilda L. Gandara, Hartford
Rebecca Lobo, Granby
Denis J. Nayden, Stamford  
Kevin J. O’Connor, Greenwich  
Thomas D. Ritter, Hartford  
Philip E. Rubin, Fairfield

Elected by alumni:

Richard T. Carbray, Jr., Rocky Hill  
Jeanine A. Gouin, Durham

Elected by students:

Kevin A. Braghirol, West Hartford  
Christin C. Savino, Easton

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

Lawrence D. McHugh, Middletown, Chairman in 2017  
Donny E. Marshall, Coventry  
Adam J. Kuegler, Watertown

Section 10a-104 (c) of the General Statutes authorizes the Board of Trustees of the University of Connecticut to create a board of directors for the governance of UConn Health and delegate such duties and authority, as it deems necessary and appropriate. The members of the board of directors as of June 30, 2018, were:

Ex officio members:

Susan Herbst, President, University of Connecticut  
Robert Dakers, Designee of the Secretary of the Office of Policy and Management  
Paul Rino, Commissioner, Department of Public Health

Appointed by the Chair of the Board of Trustees:

Sanford Cloud Jr., Chairperson, Farmington  
Andy F. Bessette, West Hartford  
Richard T. Carbray Jr., Rocky Hill

Appointed by the Governor:

Kathleen D. Woods, Avon  
Teresa M. Ressel, New Canaan  
Joel Freedman, South Glastonbury

Members at Large:
Kenneth Alleyne, Bloomfield
Auditors of Public Accounts

Francis X. Archambault, Jr., Storrs
Richard M. Barry, Avon
Cheryl A. Chase, Hartford
John F. Droney, West Hartford
Timothy A. Holt, Glastonbury
Wayne Rawlins, Cromwell

Charles W. Shivery of West Hartford also served during the audited period.

Pursuant to Section 10a-108 of the General Statutes, the Board of Trustees of the University of Connecticut appoints a president of the university and health center to be the chief executive and administrative officer of the university, health center, and the board of trustees. Susan Herbst served as the president of the University of Connecticut during the audited period.

The UConn Health Farmington complex houses John Dempsey Hospital, the Schools of Medicine and Dental Medicine, and related research laboratories. Additionally, the medical and dental schools provide health care to the public, through the UConn Medical Group and the University Dentists, in facilities on the Farmington campus and in neighboring towns.

The University of Connecticut Health Center Finance Corporation, a body politic and corporate, constituting a public instrumentality and political subdivision of the state, operates generally under the provisions of Title 10a, Chapter 187c of the General Statutes. The finance corporation exists to provide operational flexibility with respect to hospital operations, including the clinical operations of the schools of medicine and dental medicine.

The finance corporation is empowered to acquire, maintain, and dispose of hospital facilities and to make and enter into contracts, leases, joint ventures, and other agreements and instruments. It also acts as a procurement vehicle for the clinical operations of UConn Health. The Hospital Insurance Fund (otherwise known as the John Dempsey Hospital Malpractice Fund), which accounts for a self-insurance program covering claims arising from health care services, is administered by the finance corporation in accordance with Section 10a-256 of the General Statutes. Additionally, Section 10a-258 of the General Statutes gives the finance corporation the authority to determine which hospital accounts receivable shall be treated as uncollectible.

The finance corporation acts as an agent for UConn Health and is administered by a board of directors, consisting of members appointed under the provisions of Section 10a-253 of the General Statutes. The members of the board of directors as of June 30, 2018, were:

Ex officio members:

Susan Herbst, President, University of Connecticut
Andrew Agwunobi, Executive Vice President for Health Affairs
Benjamin Barnes, Secretary of the Office of Policy and Management
Appointed by the Governor:

Thomas Kruger, Chairman, Cos Cob

There was one appointed member vacancy as of June 30, 2018.

Significant Legislation

Noteworthy legislation that took effect during the period under review and thereafter is presented below:

- **Public Act 15-1**, June Special Session, provided $41,000,000 of the information and technology capital investment bond fund to the Health Center for the purchase and implementation of an integrated electronic medical records (EMR) system in the 2017 and 2018 fiscal years. The act also allowed the University of Connecticut the flexibility to add or delete projects from the UCONN 2000 infrastructure improvement program to finance the implementation of UConn Health’s EMR system.

- **Public Act 17-63** transferred the requirement to establish an endowed chair in infectious diseases at UConn Health from the Board of Regents for Higher Education to the UConn board of trustees.

- **Public Act 17-130** allowed higher education institutions to implement programs that reduce students’ textbook and educational resource costs. This act also limited the applicability of certain state contracting requirements for the University of Connecticut. Generally, it allowed UConn Health to enter into qualified contracts for certain goods and services without obtaining specified certifications from bidders and contractors. The qualified contracts include overseas, outside funds, and certain collaboration contract purchases. The certifications covered by the act concern (1) gifts, (2) consulting agreements, (3) state ethics laws, and (4) nondiscrimination and affirmative action requirements. The act also exempted the qualified contract from compliance with competitive bidding or negotiation requirements. In the latter case, the board of trustees must first adopt policies for entering into or amending the goods and services contracts covered by the act.

- **Public Act 17-2**, June 2017 Special Session, required the UConn Health Board of Directors to seek public-private partnerships with hospitals or other private entities. The act required the board to report to the Appropriations, Higher Education, and Public Health committees on the status of the partnerships and any recommended legislation by April 1, 2018.
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.

<table>
<thead>
<tr>
<th>Student Status</th>
<th>2015-2016</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fall</td>
<td>Spring</td>
<td>Fall</td>
</tr>
<tr>
<td>Medical – Students</td>
<td>396</td>
<td>396</td>
<td>408</td>
</tr>
<tr>
<td>Medical – Residents</td>
<td>659</td>
<td>655</td>
<td>654</td>
</tr>
<tr>
<td>Dental – Students</td>
<td>168</td>
<td>171</td>
<td>179</td>
</tr>
<tr>
<td>Dental Residents</td>
<td>109</td>
<td>103</td>
<td>99</td>
</tr>
<tr>
<td>Totals</td>
<td>1332</td>
<td>1325</td>
<td>1340</td>
</tr>
</tbody>
</table>

RÉSUMÉ OF OPERATIONS

Under the provisions of Section 10a-105 (a), of the General Statutes, fees for tuition were fixed by the university’s board of trustees. The following summary presents annual tuition charges during the audited period and prior fiscal year.

<table>
<thead>
<tr>
<th>Student Status</th>
<th>School of Medicine</th>
<th>School of Dental Medicine</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-State</td>
<td>$30,013</td>
<td>$32,554</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>$60,021</td>
<td>$63,762</td>
</tr>
<tr>
<td>Regional</td>
<td>$52,523</td>
<td>$56,969</td>
</tr>
</tbody>
</table>

During the audited period, the State Comptroller accounted for UConn Health operations in:

- General Fund appropriation accounts
- The University of Connecticut Health Center Operating Fund (Section 10a-105 of the General Statutes)
- The University of Connecticut Health Center Research Foundation Fund (Section 10a-130 of the General Statutes)
- The University Health Center Hospital Fund (Section 10a-127 of the General Statutes).
- The John Dempsey Hospital Malpractice Fund (Section 10a-256 of the General Statutes)
- Accounts established in capital project and special revenue funds for appropriations financed primarily with bond proceeds

During the audited period, patient services were UConn Health’s largest source of revenue, with John Dempsey Hospital being the largest single source. Correctional Managed Healthcare Program and the UConn Medical Group also generated significant patient services revenues.
Under the Correctional Managed Healthcare Program, UConn Health entered into an agreement with the Department of Correction, effective August 11, 1997, to provide medical care to inmates in the state’s correctional facilities. The Department of Correction transferred its correctional facility medical personnel to the UConn Health payroll. On June 30, 2018, UConn Health and the Department of Correction terminated the inmate medical care agreement. Except for pharmaceutical employees, all unionized employees at the correctional facilities were transferred back to the Department of Correction.

The UConn Medical Group functions similarly to a private group practice for faculty clinicians providing patient services in a variety of specialties. The UConn Medical Group’s operation is considered essential for the education and training of medical students of the school of medicine.

Other significant sources of revenue included state General Fund appropriations, capital appropriations, federal and state grants, and payments for services related to the Residency Training Program.

Under the Residency Training Program, residents appointed to local health care organizations are paid through the Capital Area Health Consortium. UConn Health reimburses the consortium for personnel service costs and the participating organizations reimburse UConn Health.

Health care providers and support staff of UConn Health are granted statutory immunity from any claim for damage or injury – not wanton, reckless or malicious – caused in the discharge of their duties or within the scope of their employment. Any claims paid for actions brought against the state as permitted by waiver of statutory immunity have been charged against UConn Health’s malpractice self-insurance fund. UConn Health has developed a methodology by which it allocates malpractice costs between the hospital, UConn Medical Group, and University Dentists. For the fiscal years ended June 30, 2017 and 2018, these costs are included in the statement of revenues, expenses, and changes in net assets.

UConn Health’s financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements. UConn Health utilizes the proprietary fund method of accounting, whereby revenue and expenses are recognized on the accrual basis.

UConn Health’s financial statements are adjusted as necessary and incorporated in the state’s Comprehensive Annual Financial Report. The financial balances and activity of UConn Health, including John Dempsey Hospital, are combined with those of the university and included as a proprietary fund.

UConn Health position summaries show that permanent full-time filled positions totaled 4,939 as of June 2016; 4,910 as of June 2017; and 4,314 as of June 2018. The reduction of full-time filled positions in June 2018 reflects the transfer of approximately 670 correctional medical care positions back to the Department of Correction.
Operating Revenues

Operating revenue results from the sale or exchange of goods and services that relate to UConn Health’s mission of instruction, research, and patient services. Major sources of operating revenue include patient services, federal grants, state grants, contracts, and other operating revenues. Operating revenue as presented in UConn Health’s financial statements for the audited period and prior fiscal year, follows:

<table>
<thead>
<tr>
<th></th>
<th>2015-2016</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Tuition and Fees</td>
<td>$ 15,728</td>
<td>$ 17,499</td>
<td>$ 18,613</td>
</tr>
<tr>
<td>(net of scholarship allowances)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient Services (net of charity care)</td>
<td>532,876</td>
<td>539,777</td>
<td>580,697</td>
</tr>
<tr>
<td>Federal Grants and Contracts</td>
<td>59,529</td>
<td>58,148</td>
<td>50,748</td>
</tr>
<tr>
<td>Non-Governmental Grants and Contracts</td>
<td>27,116</td>
<td>29,009</td>
<td>29,337</td>
</tr>
<tr>
<td>Contract and Other Operating Revenues</td>
<td>108,017</td>
<td>114,284</td>
<td>127,188</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>$ 743,266</strong></td>
<td><strong>$ 758,717</strong></td>
<td><strong>$ 806,583</strong></td>
</tr>
</tbody>
</table>

Revenue from patient services increased 7.6% in the 2018 fiscal year due to additional volume in surgical and outpatient receipts, and various billing rate increases. The decline in federal grant revenues of 12.7% in the 2018 fiscal year was partially caused by researchers’ holding back on spending due to federal budget uncertainties. UConn Health officials also believe that high fringe benefit rates complicate the entity’s ability to compete with other peer institutions for grant awards. Revenues from pharmaceutical contracts and the hemophilia clinic attributed to the increases of contract revenue increases of 5.8% and 11.3% in the 2017 and 2018 fiscal years respectively.

Operating Expenses

Operating expenses generally result from payments made for goods and services to assist in achieving UConn Health’s mission of instruction, research, and patient services. Operating expenses do not include interest expense or capital additions and deductions. Operating expenses include employee compensation and benefits, supplies, services, utilities, depreciation, and amortization.

The largest source of operating expenses relates to patient services, followed by instruction expenses. Increases in patient volumes and clinical activities contributed to additional patient services expenses totaling 10.1% in the 2017 fiscal year and 4.8% in the 2018 fiscal year. Depreciation expenses increased $10.5 million a year as the new outpatient building and the hospital tower were placed in full service during the audited period. Furthermore, UConn Health’s implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB), in the 2018 fiscal year led to an additional allocation of $46.3 million of fringe benefits to its program expenses.
Operating expenses by functional classification, as presented in UConn Health’s financial statements for the audited period and prior fiscal year, follows:

<table>
<thead>
<tr>
<th>($ in thousands)</th>
<th>2015-2016</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education and General</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$ 168,299</td>
<td>$ 169,130</td>
<td>$ 179,948</td>
</tr>
<tr>
<td>Research</td>
<td>58,233</td>
<td>59,400</td>
<td>56,102</td>
</tr>
<tr>
<td>Patient Services</td>
<td>648,071</td>
<td>713,342</td>
<td>747,637</td>
</tr>
<tr>
<td>Academic Support</td>
<td>18,070</td>
<td>19,186</td>
<td>19,322</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>97,954</td>
<td>82,233</td>
<td>112,126</td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>21,398</td>
<td>37,295</td>
<td>38,223</td>
</tr>
<tr>
<td>Depreciation</td>
<td>41,469</td>
<td>52,046</td>
<td>52,637</td>
</tr>
<tr>
<td>Student Aid</td>
<td>84</td>
<td>194</td>
<td>364</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$ 1,053,578</td>
<td>$ 1,132,826</td>
<td>$ 1,206,359</td>
</tr>
</tbody>
</table>

**Non-operating Revenues and Expenses**

Non-operating revenues and expenses include items such as the state’s general fund appropriation, gifts, investment income, and interest expense. Non-operating revenue (expenses) as presented in UConn Health’s financial statements for the audited period and prior fiscal year follows:

<table>
<thead>
<tr>
<th>($ in thousands)</th>
<th>2015-2016</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Appropriations (including fringe benefits)</strong></td>
<td>$ 289,287</td>
<td>$ 278,211</td>
<td>$ 279,513</td>
</tr>
<tr>
<td>Gifts</td>
<td>6,865</td>
<td>4,079</td>
<td>5,706</td>
</tr>
<tr>
<td>Investment Income</td>
<td>141</td>
<td>104</td>
<td>654</td>
</tr>
<tr>
<td>Interest on Capital Assets – Related Debt</td>
<td>(10,487)</td>
<td>(10,214)</td>
<td>(9,909)</td>
</tr>
<tr>
<td><strong>Net Non-operating Revenue</strong></td>
<td>$ 285,806</td>
<td>$ 272,180</td>
<td>$ 275,964</td>
</tr>
</tbody>
</table>

State appropriations, which include fringe benefits, decreased 3.8% in the 2017 fiscal year with a small increase of 0.5% in the 2018 fiscal year.

Investment income is derived primarily from UConn Health’s unspent cash balances and endowments. The gifts component of non-operating revenue is comprised of amounts received from the University of Connecticut Foundation and other non-governmental organizations and individuals.
Other Changes in Net Assets

Other Changes in Net Assets, as presented in UConn Health’s financial statements for the audited period and prior fiscal year, follows:

<table>
<thead>
<tr>
<th></th>
<th>2015-2016</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Appropriations</td>
<td>$175,000</td>
<td>$43,479</td>
<td>$88,806</td>
</tr>
<tr>
<td>Loss on Disposal</td>
<td>(695)</td>
<td>(989)</td>
<td>(3,092)</td>
</tr>
<tr>
<td>Net Other Changes in Net Position</td>
<td>$174,305</td>
<td>$42,490</td>
<td>$85,714</td>
</tr>
</tbody>
</table>

The capital appropriations amounts in the 2017 and 2018 fiscal years include $16 million from the information and technology capital investment bond fund. The remaining balances are allocations to UConn Health from the UCONN 2000 capital improvement program.

Net Position

Net position includes investments in capital assets net of liabilities, restricted funds, and unrestricted funds. Net position, as presented in UConn Health’s financial statements for the audited period and prior fiscal year, follows:

<table>
<thead>
<tr>
<th></th>
<th>2015-2016</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>$734,480</td>
<td>$823,325</td>
<td>$867,913</td>
</tr>
<tr>
<td>Restricted for Non-expendable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td>61</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Restricted for Expendable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>(876)</td>
<td>(8)</td>
<td>(127)</td>
</tr>
<tr>
<td>Loans</td>
<td>953</td>
<td>31</td>
<td>523</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>117,466</td>
<td>37,061</td>
<td>37,660</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(666,313)</td>
<td>(734,138)</td>
<td>(1,920,983)</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$185,771</td>
<td>$126,332</td>
<td>$1,014,593</td>
</tr>
</tbody>
</table>

Amounts listed above as invested in capital assets, net of related debt, reflect the value of capital assets such as buildings and equipment after subtracting the outstanding debt used to acquire such assets. Increases in this category reflect UConn Health’s facility improvements and modernization, including the new electronic medical records system. The large decrease in Net Position as of June 30, 2018 is primarily due to the implementation of GASB Statement 75, which required a $1.1 billion adjustment to the beginning balance for UConn Health’s share of employees’ postemployment benefits other than pensions.
Related Entities

UConn Health did not hold significant endowment and similar fund balances during the audited period, as its longstanding practice has been to deposit funds raised with the University of Connecticut Foundation, Inc. The foundation provides support for the university and UConn Health. Its financial statements reflect balances and transactions associated with both entities, not only those exclusive to UConn Health.

A summary of the foundation’s assets, liabilities, support and revenues, and expenditures for the audited period and prior fiscal year follows:

<table>
<thead>
<tr>
<th>($ in thousands)</th>
<th>University of Connecticut Foundation, Inc.</th>
<th>Fiscal Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2016</td>
<td>June 30, 2017</td>
</tr>
<tr>
<td>Assets</td>
<td>$ 475,537</td>
<td>$ 518,689</td>
</tr>
<tr>
<td>Liabilities</td>
<td>44,723</td>
<td>43,114</td>
</tr>
<tr>
<td>Net Position</td>
<td>430,814</td>
<td>475,575</td>
</tr>
<tr>
<td>Support and Revenue</td>
<td>48,815</td>
<td>93,292</td>
</tr>
<tr>
<td>Expenditures</td>
<td>53,892</td>
<td>48,530</td>
</tr>
</tbody>
</table>
STATE AUDITORS’ FINDINGS AND RECOMMENDATIONS

Our examination of the records of the University of Connecticut Health Center disclosed the following 14 findings and recommendations, of which 7 have been repeated from the previous audit:

Consulting Policy and Lack of Performance Evaluations for Managers

Background: Section 1-84 (r) of Connecticut General Statutes allows a faculty member of the state higher education system to enter into a consulting agreement, provided that such agreement does not conflict with the faculty member’s employment with the constituent unit, as determined by policies established by the board of trustees. The UConn Audit and Management Advisory Services Department performs an annual internal audit to ensure compliance and make recommendations for improvement. Internal audit reports can be found on the university’s website.

The University Consulting Management Committee reviews annual consulting audit findings and recommendations to make changes to faculty consulting policies.

Criteria: Best management practices would provide employees with a clear expectation of the maximum number of consulting days in a set time period to ensure that consulting work does not affect the employee’s UConn Health duties. UConn Health should require managers with faculty titles to use vacation or other personal leave time for their consulting activities.

UConn Health’s faculty consulting policy requires the Faculty Consulting Office (FCO) to utilize the annual evaluation process to assess whether consulting activity negatively impacted a faculty member’s duties. Sound human resource practice and UConn Health’s policy require that an annual evaluation be completed for each permanent employee at least 3 months prior to the employee’s annual salary increase or performance bonus date. Such annual performance evaluation should be included the employee’s personnel file for transparency and performance monitoring.

Condition: UConn Health’s faculty consulting policy does not limit the number of days a faculty member can consult during the time committed to UConn Health work. UConn Health’s policy also does not require managers with a faculty title to use personal leave time for consulting activities. One UConn Health manager requested and received approval for a very high volume of consulting days during the fiscal years ended June 30, 2016, 2017, and 2018 as presented below.
The manager’s supervisor approved these consulting requests. However, UConn Health did not conduct the manager’s previous 6 years’ written performance evaluations to assess whether the consulting activities negatively impacted UConn Health. Additionally, the manager did not record any vacation leave days in UConn Health’s attendance system during the audited period. Furthermore, UConn Health granted the manager 6 additional months of paid sabbatical leave to use within the next 3 years without any specific leave dates.

We extended the review to 18 employees and found 5 additional managers who did not receive a written annual performance evaluation. Out of 12 completed annual evaluations, 10 were not forwarded to Human Resources to be incorporated into personnel files.

**Effect:**

UConn Health impaired its ability to deny excessive consulting requests by not limiting consulting days and requiring managers to use leave time for consulting activities.

Without a comprehensive annual written performance evaluation, the University of Connecticut and UConn Health could not assess manager performance or determine whether high volume consulting activities negatively impacted its operations and goals. UConn Health incurred unnecessary expenditures when granting additional paid leave benefits without documenting whether existing leave balances were used.

**Cause:**

The internal audit report of the 2017 fiscal year consulting activities recommended limitations on faculty consulting activities. However, the University Consulting Management Committee postponed actions until it hired a Vice Provost for Health and Sciences to consider changes related to UConn Health’s faculty consulting policies.
A high turnover rate within the management team contributed to the lack of annual performance evaluations.

Prior Audit Finding:  Similar findings have not been previously reported.

Recommendation:  The University of Connecticut Health Center should consider limitations on consulting activities and require managers with a faculty title to use leave time for their consulting activities. UConn Health should conduct annual performance evaluations and maintain them in personnel files. (See Recommendation 1.)

Agency Response:  “The Faculty Consulting Policy is a university-wide policy that applies to all faculty members paid by the University of Connecticut, including UConn Health. Similarly, the Consulting Management Committee, which provides advice to the university Provost and the Directors of the Faculty Consulting Office about faculty consulting policy and procedures, spans the entire university. UConn Health agrees with the recommendation above, and has engaged the university’s Consulting Management Committee to consider limitations on the number of consulting days that a faculty member can perform and the requirement for managers with faculty titles to use leave accruals for their consulting activities. However, it should be noted that the example above is not representative of the vast majority of consulting requests. i.e., it is far from the norm. Additionally, by looking at the top row, which reflects the number of consulting days requested and approved, and the actual days of consulting (see second row), it should be noted that actual days taken were far fewer than those requested, that there was a dramatic reduction in the number of consulting days between FY16 and FY18, and that this decreasing trend continued in FY19. While UConn Health agrees with these recommendations, it would also like to clarify that the data provided in the “Condition” section above overstate the amount of time that faculty members consult on time committed to the university, as faculty members in some cases overstate the amount of consulting they perform by recording one day of consulting activity whether they are consulting for 1 hour or 8 hours in that day. UConn Health has asked the Consulting Management Committee to identify and implement solutions to address this concern.

UConn Health also agrees that performance evaluations should be performed on all faculty members requesting to engage in consulting activity, and has undertaken an evaluation for the faculty member identified above and such evaluation has been incorporated into the personnel file.”
Telecommuting Practice and Enforcement

**Background:**
Telecommuting is a voluntary arrangement for an employee to work from home or other approved location on a pre-scheduled basis. The program is intended to increase a worker’s efficiency, benefit the environment, and reduce traffic congestion. Section 5-248i of the Connecticut General Statutes authorizes the Commissioner of Administrative Services to develop and implement guidelines for the state employee telecommuting program. UConn Health has telecommuting guidelines and policies similar to those adopted by the Department of Administrative Services.

**Criteria:**

1. Best practice requires sufficient policy, form, and enforcement procedures to assist employees’ understanding of the program, management’s approval, and other compliance requirements. This helps ensure that the program meets its intended purpose.

2. A telecommuting policy should be specific and include sufficient enforcement tools. An employee’s personnel file should include an approved work schedule and sites. In addition to its obligation of monitoring employees’ attendance, UConn Health is liable for job-related accidents and illnesses under workers’ compensation laws. UConn Health should have a specific attendance code for telecommuting to identify the days that employees work from alternative work locations.

3. UConn Health should report its annual telecommuting arrangements to the Department of Administrative Services (DAS) as required by Connecticut General Statutes Section 5-248i.

**Condition:**
During the audited period, UConn Health approved 85 employees for telecommuting arrangements, 63 with information technology (IT) related job titles and 6 with managerial job titles. UConn Health informed us that, during the construction of the new hospital tower and implementation of the new My UConn Health electronic medical records system, there was insufficient workspace for IT employees to work on-site with outside consultants. As such, many IT employees were approved for telecommuting to spare desk space. We reviewed 25 approved telecommuting arrangements and noted the following conditions.

1. In 22 out of 25 arrangements, the employee’s personnel file did not contain performance benchmarks for telecommuting work. The approved telecommuting forms were not accompanied by detailed lists of measurable tasks to be accomplished in a specific time period. We observed that UConn Health’s telecommuting form did
not sufficiently address the employee’s position and important characteristics, such as minimal need for supervision and interaction with others at work, measuring employee results, and how productivity benefits from telecommuting arrangement.

2. Beginning in November 2017, UConn Health’s Human Resources Office started denying renewals of many telecommuting requests of less than 3 days per week. This change was not incorporated into the telecommuting policy or communicated to employees. We noted that 5 out of 25 tested employees continued to practice telecommuting regardless of the Human Resources Office’s rejection of their renewal requests. A supervisor informed us that Human Resources management advised the supervisor to allow employees to telecommute via informal work schedule adjustments rather than submitting new telecommuting applications. Nevertheless, none of the work schedule adjustments were memorialized in writing and included in employee personnel files. As of April 1, 2019, we do not know the exact number of UConn Health employees telecommuting without Human Resources’ approval, because there is no separate attendance code to capture employee telecommuting days. Human Resources relies on supervisors and employees’ word to identify those who continue to telecommute without approvals.

3. UConn Health did not report its approval of telecommuting arrangements in fiscal years 2017 and 2018 to the Department of Administrative Services.

Effect:

1. Without documenting specific job performance benchmarks and measurable products, UConn Health could not determine whether telecommuting increased productivity.

2. Without a clear policy and enforcement tools, UConn Health relinquished its ability to verify employee work hours and alternative work sites while fostering inconsistencies within the organization. Employees will increasingly question why management allows some to work from home without going through a formal process and whether telework employees completed their work responsibilities. Current telecommuting practices of informal schedule adjustments put the burden of attendance monitoring and alternative work site compliance solely on supervisors.

3. Without reports from UConn Health, the telecommuting section of the Department of Administrative Services’ annual report to the legislature and the Governor is incomplete and inaccurate.
Cause:

1. During the 2017 and 2018 fiscal years, UConn Health used telecommuting arrangements to accommodate the lack of work space during the new hospital tower construction and implementation of the new electronic medical records system that brought in several outside IT consultants. As such, management did not emphasize specific and measurable work product when approving telecommuting arrangements.

2. The Human Resources Office lacked management support to enforce its telecommuting policy.

3. The Human Resources Office was not aware of the requirement to report telecommuting arrangements to the Department of Administrative Services.

Prior Audit Finding:

This finding has not been previously reported.

Recommendation:

The University of Connecticut Health Center should review its telecommuting policy, practice, and enforcement tools to support measurable productivity, consistency in implementation, transparent attendance records, and the ability to monitor the program’s benefits. The University of Connecticut Health Center should report its annual approval of telecommuting arrangements to the Department of Administrative Services. (See Recommendation 2.)

Agency Response:

“UConn Health has written telecommuting guidelines and agrees that the policy as reflected in the guidelines should be consistently implemented. We acknowledge that it is not consistent with our policy to allow employees to telecommute via informal work schedule adjustment. Human Resources is in the process of developing an employee communication to clarify expectations under the UConn Health telecommuting policy, including the requirement that all telecommuting requests be made via the UConn Health approved telecommuting request form.

UConn Health agrees that telecommuting arrangements should be reported to the Department of Administrative Services (DAS) as required by Conn. Gen. Stat. § 5-248i and the related DAS policies. The DAS telecommuting policies apply only to employees in the DAS-covered bargaining units (i.e., classified bargaining units). UConn Health currently has five (5) employees in classified bargaining units with telecommuting arrangements. UConn Health will report these telecommuting arrangements to DAS and will take steps to ensure future reporting to DAS of other telecommuting arrangements involving employees in classified bargaining units. While several other UConn Health employees telecommute, these employees are not in classified
bargaining units and thus are not within the scope of the DAS policy. These employees telecommute pursuant to UConn Health’s own Telecommuting Policy, which does not require reporting to DAS.

UConn Health acknowledges the importance of monitoring its telecommuting program to ensure that approved telecommuting arrangements remain appropriate. However, we do not agree that the absence of specific performance benchmarks on the telecommuting approval form corresponds to an inability to monitor. Employees are held to the same standards of performance whether working on-site or from home, and managers are responsible for assessing employee performance. In many cases, the same tools used to measure on-site productivity can effectively measure the productivity of an employee who works from home. We note that UConn Health’s Telecommuting Request and Approval Form generally mirrors the DAS form; neither require that specific performance benchmarks be listed on the form, but both require that the employee and the supervisor/manager identify the ways in which the telecommuter’s efficiency and productivity will be monitored while the employee telecommutes. Moreover, increased productivity is not the sole reason for approving telecommuting, or the sole benefit. Telecommuting also facilitates maintaining productivity at current levels when circumstances would otherwise cause productivity to suffer. Such was the case during construction of UConn Health’s new Hospital Tower. Although there was insufficient space for IT employees to work on-site, through telecommuting UConn Health was able to maintain existing levels of productivity and continue normal operations.”

Auditors’ Concluding Comments: UConn Health’s contention that specific and measurable performance benchmarks are not necessary when employees telecommute demonstrates a potential weakness in the monitoring of the productivity of its telecommuting employees.

Loss of Prompt Payment Discounts

Criteria: Prudent cash management practice requires a business entity to set aside sufficient funds prior to requesting a delivery of goods or services and to take advantage of prompt payment discounts.

Condition: Our review of invoice payments to 33 vendors offering prompt payment discounts showed that UConn Health did not take advantage of some of these discounts and did not receive $125,173 in savings.

Effect: UConn Health lost savings opportunities when it did not take advantage of prompt payment offers.
Cause: While UConn Health monitored prompt payment discount opportunities, it did not correctly set up a large vendor in its procurement system to capture these discounts.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2015 and 2016.

Recommendation: The University of Connecticut Health Center should improve coordination among various departments to take advantage of prompt payment discounts. UConn Health should hold vendors to their payment and discount terms. (See Recommendation 3.)

Agency Response: “UConn Health has processes in place to promote taking all available discounts for which we are eligible under the terms of the relevant contract. In addition, we utilize a lost discount tracking spreadsheet to identify inadvertently lost discounts and thus opportunities to improve our processes and prevent further lost discounts. While these processes are largely effective, as highlighted in the audit finding, they are not perfect and there are opportunities for further refinement.

In order for UConn Health to take advantage of available discounts, the relevant discount terms must be entered correctly into UConn Health’s general ledger and procurement systems. Similarly, the effectiveness of UConn Health’s lost discount tracking spreadsheet relies on proper system entry of discount terms. To enhance the accuracy of discount terms as recorded in these systems, UConn Health is undertaking a reconciliation of contractual discount terms to the discount data recorded in our systems. By comparing the relevant contract terms to the discount terms as recorded in our systems, UConn Health will identify and correct detected discrepancies thereby further enhancing its ability to receive available discounts. The first reconciliation has been completed, and will be ongoing. UConn Health is also evaluating other potential controls that may strengthen our adherence to discount terms and/or improve the effectiveness of existing monitoring and tracking systems.”

Lack of Contract Term Monitoring

Criteria: Consulting services are difficult to monitor without a measurable end product. The requirement of certified timesheets and lists of complete tasks allows the agency to determine whether consulting services were provided and received. Proper purchasing procedures require agencies to obtain and verify contract price lists prior to approving invoices.

Condition: We reviewed 34 invoices from 5 information technology vendors and found 2 vendor invoices that lacked evidence of performed services.
While most consultants submitted certified timesheets and a list of performed tasks for their invoices during a billing period, 2 consulting companies’ invoices did not include certified timesheets or a description of services completed in the billing period. UConn Health paid $16,973,091 to these vendors during the audited period.

An administrative employee, who did not have direct knowledge of a consultant’s work, approved $202,959 for 5 of the first vendor’s tested invoices. We further noted that UConn Health did not trace the second vendor’s invoices to the billing rates in the contract.

**Effect:**
The risk of improper payments increases when invoice approvers cannot verify hourly consulting rates and lack knowledge of whether the consultant completed tasks in each billing period.

**Cause:**
Employees reviewing the consultants’ invoices did not have the necessary experience to verify those invoices.

**Prior Audit Finding:**
A similar finding of failing to verify contact prices has been reported in the last 2 audit reports covering fiscal years 2014 through 2016.

**Recommendation:**
The University of Connecticut Health Center should ensure that invoice prices and quantities are supported and can be verified for accuracy and compliance with contract terms. Invoice approvers should have direct knowledge of services ordered and received. (See Recommendation 4.)

**Agency Response:**
“UConn Health agrees that invoices should be supported and verified.

With regard to the information technology consultant examples cited above, it is worth noting that UConn Health followed a multi-step verification and approval process. Nonetheless, UConn Health recognizes that the invoice approval step should be modified to include approvers who have direct knowledge of services ordered and received. UConn Health has implemented in January 2020 an amended approval form that is required to be completed before any consultant invoice is approved for payment. The form includes a checklist and requires verification that invoice prices and quantities are accurate and compliant with contract terms, and that they are supported by all required documentation. The form must be verified by the supervisor or manager with direct oversight over the consultant/consulting company.

Other statements in the Condition paragraph are worth qualifying. One of the consulting companies mentioned had each employee complete a status report with hours worked every week and indicate the activities performed. Although these reports (which are quite lengthy) were not included directly on the invoices, they were stored electronically at
UConn Health for project leadership and were regularly reviewed as part of the invoice approval process.

UConn Health does not agree that there was any impropriety with regard to the second vendor mentioned in the Condition paragraph. Invoices from this vendor were for services provided by a single project director of UConn Health’s HealthONE project. While, in general, UConn Health affirmatively verifies contract prices when invoices are paid, in this case there was only one billing rate for the project director, which was known to the team, therefore physically returning to the contract document each time the invoice needed paying was not necessary. Additionally, services delivered by the project director were as described in a Statement of Work and the contract, and evident from numerous project meetings and reports on project status.”

**Auditors’ Concluding Comments:**

UConn Health’s response regarding the first vendor contradicts the written response it provided to the auditors in July 2018. In that response, IT management informed us that it had no supporting timesheets for the tested invoices nor verification of hourly rates. UConn Health’s response related to the second vendor, who reportedly had a single billing rate, failed to acknowledge that the vendor subcontracted out more than half of the contract value. The subcontractors invoiced using an hourly rate, and those rates were not disclosed in the agreement with UConn Health.

**Payment for Compensatory Leave Balances**

**Background:**

Payments for compensatory leave balances are permitted only when they are clearly provided for in relevant bargaining contracts. These contracts often involve essential state employees who provide direct healthcare or work in public safety.

**Criteria:**

The prevailing State of Connecticut policy on managerial compensatory time states, “Compensatory time earned during the twelve months of the calendar year must be used by the end of the succeeding calendar year and cannot be carried forward. In no event will compensatory time be used as the basis for additional compensation and shall not be paid as a lump sum at termination of employment.” An agency can grant managers compensatory time when they are required to work a significant number of extra hours in addition to their normal work schedule. The policy disallows compensatory time if a manager works for an extra hour or two to complete normal work assignments.
The Maintenance & Service Unit (NP-2) and Administrative Clerical (NP-3) bargaining unit contracts state that compensatory time shall not be paid at termination of employment.

**Condition:**
We reviewed payments for compensatory leave balances during the audited period and found that they were inconsistent with state policy and bargaining contracts.

- UConn Health paid $154,569 to active managers and confidential employees for 3,046 compensatory leave hours.
- UConn Health paid $61,717 to managers and confidential employees at termination for 1,124 compensatory leave hours.
- UConn Health paid $147,693 to certain bargaining unit employees at termination for 5,787 hours of compensatory time.

There were numerous instances in which managers earned compensatory time for 2 hours or less of work during a normal workday. An administrative manager earned 133 instances of compensatory time (totaling 238 hours) during the 2017 fiscal year and 126 instances (totaling 215 hours) during the 2018 fiscal year. This all related to working an extra hour or two a day. The manager earned over 50 days of compensatory leave time during the fiscal years.

**Effect:**
UConn Health should not have paid for unused compensatory time. The practice of paying for compensatory leave balances of managerial employees and bargaining unit employees (Maintenance & Service Unit and Administrative Clerical) is not consistent with prevailing state policy and contractual agreements.

**Cause:**
UConn Health has a more generous managerial compensatory time policy than other state agencies. Compensatory leave balances did not expire in accordance with the state prevailing policy. Instead, UConn Health paid additional compensation to employees whose bargaining unit contracts did not include a provision for a cash payout.

**Prior Audit Finding:**
This finding has been previously reported in the last 2 audit reports covering fiscal years 2013 to 2016.

**Recommendation:**
The University of Connecticut Health Center should require employees to use compensatory time within a reasonable period and should not include unused compensatory time in payments to separating managerial and certain bargaining contract employees. (See Recommendation 5.)
Agency Response: “UConn Health agrees with this finding and has modified its policy to provide clarity. Please note that the majority of the compensatory time that is recorded for managers and confidential employees, post promotion, is holiday compensatory time. UConn Health has implemented a new leave policy that provides for the expiration of holiday compensatory time at the end of the calendar year following the year in which it was earned, with certain limited exceptions for example, such as when an employee separates prior to the expiration of time. The leave policy was effective on July 5, 2019.

In instances where payment for compensatory time to an exempt manager or confidential employee occurred, the records reflect instances where the compensatory time earned was earned when the employee was in a bargaining unit, prior to promotion to a non-represented position. UConn Health’s new policy addresses this situation by permitting a pay-out to the employee for compensatory time earned in accordance with the collective bargaining agreement prior to the effective date of the promotion.

The leave policy for managerial and confidential employees approved and effective July 5, 2019 at UConn Health provides guidelines for management and confidential employees with respect to earning non-holiday compensatory time when the needs of the organization dictate. UConn Health follows federal law, specifically the Fair Labor Standards Act, with regard to the compensatory time for non-exempt confidential employees.

UConn Health will adhere to the provisions of the applicable collective bargaining agreement with respect to compensatory time for employees covered by union contracts.”

Payment for Long Term Disability Insurance

Background: In the prior audit report, we noted that UConn Health provided long-term disability coverage for employees who were members of the Connecticut State Employees Retirement System (SERS). We observed that this coverage was excessive because the SERS plan contains provisions for disability retirement.

Criteria: UConn Health should not incur unnecessary expenses for benefits beyond the state’s comprehensive fringe benefits package.

Condition: Although UConn Health ceased long-term disability coverage for managerial employees hired after November 1, 2011, it continued to provide long-term disability coverage for approximately 12 managerial employees hired prior to that date at a cost of $4,907 per year.
Our review of state bargaining unit contracts and comparisons with other state universities identified that only a very small segment of state university and board of regents’ employees received long-term disability insurance coverage. Conversely, UConn Health paid for long-term disability insurance for approximately 61% of its workforce (approximately 3,340 employees), during each fiscal year of the audited period. Approximately 800 of these employees participated in SERS, which includes disability retirement benefits. UConn Health paid $879,163 for employee long-term disability insurance in the 2017 fiscal year and $878,279 in the 2018 fiscal year.

**Effect:**
UConn Health provided disability insurance coverage beyond the benefits that the state provides to the majority of state employees.

**Cause:**
UConn Health believes the SERS coverage is inadequate. One bargaining contract included a provision for UConn Health to pay for long-term disability insurance.

**Prior Audit Finding:**
This finding has been previously reported in the last 2 audit reports covering fiscal years 2013 through 2016.

**Recommendation:**
The University of Connecticut Health Center should stop paying for long-term disability insurance for managerial employees and renegotiate bargaining contracts to avoid payments for benefits that are already part of the State Employees Retirement System. (See Recommendation 6.)

**Agency Response:**
“For the 12 remaining managerial employees who have long-term disability insurance, UConn Health is continuing to evaluate the coverage to determine if the benefits of that policy, when coordinated with the benefits under the SERS program, still offers those employees a meaningful benefit. Where the employee will not be adversely affected, UConn Health will work to transition out of providing the long-term disability coverage to these employees. Please note that the cost of this insurance for these 12 employees totals $4,907 per year.

With regard to employees covered under the UHP and AAUP bargaining agreements, UConn Health will conduct a review of the coverage in anticipation of negotiations with both bargaining units in 2021.”
Excessive Paid Administrative Leave

**Criteria:**
Most bargaining contracts limit employee paid administrative leave to 2 months while the appointing authority investigates complaints of wrongdoing and determines disciplinary actions.

**Condition:**
During the audited period, UConn Health paid $503,438 to 78 employees for 14,277 hours of paid administrative leave. Approximately 43% of those hours were for the investigations related to 6 employees, which lasted 3 to 10 months. Of those employees, three returned to regular employment at the end of their paid administrative leave, one employee was discharged, and two retired or transferred to another state agency.

**Effect:**
Investigations exceeding the 2-month period caused additional expenses. They also prevented prompt managerial responses and corrective action.

**Cause:**
The Human Resources Division was experiencing a reorganization of its Labor Relations Office during the audited period. Changes in personnel’s responsibilities may have contributed to UConn Health’s inability to resolve prior audit findings in this area.

**Prior Audit Finding:**
This finding has been previously reported in the last audit report covering fiscal years 2015 and 2016.

**Recommendation:**
The University of Connecticut Health Center should complete employee disciplinary investigations in a timely manner. (See Recommendation 7.)

**Agency Response:**
“UConn Health makes every effort to complete disciplinary investigations in a timely manner, thereby limiting the amount of time that an employee is out on administrative leave. UConn Health has implemented procedures to tighten controls on administrative leave including joint senior level management approval of employee administrative leave, weekly Administrative Leave Reports and reviews to monitor the progress of investigations and the lengths of time that employees are out on leave pending the outcomes of those investigations.

It is important to point out, however, that while straightforward investigations into misconduct are generally completed within 2 months, as the Auditors noted in their finding, workplace investigations vary in their complexity. Complex matters often take more than 2 months to properly investigate. This is especially true if local or state law enforcement or other investigating entities such as licensing
agencies or affirmative action, is involved.

The safety of patients and employees at UConn Health is always a primary concern and in those instances, UConn Health does not allow some employees to return to work before investigations and disciplinary proceedings are concluded.”

**Incentives and Stipends**

**Criteria:**

According to the University of Connecticut By-Laws, the UConn Health Board of Directors is entrusted with the approval of employee compensation plans and labor contracts. Contract amendments greater than $1 million must be presented to the board of directors for approval.

UConn Health and its employees should agree on employee compensation terms and include them in the employee’s personnel file.

**Condition:**

In February 2018, UConn Health executed an agreement with the University Health Professionals bargaining unit to provide retention bonuses to nurses in a few selected departments to address recruitment and retention issues. The agreement was calculated to cost UConn Health approximately $1,579,000 from February 16, 2018 through June 20, 2019. Human Resources management did not obtain board approval for this agreement.

Our review of clinical incentive payments to 7 faculty members in the School of Dental Medicine showed that in 6 instances, totaling $468,395, the employment letters did not contain adequate language detailing the terms of these payments.

**Effect:**

The board of directors could not complete its responsibilities when an executed $1,579,000 labor agreement was not presented for its approval.

Verbal agreements did not provide faculty members with a sufficient understanding of the incentive payment terms.

**Cause:**

Human Resources management believed the labor agreement providing nurse retention stipends to be a work rule amendment that did not require the board of directors’ approval.

Past practice of the School of Dental Medicine has not required written agreements with faculty members for clinical incentive payments. Budget uncertainty was also a factor for the lack of written compensation agreements.

**Prior Audit Finding:**

This finding has not been previously reported.
**Recommendation:**
The University of Connecticut Health Center should ensure that changes to employee compensation plans in excess of $1 million are presented to the board of directors for approval. UConn Health and its employees should agree on compensation terms and include them in the employee’s personnel file. (See Recommendation 8.)

**Agency Response:**
“UConn Health does not agree that its agreement with the University Health Professionals (UHP) bargaining unit to provide retention bonuses to nurses in a few selected departments in order to address recruitment and retention issues required formal Board of Directors approval. Section 26.6 of the UHP collective bargaining agreement, which was formally approved by the Board of Directors, specifically allows UConn Health to “increase salaries to meet competition or market demands at any time throughout the year” by working with the unions. Furthermore, that section of the UHP contract incorporates paragraph I of the SCOPE Agreement, which gives explicit authority to the parties to resolve recruitment and retention issues, and provides that “[i]f the parties reach an agreement over recruitment and retention issues, and provides that adjustments in pay shall be effective and implemented on the date specified by the parties.” Therefore, the Board of Directors specifically contemplated these types of changes would occur during the course of the agreement, and approved these provisions providing explicit authority for UConn Health administration and the union to enter into agreements to immediately adjust pay to resolve these types of matters.

UConn Health agrees that compensation terms should be documented and maintained in employees’ personnel files. Clinical incentive payments are provided to School of Dental Medicine faculty members who opt to participate in the dental faculty practice plan (University Dentists). Approximately 22 dental faculty members currently participate in the dental faculty practice plan. Going forward, for all participants in the dental faculty practice, UConn Health will document the clinical incentive payments in the form of a letter to the faculty member, which will be maintained in the employee’s personnel file.

UConn Health is updating the President’s memo that delegates contract signing authority and will be clarifying this authority with regard to labor-related agreements. In addition, we have developed a process to ensure that BOD is regularly updated on recruitment and retention efforts/agreements/costs.”

**Auditors’ Concluding Comments:**
The execution of the bargaining contract amendment, valued in excess of $1 million, was not consistent with UConn Health’s contract...
amendment and signing authority procedures in President Herbst’s June 18, 2013 memorandum to UConn Health senior administrators.

Non-Competitive and Competitive Procurement

Criteria:

1. For non-emergency purchases greater than $10,000, UConn Health’s policies require a competitive process or justification as to why competition was not required prior to the purchase. Non-competitive procurement is also referred to as a sole source purchase.

2. When the nature of service needs has substantially changed from the original contract, a new competitive purchase process is warranted. When contracts are awarded to multiple vendors, attempts to obtain price quotes from more than one vendor often lead to better product quality at a lower price.

Condition:

1. Our reviews noted the following procurement inconsistencies.

   a) Of 16 reviewed sole source providers, one worked on an information technology project for 2.5 months before UConn Health requested a justification for non-competitive procurement. Within this period, the provider also subcontracted more than half of the UConn Health contract value to another provider. UConn Health’s original $300,000 sole source approval in January 2018 ended in $629,499 of services by June 30, 2018.

   b) Digital library subscription purchases of $404,953 did not have competitive pricing evidence. In another instance, UConn Health filled a leadership nursing vacancy without contacting more than one vendor to obtain other potential candidate resumes.

2. Existing contracts were amended for consulting services not within the original scope.

   a) In December 2012, a request for proposal for on-call temporary services resulted in 8 approved vendors. UConn Health hired one of these vendors in 2017 to assist with the need for certified EPIC system consultants for the implementation of the new electronic medical records system. UConn Health amended the contract to increase the vendor’s contract value from $900,000 to $11,000,000.
b) UConn Health increased another contract for EPIC trainers and analysts from its $500,000 original value to $5,500,000.

Effect:

1. UConn Health did not follow its procurement policy. When a sole-source provider subcontracted more than half of the contract value, it was evident that other qualified providers existed. Without evidence of competitive procurement, UConn Health had little assurance that it selected the best vendor.

2. Significantly increasing contract values with a few existing vendors for new IT consulting services prevented UConn Health from considering vendors with qualifications and cost structures better suited to its needs.

Cause:

1. UConn Health officials were not aware of procurement policies or neglected to comply because management did not enforce those policies.

2. The lack of competitive procurement for new IT consulting needs was due to time constraints and the reluctance to subject existing vendors to another bidding process.

Prior Audit Finding:
The finding is not repeated from the immediately previous audit.

Recommendation:
The University of Connecticut Health Center should institute mandatory procurement training for new managers and managers who failed to comply with UConn Health procurement policies. When there is a substantial change in service needs, UConn Health should competitively bid for new services rather than amending existing contracts. (See Recommendation 9.)

Agency Response:

1. As a result of this finding, UConn Health is increasing education for its employees about procurement and contract requirements and recommended practices. We have met with recently-hired senior leaders to introduce them to our procurement and contracting processes. A brief overview and handout of the procurement requirements will be provided to all new employees as part of our orientation process.

With regard to the condition noted about the provider who worked on an IT project before the non-competitive justification was requested, this occurred because a newly-hired manager retained a provider to support a critical, time-sensitive IT project before the manager was trained on UConn Health’s procurement and contract documentation requirements. The engagement was later documented as an acceptable non-competitive purchase under
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UConn Health policies; however, UConn Health agrees that the non-competitive purchase request should have been submitted earlier in the process.

With regard to the other inconsistencies noted in the conditions section above, Library Department and Procurement Department personnel have been reminded of the requirement that purchases of library media must be accompanied by written confirmation that the purchase was made from the most competitive source. While it is not always possible or practical to request candidates for temporary positions from multiple sources, UConn Health will make that a recommended practice.

2. UConn Health does not believe that the contract amendments identified in this finding were improper in any way. The examples cited are both multiple-award, on-call contracts that were intended to be used on an as-needed basis. The contract values started out lower because there were multiple contractors available to provide the same scope of services. Contract values were increased over time based on how much each contract was being utilized; not due to a change in scope. UConn Health believes that the contract increases were appropriate in these situations. However, as a result of this finding, when the value or volume of use of a contract is going to increase significantly, or when project-specific needs are identified, UConn Health will review the situation to determine whether it is appropriate and sensible to either rebid or reopen the original bid to more respondents.”

Unapproved Timecards and No Usage of Vacation Leave

Criteria: UConn Health policy requires non-faculty employees to certify their timesheets each biweekly pay period. Faculty employees are required to sign off on their timesheets every 4 weeks. In all instances, managers are required to review and sign off on their employees’ timesheets every pay period.

Beginning in May 2016, UConn Health required employees to record vacation leave hours in its automated attendance system.

Condition: We reviewed 15 employee timesheets for 4 pay periods. Of the 60 timesheets tested, the employee did not certify 21 non-faculty timesheets, 11 faculty members did not certify their timesheets for 2 consecutive pay periods, and managers did not approve 28 timesheets.

Our review of leave balances revealed that 41 out of 645 faculty members recorded no vacation leave in the attendance system since May
2016. Twenty-four were existing employees and 17 were new hires during the audited period.

Effect: Lack of certification of employee timesheets and managerial review of attendance records increases the risk of overpayments for unworked hours or uncharged absences against leave balances.

Cause: Employees and their managers neglected to certify timesheets and record vacation leaves.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The University of Connecticut Health Center should not process timesheets that lack employee and manager approvals for payment. Managers should periodically review employee vacation leave balances and discuss the lack of vacation leave with employees who record little or no leave. (See Recommendation 10.)

Agency Response: “UConn Health does not agree with this finding. There is no UConn Health policy that requires non-faculty employees to certify their timesheets. It is recommended that salaried timekeepers approve their timecards, but only the time approver is required to approve. In fact, hourly employees have no access to their timecards and can only swipe at Kronos badge readers.

In May, 2016, Kronos became the prescribed method for faculty to track vacation. The faculty leave policy does not require that faculty track vacation. However, faculty members who do not track vacation are assumed to have taken all vacation due them; they do not receive vacation time payouts. Therefore, no vacation payout liability exists for those faculty.

The sample of 60 timecards, with 28 unapproved, selected for this audit are not indicative of manager approvals as a whole. We looked at one quarter’s worth of timecards, a total of 27,899 timecards, and 98% of them had manager approval. So we do not agree with this finding or the implication that timecards are not routinely approved by managers.

We also do not agree with the recommendation that wage payments should be withheld when timecards are not approved by managers. Non-payment for hours worked and recorded is against federal and state law.”
Auditors’ Concluding Comments:
Best practices require both employees and supervisors to certify the accuracy of work hours on timesheets. Furthermore, it is inconsistent to require only certain groups of employees to certify their time. We are only suggesting that UConn Health does not pay for hours employees did not work.

Management of the HealthOne Electronic Medical Record Project

Background:
Public Act 15-01 June Special Session authorized UConn Health to implement a new electronic medical records system (also known as HealthOne or My UConn Health). During the 2018 fiscal year, the UConn Health Board of Directors approved a $98 million budget for this project. As of June 30, 2018, in addition to in-house employment and software costs, UConn Health paid more than $40 million to consultants to implement the new system. UConn Health utilizes a Consultant Statement of Work to document its agreement regarding the consultant’s tasks, hourly rates, and allowable budget.

Criteria:
1. Large capital projects should have direct oversight by permanent state employees who are tasked with ensuring project quality and compliance with state laws.

2. Best practices require a clear project plan with defined consultant roles and project timekeeping needs to properly account for consultants’ travel planning and hours worked. Employees and contractors are usually not paid for their meal breaks unless they were required to work through their meal periods. UConn Health reiterated unpaid meal break and advance travel planning requirements during its public solicitation for HealthOne credential trainers and go-live support in August 2017.

3. Best practices require the state entity to execute agreements concerning consultant tasks, hourly rate, and allowable budget in a timely manner. When the contract is based on hourly rates, the state entity should implement a process to independently monitor consultant work hours and hold the vendors to their contractual obligations.

Condition:
We reviewed UConn Health’s payments for the implementation of the HealthOne project, and found the following.

1. We noted that the HealthOne project did not have a permanent director. Instead, the project was coordinated by 4 consultants whose service terms overlapped. Three of the project directors exceeded their original contract lengths, causing the need for several
revisions to extend the service period and additional funds to pay outstanding invoices.

2. The tested consultants’ work hours and travel expenses appeared excessive and showed minimal advance planning. Eight out of 9 tested vendor invoices showed that 3 consultants billed UConn Health for 8 to 12 consecutive hours per day without unpaid meal breaks. There was no evidence that UConn Health required the consultants to work through their meal breaks. We estimated that UConn Health overpaid $51,480 for their lunch breaks (assuming a 30-minute lunch break). Twenty-one out of 22 tested consultants came from out-of-state. In one tested invoice, the consultant’s weekly travel expenses were 40% greater than the contract specified ($1,795 rather than $1,290). In 3 out of 5 instances tested, another consultant travelled with first class train tickets. In addition, the consultant did not stay in the provided hotel room for 5 to 6 days per month, costing UConn Health $17,389 in extra travel expenses. A subcontractor purchased 5 consultants’ airline tickets 2 to 5 days prior to the travel dates, causing the tickets to be significantly more expensive than the 14-day advance purchase prices. Subcontractor travel costs totaled $17,979, or 32.5% of the $55,295 billed for consulting service costs for a 2-week period. A consultant’s invoice also included catering services for meals for 40 individuals who were not part of the consulting agreement. While one vendor provided UConn Health with its off-site service consultant billing rate at approximately 75% of the on-site rate, 4 vendors billed UConn Health the same rates regardless of whether the consultants travelled to UConn Health, worked in their hotel rooms, or worked remotely. Because UConn Health did not clarify differences in on-site versus off-site work values, it was difficult to justify the need to pay consultants’ substantial weekly travel expenses, which added costs of 9% to 47% to the tested consulting invoices.

3. UConn Heath assigned certain key contract management tasks to consultants. For example, consultants were allowed to manage other consulting contracts or statements of work that described consultants’ tasks, hourly rates, contract length, and authorized budget. Of 28 consultant statements of work, 4 were not signed, one was missing, and 22 were signed 4 days to 9.5 months after their start dates. When approving payments, UConn Health relied on consulting companies’ spreadsheets hours, despite the fact that corroborating evidence (parking time stamps and meal tickets) did not consistently match the invoiced hours. Our review showed that one consultant had inconsistencies in 185 hours out of 381 invoiced hours. Another consultant submitted many meal receipts, but invoiced UConn Health for 8 to 13 consecutive hours a day without
unpaid meal breaks. The same consultant invoiced for on-site hours while airline tickets and taxi receipts showed him to be in his home state. There was no evidence of preapprovals for consultant overtime.

**Effect:**

1. Having multiple temporary project directors with overlapping terms lessened UConn Health’s ability to plan and effectively execute the project.

2. UConn Health did not strictly monitor consultant travel expenses, work hours, and location. While UConn Health stated its preferences for local IT consulting services, it spent higher than anticipated resources for consultant travel expenses.

3. Allowing consultants to manage other consultants’ Statements of Work created unfair competition among contractors and put UConn Health’s fiscal and budget controls at risk. The lack of independent verification of consulting work hours increased the risk of overpayments.

**Cause:**

1. Several high-ranking IT managers retired or left UConn Health during the 2017 calendar year. During the process of recruiting for the new chief information officer, we were told that the University of Connecticut search committee did not seek input from current UConn Health IT employees. We believe that the lack of communication from university management further discouraged the permanent IT workforce from assuming project leadership. The unprecedented scale of this project was also a factor for UConn Health’s reliance on consulting expertise.

2. We believe that the desire for a successful launch of My UConn Health took priority over questioning costs. The project complexity and time sensitive demands may have contributed to the lax oversight of consultant consecutive billing hours and higher than anticipated travel expenses.

3. While UConn Health procured the consulting as time and material based contracts, IT management may have misunderstood and managed the contracts as scope-based contracts. This led to the noted deficiencies.

**Prior Audit Finding:** This finding has not been previously reported.

**Recommendation:** The University of Connecticut Health Center should plan and coordinate large information technology projects using UConn Health...
employees rather than consultants. UConn Health should hold vendors to their contractual terms. (See recommendation 11.)

Agency Response:

“UConn Health successfully implemented its highly complex, enterprise-wide Electronic Medical Record (EMR) project, HealthONE, on time, under budget and with all major goals achieved. We do, however, appreciate the auditors’ review of this project and recognize that improvements can always be made in the way that these large projects can be managed.

With regard to the director of the HealthOne project, UConn Health generally agrees with the recommendation that large IT projects should be planned and coordinated by our employees rather than consultants. In this case, it was imperative for the project director to have extensive Epic implementation experience, and UConn Health did not have such an individual among its existing workforce. In view of the timeline, engaging a consultant to serve as project director was the best approach, and a project oversight committee consisting primarily of UConn Health employees was established to manage project risk and help mitigate problems. Fortunately, in complex EMR implementations such as this one, industry practice has shown that project planning and execution can be improved by a mix of employees and consultants filling project roles in complementary ways. Given the success of the HealthOne implementation, we do not believe that the use of a consultant-director had any material adverse effect.

UConn Health also agrees with the recommendation that vendors should be managed consistently with their contract terms, and with the auditors’ comments about the importance of the timely execution of consultants’ agreements including Statements of Work (SOW). UConn Health will more rigorously focus on the timely execution of such agreements in future projects. However, we disagree with the following specific findings:

- The auditors commented that travel expenses appeared excessive and showed minimal advance planning. However, UConn Health’s travel expenses for this project were within standard industry practice for projects of this nature which typically allocates 15-20% of consulting service costs for travel depending on a number of factors. We do not believe that the sample invoices used in this audit were representative. With respect to advance planning, it is not unusual with complex projects like EMR implementations for contractors to purchase tickets without significant lead time, since unforeseen needs of the
project sometimes require travel without significant advance notice.

- The auditors commented that UConn Health did not clarify differences in the value of the consultant’s on-site work versus off-site work, and therefore it was hard to justify the need to pay for consultants’ weekly travel expenses to Connecticut. While UConn Health understood and communicated to all project team members the appropriate times for and relevant value of consultants to work on-site or off-site, we recognize the need to adopt procedures to improve our communication and documentation.

- The auditors indicated that UConn Health inappropriately paid a consultant for meal catering service for 40 people. However, this invoice was not for a catering event, but rather for a lunch for IT staff and consultants who were required to attend an essential UConn Health team meeting on a Saturday. Because the IT Department did not have the means to pay for the lunch at the time, the consultant paid for the lunch and was subsequently reimbursed for the cost.

- The auditors stated that there were inconsistencies in an invoice of 381 hours by a consultant and that UConn Health should not have relied on spreadsheets provided by the consultant listing hours worked when parking time stamps did not corroborate those hours. However, the invoiced hours can be accounted for, with no inconsistencies. The consultant in this case often moved between different UConn Health locations during the workday to assist different clinical areas; some locations had a garage or time stamp mechanism, while other did not. The test invoice was approved in accordance with the approval process used for all similar invoices.

UConn Health implemented in December 2019 the use of a Consultant Invoice Approval checklist form that should tighten up the approval and payment process for consultant invoices. Contract terms, travel and expense reimbursement documentation and other terms will be required to be verified before being paid.”

**Auditors’ Concluding Comments:**

UConn Health’s response reflects an acceptance of inconsistent IT consulting travel practices rather than adherence to a well-planned project implementation. None of the tested consultants reserved their flight tickets 14 days in advance, even when the agreements for their consulting services gave them plenty of notice. A well-planned project would have sufficiently arranged for employee meals or meal
allowances instead of allowing an IT consultant to pay for the meals without any limitations.

The consultant with timesheet discrepancies showed no changes in work location at the John Dempsey Hospital.

**Equipment Maintenance and Training Records**

**Background:**
To accomplish its mission, UConn Health frequently acquires new technology and sophisticated equipment for clinical services, research activities, and education. The Clinical Engineering Division calibrates and services equipment used by John Dempsey Hospital and the UConn Medical Group.

**Criteria:**
Sound business practice requires state agencies to monitor contract terms to ensure goods and services are delivered in accordance with those terms. It is important to retain training and service records related to new and expensive equipment used throughout UConn Health.

**Condition:**
We reviewed training and service records for five pieces of equipment, totaling $1,022,543, and noted the following:

- UConn Health did not have maintenance service records available for 4 tested equipment purchases. These items included 2 intraoral dental scanners, an image stream magnification system, and virtual dental trainers. The fifth purchase, an electroencephalogram system, had no record that it was inspected and tested before put into usage.

- UConn Health did not centrally maintain training records for this equipment. Upon our request, training records were compiled using vendor records and information maintained in various physicians’ emails.

- In 2 instances, UConn Health did not take advantage of preventive maintenance purchased for $11,000 and free training sessions offered by vendors.

**Effect:**
Equipment inspection was lacking, and maintenance and service records were incomplete or missing. UConn Health spent resources for services it did not receive.

**Cause:**
UConn Health did not always inform the Clinical Engineering Division of clinical equipment purchases and was only responsible for equipment used by John Dempsey Hospital and University Medical Group. Other UConn Health divisions (e.g., orthodontics clinic, researchers, and the dental school) relied on physicians and researchers to maintain equipment service and training records.
Prior Audit Finding: This finding has not been previously reported.

Recommendation: The University of Connecticut Health Center should consider centralizing its recordkeeping of user training and service history of expensive equipment to ensure that records are retained despite staffing changes. (See Recommendation 12.)

Agency Response: “UConn Health acknowledges that it does not have centralized recordkeeping of user training and service history for clinical equipment. UConn Health’s Clinical Engineering Division calibrates and services the clinical equipment used by John Dempsey Hospital (JDH) and UConn Medical Group (UMG), while the UConn School of Dental Medicine (SoDM) is responsible for clinical equipment within the dental clinical environment.

Although the SoDM inspects and services the clinical equipment in the dental clinical environment and ensures that employees are appropriately trained, historically it has not centrally maintained the related records. The SoDM completed a review to determine the feasibility of implementing a centralized repository for service records for clinical equipment in December of 2019. The process of creating a centralized repository began in early January 2020, with the initial steps being a full and complete inventory of all clinical equipment. It is anticipated that the full implementation of a centralized repository will be completed on or before September 1, 2020.

It should be noted that the virtual dental trainers referenced above are not clinical equipment; rather, they are used exclusively in the academic/educational environment and thus fall outside of the purview of the SoDM’s clinical engineering functions and processes (including recordkeeping). UConn Health acknowledges that it did not maintain service records for the two intraoral dental scanners referenced above, but notes that these scanners were never used for patient care, and UConn Health no longer owns them.

UConn Health does not plan to change the current structure of its clinical engineering programs. The Clinical Engineering Division will continue to be responsible for clinical equipment within JDH and UMG, while the SoDM will remain responsible for clinical equipment within the dental clinical environment. Moreover, while Clinical Engineering already centrally maintains service records related to JDH and UMG clinical equipment, UConn Health does not believe that it would be appropriate or feasible for Clinical Engineering to also centrally maintain the end user training records related to such equipment. Clinical Engineering does not oversee or manage the end users of the
Participation in Group Purchasing Organizations

**Background:**
A group purchasing organization (GPO) is marketed to be an arrangement in which members expect to benefit from vendor discounts due to collective purchasing power. GPO ranks its members by tiers of monthly spending in order to provide higher discount percentages to members with larger monthly spending.

**Criteria:**
To maximize savings, sound business practice requires UConn Health to perform regular qualitative and quantitative assessments of the benefits of its participation in GPO.

**Condition:**
Three out of five capital equipment purchases, totaling $259,644, did not have evidence that UConn Health considered competitive pricing. We did not find evidence that UConn Health performed periodic quantitative and qualitative assessments to evaluate the benefits from purchasing through GPOs rather than directly from other medical suppliers.

**Effect:**
Continuous participation in GPOs without UConn Health sufficiently assessing its potential purchasing power and other available offers could result in higher costs.

**Cause:**
Purchasing through GPOs was convenient due to established distribution channels and employee familiarity with the ordering process. Limited procurement resources may have prevented UConn Health from reviewing other alternatives.

**Prior Audit Finding:**
This finding has been previously reported in the last audit report covering the 2015 and 2016 fiscal years.

**Recommendation:**
The University of Connecticut Health Center should perform periodic assessments of its purchasing power and available product offers to determine whether it is prudent to continue procuring from group purchasing organizations. (See Recommendation 13.)

**Agency Response:**
“UConn Health agrees that it is important to periodically evaluate the costs and benefits of GPO participation and utilization, but disagrees with the implication that it does not do so.”
In fact, UConn Health has determined that its participation in GPOs continues to be beneficial based on a number of factors. First, UConn Health has a relatively small hospital; as a member of the GPO, our spend is combined with that of the other GPO members to leverage better contract pricing. Second, the GPO provides critical tools that would be cost-prohibitive for UConn Health to replicate on its own; as an organization, the GPO has the expertise and resources that are needed to facilitate industry-wide bids and negotiate competitive deals with major medical supply companies. It would not be cost effective or in the best interests of UConn Health or the State of Connecticut for UConn Health to recreate the catalog of over 1,500 contracts that we automatically have access to, simply by virtue of our membership in the GPO.

To ensure that it continuously maximizes the benefits of GPO participation, UConn Health has monthly meetings or calls with its GPO team to identify savings that can be achieved by activating more favorable tier pricing for ongoing medical/surgical supply purchases, and strategize about other potential cost savings opportunities. From 1/1/2016 through 8/5/2019, UConn Health saved approximately $2 million by utilizing contracts available through the GPO. It is also worth noting that every single Connecticut hospital utilizes GPOs for clinical purchasing; UConn Health would be an outlier and would diverge from industry best practices if it did not utilize GPOs for its clinical purchases.

Please also know that UConn Health has been – and continues to be – very focused on cost containment. Procurement savings projects are identified annually, with savings goals that are tracked and reported to senior leadership. It is UConn Health’s practice to not simply rely on GPOs, but instead to bid out higher value clinical equipment in most situations where patented or unique items are not needed. In addition, while not specifically aimed at GPO purchases, UConn Health uses ECRI benchmarking to test the cost of clinical equipment and devices. ECRI is a non-profit institute that, among other things, offers the largest database of supply pricing in the healthcare industry, representing all U.S. hospital types and group purchasing organizations; UConn Health uses the ECRI benchmarks to identify savings opportunities and negotiate more favorable pricing whenever possible.”

**Auditors’ Concluding Comments:**

UConn Health should utilize a competitive procurement process rather than assume that a particular GPO is the best value.
Supervision of Trustee Account

Background: UConn Health imposes a $125 student activity fee on every enrolled student and transfers the fee to a student activity fund and the Medical Dental Student Government (MDSG) bank account. MDSG represents the medical and dental students and is responsible for planning extra-curricular activities, as well as earmarking and disbursing monies to student organizations for those activities.

Criteria: The Connecticut State Comptroller’s Accounting Procedures Manual for Activity Funds and Welfare Funds, issued in accordance with Section 4-53 of the General Statutes, establishes procedural requirements for student activity funds.

Condition: MDSG did not follow the State Comptroller’s procedures for cash receipts associated with social events. We found incomplete records and revenue discrepancies related to revenue-generating events such as the annual winter formal, rafting, and ski trips. While deposits for these types of events totaled $94,585 and $81,232 in the 2017 and 2018 fiscal years respectively, revenues recorded in student records totaled $81,562 and $43,132, respectively.

MDSG kept its revenue generating event records in a student-owned Google drive. UConn Health officials had no access to this drive to at the time of our request. It was unclear whether the student-owned Google drive met UConn Health’s electronic data retention policies.

Effect: Incomplete revenue records increase the risk of cash loss. Storage of student-related information is not consistent with UConn Health records retention policies.

Cause: Lack of continuity in MDSG officers and the lack of UConn Health administrative recordkeeping assistance caused these remaining audit conditions. The Information Technology Division established a central file location on the UConn Health network for MDSG officers to maintain their records. However, it did not communicate this information to the current MDSG officers.

Prior Audit Finding: This finding has been previously reported in the last 2 audit reports covering fiscal years 2013 through 2016.

Recommendation: The University of Connecticut Health Center should clearly promulgate the State Comptroller’s procedures related to student activity funds. Student groups should maintain their records using methods and systems that are consistent with UConn Health electronic data retention policies. (See Recommendation 14.)
Agency Response:

“UConn Health agrees with this recommendation as it pertains to the need to encourage and enforce better recordkeeping in the MDSG program. MDSG presents challenges in that its entire officer team typically turns over annually, making sustained progress more difficult. Although this is a repeat finding, there have been improvements to the program over the past several years including the creation of a summary document outlining student responsibilities, an annual entrance meeting with incoming MDSG officers, the development of quarterly financial reports, and the creation of a centralized data repository.

For the 2019-2020 academic year and beyond, UConn Health has appointed a new administrative liaison for MDSG. This individual has met with the incoming MDSG officers for this academic year to review the MDSG officer entrance package, placing particular emphasis on the accounting and recordkeeping requirements applicable to MDSG funds. Thereafter, the liaison will meet quarterly with the MDSG officers (together with UConn Health finance/accounting personnel as needed) to review financials, reconcile revenues/expenses, and communicate regarding upcoming MDSG events and anticipated associated expenditures. We have prepared a summary document that outlines the requirements for a trustee fund, how these requirements are met at UCH, and what the MDSG responsibilities are to adhere to these requirements. This, along with the relevant statute, will be shared with officers.

In addition, UConn Health has revised the MDSG officer entrance package (1) to more expressly require the use of the UConn Health network drive for MDSG financial records, and (2) to include the full text of Conn. Gen. Stat. § 4-53 (in addition to the summary already provided) as well as relevant excerpts from the Comptroller’s Manual.”
RECOMMENDATIONS

Status of Prior Audit Recommendations:

In the prior audit report, we presented 15 recommendations pertaining to University of Connecticut Health Center’s operations. Eight of the prior recommendations have been implemented, and the remaining 7 recommendations are being repeated in modified form. As a result of our current examination, we have included 14 recommendations. The following is a summary of the action taken on the prior recommendations.

- The University of Connecticut Health Center should enforce its requirements for proposal evaluators to certify and adequately comment on contract proposal scores. UConn Health should rebid contracts when their value has become significantly higher than the initial contract budget. The current review noted a significant improvement in the condition of bid evaluation forms. The recommendation related to bid evaluation forms has been implemented. The recommendation for UConn Health to rebid contracts with significant value increases is modified and repeated. (See Recommendation 9.)

- The University of Connecticut Health Center should improve the management of purchase orders so they can reflect the correct contract terms and assist with the timely payment of invoices. UConn Health should record late payment penalties in a separate account to allow proper monitoring. The current review did not identify late payments caused by the revision of purchase orders. This recommendation is not being repeated.

- The University of Connecticut Health Center should improve coordination among various departments to take advantage of prompt payment discounts. UConn Health should hold vendors to their payment and discounts terms. The current review found missed prompt payment discounts totaling $125,137 during the audited period. The recommendation is modified and repeated. (See Recommendation 3.)

- The University of Connecticut Health Center should ensure that invoice prices and quantities are supported, and can be verified for accuracy and compliance with contract terms. We continued to find invoices in which invoice quantities were not supported by certified consultants’ timesheets, and billing rates were not traced to the contracts. The recommendation will be modified and repeated. (See Recommendation 4.)

- The University of Connecticut Health Center should require that compensatory time be used within a reasonable time frame and should not include unused compensatory time in lump sum payments to managerial or certain bargaining contract employees. This recommendation is being restated and repeated. (See Recommendation 5.)

- The University of Connecticut Health Center should stop paying for long term disability insurance for managerial employees. Bargaining contracts should be renegotiated to avoid payments for benefits already included as part of the State Employee Retirement System. The recommendation is repeated. (See Recommendation 6.)
• The University of Connecticut Health Center should ensure that it appropriately tracks all capitalized and controllable assets. UConn Health should train managers so they can fully understand the inventory recordkeeping process and are held responsible for missing equipment under their purview. The current review found that UConn Health has taken steps to improve its tracking of capital assets. The recommendation has been resolved.

• The University of Connecticut Health Center should strengthen internal controls over the disposition of equipment. All disposals must be properly authorized. This recommendation has been implemented.

• The University of Connecticut Health Center should make an effort to complete disciplinary investigations in a timely manner. This recommendation is repeated. (See Recommendation 7.)

• The University of Connecticut Health Center should reevaluate its practice of rehiring retirees and comply with Governor Rell’s Executive Order 27-A. The current review found that UConn Health took steps to improve its practice of rehiring retirees. This recommendation has been resolved.

• The University of Connecticut Health Center should clearly promulgate the State Comptroller’s procedures relating to student activity funds. We are repeating this recommendation. (See Recommendation 14.)

• The University of Connecticut Health Center should deposit all receipts in a timely manner and fully comply with Section 4-32 of the General Statutes. This recommendation is not being repeated.

• The University of Connecticut Health Center should perform periodic assessments of its purchasing power and available product offers to determine whether it is prudent to continue procuring from group purchasing organizations. The recommendation is modified and repeated. (See Recommendation 13.)

• The University of Connecticut Health Center should establish procedures that require a segregation of duties in the area of construction contract amendments and the pricing of such contract amendments by integrating state-employed purchasing professionals into a process that includes independent calculation and review of increases in construction project costs. The recommendation has been resolved.

• The University of Connecticut Health Center should not allow a consultant to prepare performance evaluations and approve salary increases of the employees who authorize payments to the consultant. This recommendation has been resolved.
Current Audit Recommendations:

1. **The University of Connecticut Health Center should consider limitations on consulting activities and require managers with a faculty title to use leave time for their consulting activities. UConn Health should conduct annual performance evaluations and maintain them in personnel files.**

   **Comment:**

   UConn Health’s faculty consulting policy does not limit the number of days that a faculty member can consult during the time committed to UConn Health work. UConn Health’s policy also does not require managers with a faculty title to use personal leave time for their consulting activities.

2. **The University of Connecticut Health Center should review its telecommuting policy, practice, and enforcement tools to support measurable productivity, consistency in implementation, transparent attendance records, and the ability to monitor the program’s benefits. The University of Connecticut Health Center should report its annual approval of telecommuting arrangements to the Department of Administrative Services.**

   **Comment:**

   Several instances of telecommuting arrangements lacked specific productivity measures and prompt Human Resources’ approvals.

3. **The University of Connecticut Health Center should improve coordination among various departments to take advantage of prompt payment discounts. The University of Connecticut Health Center should hold vendors to their payment and discount terms.**

   **Comment:**

   Our review of invoice payments to 33 vendors offering prompt payment discounts showed that UConn Health did not take advantage of some of these discounts and did not receive $125,173 in savings.

4. **The University of Connecticut Health Center should ensure that invoice prices and quantities are supported, and can be verified for accuracy and compliance with contract terms. Invoice approvers should have direct knowledge of services ordered and received.**

   **Comment:**

   We reviewed 34 invoices from 5 information technology vendors and found 2 vendor invoices that lacked evidence of performed services. While most consultants submitted
certified timesheets and a list of performed tasks for their invoices during a billing period. 2 consulting companies’ invoices did not include certified timesheets or a description of services completed in the billing period. UConn Health paid $16,973,091 to these vendors during the audited period.

5. The University of Connecticut Health Center should require employees to use compensatory time within a reasonable period and should not include unused compensatory time in payments to separating managerial and certain bargaining contract employees.

Comment:

UConn Health continued to pay for compensatory leave balances beyond bargaining contract requirements. A managerial employee appeared to earn excessive compensatory leave hours during the audited period.

6. The University of Connecticut Health Center should stop paying for long-term disability insurance for managerial employees and renegotiate bargaining contracts to avoid payments for benefits that are already part of the State Employees Retirement System.

Comment:

UConn Health continues to provide long-term disability coverage for approximately 12 managerial employees hired prior to November 1, 2011, and for union employees whose disability retirement benefits are included in the State Employees Retirement System.

7. The University of Connecticut Health Center should complete employee disciplinary investigations in a timely manner.

Comment:

During the audited period, UConn Health paid $503,438 to 78 employees for 14,277 hours of paid administrative leave. Approximately 43% of those hours were for the investigations related to 6 employees, which lasted 3 to 10 months.

8. The University of Connecticut Health Center should ensure that changes to employee compensation plans in excess of $1 million are presented to the board of directors for approval. UConn Health and its employees should agree on compensation terms and include them in the employee’s personnel file.

Comment:

Human Resources management did not submit a labor agreement in excess of $1 million to the board of directors for approval as required. Employment records of some
university dentists did not include written agreements detailing the terms of the clinical incentive payments.

9. The University of Connecticut Health Center should institute mandatory procurement training for new managers and managers who failed to comply with UConn Health procurement policies. When there is a substantial change in service needs, UConn Health should competitively bid for new services rather than amending existing contracts.

Comment:

A non-competitively procured service agreement was executed over 2 months after the service start date. In addition to the late approval, UConn Health amended the contract to double its original value within a few months. UConn Health amended two other contracts, increasing their value 5 to 10 times for Epic training and consulting services not included in the original competitive bids.

10. The University of Connecticut Health Center should not process timesheets that lack employee and manager approvals for payment. Managers should periodically review employee vacation leave balances and discuss the lack of vacation leave with employees who record little or no leave.

Comment:

A high percentage of tested timesheets did not contain the required approvals. Several faculty members did not record vacation leave in the UConn Health attendance system.

11. The University of Connecticut Health Center should plan and coordinate large information technology projects using UConn Health employees rather than consultants. UConn Health should hold vendors to their contractual terms.

Comment:

We noted that the HealthOne project did not have a permanent director. Instead, the project was coordinated by 4 consultants whose service terms overlapped. Excessive consultant travel expenses and work hours showed a lack of verification and proper planning.

12. The University of Connecticut Health Center should consider centralizing its recordkeeping of user training and service history of expensive equipment to ensure that records are retained despite staffing changes.

Comment:

UConn Health did not centrally maintain training and maintenance service records of expensive equipment. UConn Health did not take advantage of preventive maintenance purchased for $11,000 and free training sessions offered by vendors.
13. The University of Connecticut Health Center should perform periodic assessments of its purchasing power and available product offers to determine whether it is prudent to continue procuring from group purchasing organizations.

Comment:

Capital equipment purchases totaling $259,644 did not include evidence that UConn Health considered competitive pricing. We did not find evidence that UConn Health performed periodic quantitative and qualitative assessments to evaluate the benefits of purchasing through GPOs rather than directly from other medical suppliers.

14. The University of Connecticut Health Center should clearly promulgate the State Comptroller’s procedures related to student activity funds. Student groups should maintain their records using methods and systems that are consistent with UConn Health electronic data retention policies.

Comment:

Records of revenue-generating events were incomplete and did not reconcile to the deposits. Student government records were maintained in a student’s personal cloud storage account.
ACKNOWLEDGMENTS

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

 Jamie Drozdowski
 Kaitlyn Lucas
 Thu Ann Phung
 Samantha Smith
 Linnette Stark
CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the University of Connecticut Health Center during the course of our examination.

Approved:

Thu Ann Phung
Principal Auditor

John C. Geragosian
State Auditor

Robert J. Kane
State Auditor
Joint Audit & Compliance Committee Meeting

Significant Internal Audit Activities
## Status of Audits

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<th>Audit Projects</th>
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<th>Planning</th>
<th>Fieldwork</th>
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| TOTAL OPEN AUDITS (18) | (01) | (9) | (03) | (05) |
### University of Connecticut & UConn Health

**Joint Audit & Compliance Committee Meeting**

**September 10, 2020**

**Status of Audit Findings**

**Aging of Overdue Management Actions by Functional Area**

**As of July 31, 2020**

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The total number of open audits with a least one unresolved recommendation is 57.

The number of outstanding findings decreased by 49 from the report presented at the June 03, 2020 JACC meeting.
### Status of Audit Findings

#### Aging of Overdue Management Actions by Finding Category

As of July 31, 2020

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| **UConn Health**                 |         |         |         |          |         |         |         |     |       |
| Business Process Improvement     | 1       | 2       | 1       | 5       | 4       | 1       | 6       | 1   | 1     | 4      | 2     | 16    | 10     | 2   | 28    |
| Documentation                    | 6       | 3       | 1       | 1        | 4       |         |         |     |       | 7      | 9     | 0     | 16     |     |       |
| Governance                        |         |         |         |          |         |         |         |     |       |
| Management Oversight             | 1       | 4       | 3       | 2       |         |         |         |     |       | 6      | 4     | 1     | 11     |     |       |
| Monitoring                        | 2       |         |         |         |         |         |         |     |       | 2      | 3     | 0     | 5      |     |       |
| Physical Security of Assets      | 1       |         |         |          |         |         |         |     |       |
| Policy                           | 1       | 1       | 3       | 2       | 2       |         |         |     |       | 1      | 1     | 5     | 6      | 0   | 11    |
| Regulatory Compliance            | 1       |         |         |          |         |         |         |     |       |
| Security                         | 2       | 5       | 3       | 3       | 2       |         |         |     |       | 0      | 10    | 5     | 15     |     |       |
| Technology                       | 1       | 1       | 4       | 1       | 1       |         |         |     |       | 2      | 3     | 5     | 10     |     |       |
| Training                         |         |         |         |          |         |         |         |     |       |
| Use of Resources                 | 1       | 3       | 1       |         |         |         |         |     |       | 2      | 3     | 0     | 5      |     |       |
| **UConn Health Total**           | 1       | 2       | 2       | 22       | 4       | 3       | 9       | 6   | 11    | 1      | 15    | 4     | 3      | 1   | 8     | 3     | 44    | 52    | 13    | 109   |

| **Grand Total**                  | 8       | 9       | 3       | 11       | 39      | 4       | 12      | 19  | 6     | 16     | 16    | 1     | 20     | 16  | 9     | 7     | 21    | 17    | 3     | 97    | 123   | 17    | 237   |
University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting

September 10, 2020

Status of Audit Findings
Trend Analysis of Monthly Balances of Overdue Management Actions
As of July 31, 2020

Analysis:
The effective collaboration between UConn and UConn Health management and AMAS reflects a commitment to resolving audit findings, as depicted in the downward trend in the number of open audit findings over the period December 31, 2019 to July 31, 2020 in the above line graph.
## University of Connecticut & UConn Health
### Joint Audit & Compliance Committee Meeting
#### September 10, 2020

**Status of Audit Findings**

**Management Actions Closed By Functional Areas**

**For the Period January 1, 2020 to July 31, 2020**

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>Area Required to be Audited Annually</th>
<th>Audited Area Added in Subsequent Annual Plan</th>
<th>Implemented</th>
<th>No Longer Applicable</th>
<th>Recommendation Moved to / Included in Another Audit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

The number of management actions closed increased by 79 from the report presented at the June 03, 2020 JACC meeting.
Rating Level Descriptions:

L (Low): Meaningful reportable issue for client consideration that in the Auditor’s judgment should be communicated in writing. The finding results in minimal exposure to UConn or UConn Health and has little or no impact on the UConn’s or UConn Health’s compliance with laws and regulations. The issues related to this control weakness will typically not lead to a material error.

M (Medium): Significant exposure to the area under review within the scope of the audit. The finding results in the potential violation of laws and regulations and should be addressed as a priority to ensure compliance with UConn’s or UConn Health’s policies and procedures. The significance of the potential errors related to this control weakness makes it important to correct.

H (High): Significant exposure to UConn or UConn Health that could include systemic UConn or UConn Health wide exposure. The finding could result in a significant violation of laws and regulations and should be viewed as a highest priority which UConn or UConn Health must address immediately.
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<table>
<thead>
<tr>
<th>TITLE</th>
<th>AREA / SCOPE</th>
<th>STATUS</th>
<th>SYSTEM</th>
</tr>
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<tbody>
<tr>
<td>Financial Conflict of Interest in Research</td>
<td>Evaluate the extent to which the University’s institutional Conflict of Interest policies and procedures comply with the requirements of Federal agencies, including: significant financial interest (SFI) disclosures; conflict of interest management plans; enforcement mechanisms; and sanctions, and assess the possible existence of undisclosed SFIs arising from private consulting activities performed by faculty.</td>
<td>In Process</td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>Faculty Consulting FY20</td>
<td>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 during the period July 1, 2019 and June 30, 2020.</td>
<td>Mandatory</td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>CT Bioscience Innovation Fund and Regenerative Medicine Research Fund FY21</td>
<td>Verify fiscal year 2021 program expenditures were appropriate in accordance with the State of Connecticut – Office of Policy and Management cost standards, University cost accounting standards, and sponsor requirements; effort commitments were met; indirect cost charges were accurately calculated; and annual reports were submitted as required in the terms of each Agreement.</td>
<td>Mandatory</td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>Clinical Conflict of Interest</td>
<td>Evaluate the extent to which the University’s institutional Clinical Conflict of Interest policies and procedures comply with the requirements of accrediting bodies, Federal agencies including: significant financial interest (SFI) disclosures; conflict of interest management plans; enforcement mechanisms; and sanctions, and to consider the possible existence of undisclosed SFIs arising from private consulting activities performed by faculty.</td>
<td>In Process</td>
<td>UConn Health</td>
</tr>
<tr>
<td>Student Health Services Electronic Prescriptions</td>
<td>Review access to the prescription functionality in the electronic record and assess whether transmitted prescriptions correspond with a documented medical condition.</td>
<td>In Process</td>
<td>UConn</td>
</tr>
<tr>
<td>Foreign Influence on Faculty</td>
<td>Assess current policies and procedures related to defining, preventing, and detecting unallowable foreign influences on faculty and intellectual property.</td>
<td></td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>International Employees, Students &amp; Visitors</td>
<td>Review policies and procedures regarding international employees &amp; visitors for compliance with governmental regulations including processing/managing visas and verifying that the Student &amp; Exchange Visitor Information System is properly updated for international exchange students.</td>
<td></td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>CONSTRUCTION/UCONN 2000</td>
<td>Verify compliance with federal, state and University requirements, reasonableness of construction costs, and agreement with terms and conditions of the contract for the Supplemental Utility Plant project.</td>
<td></td>
<td>UConn</td>
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## INFORMATION TECHNOLOGY

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<tbody>
<tr>
<td>EPIC Application Security</td>
<td>Assess the overall design and effectiveness of security within the EPIC application, including the content and assignment of security roles, user access restrictions within the application based on job duties and segregation of duties principles and adherence to UConn Health security policies and standards.</td>
<td>UConn Health</td>
<td></td>
</tr>
<tr>
<td>EPIC Change Management</td>
<td>Evaluate change management controls related to the process of requesting, authorizing, reviewing, testing, and implementing application changes.</td>
<td>UConn Health</td>
<td></td>
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<tr>
<td>Patch Management for Decentralized IT - School of Business</td>
<td>Evaluate 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” IT organization within the School of Business.</td>
<td>UConn</td>
<td></td>
</tr>
<tr>
<td>Patch Management for Decentralized IT - College of Liberal Arts and Sciences</td>
<td>Evaluate 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” IT organization within the College of Liberal Arts and Sciences.</td>
<td>UConn</td>
<td></td>
</tr>
<tr>
<td>Telecommuting Cybersecurity Controls – UConn</td>
<td>Assess whether cybersecurity controls related to telecommuting are adequate for remote operations and the impact of any changes to network security that may have been made to facilitate a remote work environment. Areas of focus include overall governance and administrative controls (policies, procedures) and technical controls (endpoint security, network connectivity security).</td>
<td>UConn</td>
<td></td>
</tr>
<tr>
<td>Telecommuting Cybersecurity Controls – UConn Health</td>
<td>Assess whether cybersecurity controls related to telecommuting are adequate for remote operations and the impact of any changes to network security that may have been made to facilitate a remote work environment. Areas of focus include overall governance and administrative controls (policies, procedures) and technical controls (endpoint security, network connectivity security).</td>
<td>UConn Health</td>
<td></td>
</tr>
<tr>
<td>Decentralized IT General Controls (Area To be determined)</td>
<td>Assess compliance with Information Security policies, regulatory requirements, and industry standards for “decentralized” IT organizations such as Radiology, Pharmacy, School of Dental Medicine, and Clinical Engineering. Areas of focus will include an assessment of user account administration, logical security, disaster recovery, vulnerability management, data backup, and activity logging and monitoring.</td>
<td>UConn Health</td>
<td></td>
</tr>
<tr>
<td>Application IT General Controls – PeopleSoft Student Administration</td>
<td>Assess compliance with Information Technology policies, regulatory requirements, and industry standards for the “PeopleSoft” application. The PeopleSoft application contains a variety of confidential student data protected under federal regulations, including the Gramm-Leach Bliley Act (GLBA) and the Federal Educational Rights and Privacy Act (FERPA). Areas of</td>
<td>UConn</td>
<td></td>
</tr>
<tr>
<td>TITLE</td>
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<td>STATUS</td>
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<tr>
<td>focus will include an assessment of user account administration, logical security, privileged access, disaster recovery/data backup, vulnerability management, change management, and activity logging and monitoring.</td>
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<tr>
<td>FINANCIAL &amp; OPERATIONAL</td>
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<tr>
<td>School of Business Entrepreneurial Programs on Stamford Campus</td>
<td>Analyze the revenue, expenditures and campus resources used for existing School of Business Graduate entrepreneurial programs on the Stamford Campus and the distribution of net income.</td>
<td>In Process</td>
<td>UConn</td>
</tr>
<tr>
<td>Indirect Cost Recovery Revenues from Grants</td>
<td>Analyze the basis of the revenue generated from and the uses and oversight of Indirect Cost Recovery funds (4-ledger accounts) posted to unrestricted KFS accounts, as well as compliance with University policies.</td>
<td>In Process</td>
<td>UConn</td>
</tr>
<tr>
<td>University Catering</td>
<td>Review business operations and fiscal management the University Catering operations for compliance with State and University policies including the Business Meal Policy.</td>
<td>In Process</td>
<td>UConn</td>
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<tr>
<td>Environment of Care Project</td>
<td>Assess the methodology for identifying and addressing risks related to the Joint Commission Life Safety Standards.</td>
<td>In Process</td>
<td>UConn Health</td>
</tr>
<tr>
<td>Accounting for Equipment Upon Faculty Separation</td>
<td>Assess internal controls regarding the accounting for and return of equipment and controllable assets upon faculty separation from University employment and/or the transfer of equipment and controllable assets to another institution upon faculty separation from University employment, in accordance with established guidelines.</td>
<td>In Process</td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>University of Connecticut Foundation FY20</td>
<td>Examine fiscal year 2020 disbursement of funds and gifts to the Foundation for compliance with Connecticut General Statute Section 4-37 et seq. and fiscal year 2020 deposit of funds for compliance with University policies.</td>
<td>In Process</td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>University of Connecticut Foundation FY21</td>
<td>Examine fiscal year 2021 disbursement of funds and gifts to the Foundation for compliance with Connecticut General Statute Section 4-37 et seq. and fiscal year 2020 deposit of funds for compliance with University policies.</td>
<td>Mandatory</td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>Technology Commercialization Costs and Revenue Assessment</td>
<td>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.</td>
<td></td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>Non-Federal Financial Aid</td>
<td>Review merit scholarships, tuition waivers, miscellaneous student fee bill credits, and other forms of non-federal financial aid awarded to students for compliance with University policies and state regulations, excluding scholarships that are funded by the Foundation.</td>
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<td>UConn</td>
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<tr>
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<tr>
<td>Vendor Management – Husky Buy</td>
<td>Assess the effectiveness of the vendor management policies and procedures implemented in HuskyBuy including duplicate vendors, payment terms/discounts and debarment verification procedures.</td>
<td></td>
<td>UConn</td>
</tr>
<tr>
<td>Faculty Dual Appointments</td>
<td>Evaluate the terms and conditions of dual appointments (center / academic departments) for details of appointments, including compensation, teaching/research/service workload, start-up funding commitments, duty station, supervision, and proper expenditure coding.</td>
<td></td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>Business Continuity</td>
<td>Assess the effectiveness of the overall business continuity strategy and program including preparedness, planning and testing to determine whether business processes can continue during a time of emergency or disaster.</td>
<td></td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>Student Timesheet Approval Process</td>
<td>Assess the approval process of student timesheets in the HuskyTime system (ITS and Rec Services) and Sage system (Dining Services) for proper controls and procedures.</td>
<td></td>
<td>UConn</td>
</tr>
<tr>
<td>CARES Act Funding</td>
<td>Assess appropriate and allowable costs are claimed to allow for maximum cost recovery.</td>
<td></td>
<td>UConn</td>
</tr>
<tr>
<td>CARES Act Funding</td>
<td>Assess appropriate and allowable costs are claimed to allow for maximum cost recovery.</td>
<td></td>
<td>UConn Health</td>
</tr>
<tr>
<td>Approval Authority</td>
<td>Assess the accuracy of designated approvers (supervisors) in CORE-CT, which is the source used to establish supervisory approval in Concur, KFS, HuskyBuy, Faculty Consulting and other systems.</td>
<td></td>
<td>UConn</td>
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<tr>
<td>School of Medicine and School of Dental Medicine use of UConn Student Administration System</td>
<td>Assess whether enrollment status, evidence of satisfactory academic progress and other factors that impact financial aid eligibility are reported in a timely manner and are accurately presented in the Peoplesoft Student Administration System. Assess the accuracy of the academic program and plan for students enrolled in the School of Medicine and School of Dental Medicine and related mapping to KFS object codes and accounts.</td>
<td></td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>Compensatory Time</td>
<td>Unclassified UCPEA employees contract has a provision for accruing compensatory time for hours worked in excess of 7 hours/day (35 hours/week) for EXEMPT employees when required by his/her supervisor to work extraordinary hours. Review approval and documentation practices.</td>
<td></td>
<td>UConn &amp; UConn Health</td>
</tr>
<tr>
<td>Clinical Engineering – Equipment Management</td>
<td>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 University policy and manufacturer’s specifications.</td>
<td></td>
<td>UConn Health</td>
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<tr>
<td>TITLE</td>
<td>AREA / SCOPE</td>
<td>STATUS</td>
<td>SYSTEM</td>
</tr>
<tr>
<td>-------</td>
<td>--------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Denials Management - UConn Medical Group and John Dempsey Hospital</td>
<td>Assess the timeliness, effectiveness and accuracy of the process to manage claims denials at UConn Medical Group and John Dempsey Hospital.</td>
<td></td>
<td>UConn Health</td>
</tr>
<tr>
<td>Denials Management – Dental</td>
<td>Assess the timeliness, effectiveness and accuracy of the process to manage denials of dental claims.</td>
<td></td>
<td>UConn Health</td>
</tr>
<tr>
<td>Client Billing</td>
<td>Evaluate whether charges for services billed under the client billing functionality in Epic are captured and reimbursed in accordance with the terms of clinical contracts.</td>
<td></td>
<td>UConn Health</td>
</tr>
<tr>
<td><strong>ATHLETICS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletics Travel</td>
<td>Assess compliance with University policy and NCAA regulations.</td>
<td>In Process</td>
<td>UConn</td>
</tr>
<tr>
<td>Equipment Operations</td>
<td>Assess athletic team equipment operations for compliance with NCAA Regulations, inventory controls, and contract management.</td>
<td></td>
<td>UConn</td>
</tr>
<tr>
<td><strong>CLINICAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced Beneficiary Notices and Hospital-Issued Notices of Non-coverage</td>
<td>Evaluate whether notices are issued to patients when required, retained and that the corresponding account balances are billed in compliance with federal guidelines.</td>
<td>In Process</td>
<td>UConn Health</td>
</tr>
<tr>
<td>Psychiatric Outpatient Services</td>
<td>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.</td>
<td>In Process</td>
<td>UConn Health</td>
</tr>
<tr>
<td>Pathology</td>
<td>Assess whether services ordered, provided, documented, and billed in compliance with governmental regulations, payer requirements and the associated charges and payments are complete, accurate and timely.</td>
<td>In Process</td>
<td>UConn Health</td>
</tr>
<tr>
<td>Lab Utilization</td>
<td>Assess the medical necessity, utilization and reimbursement of lab services using data analytics and chart review. Trend Analysis of Medicare Laboratory Billing with potential for fraud and abuse with COVID-19 Add-on Testing.</td>
<td></td>
<td>UConn Health</td>
</tr>
<tr>
<td>Radiology</td>
<td>Assess whether services billed by the radiology modalities were ordered, provided and documented in compliance with governmental regulations, payer requirements and the associated charges, and copayments/deductibles are complete, accurate and timely.</td>
<td></td>
<td>UConn Health</td>
</tr>
<tr>
<td>TITLE</td>
<td>AREA / SCOPE</td>
<td>STATUS</td>
<td>SYSTEM</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>--------------</td>
</tr>
<tr>
<td>Electronic Prescriptions</td>
<td>Review access to the prescription functionality in the EPIC electronic record and assess whether transmitted prescriptions correspond with a documented medical condition.</td>
<td></td>
<td>UConn Health</td>
</tr>
<tr>
<td>Injections and Infusions</td>
<td>Evaluate consistency of injections and infusions administration with practitioner order, and charges billed and collected in accordance with payor contracts. Determine if drugs purchased and administered are no longer covered under Part B and transitioned to Part D.</td>
<td></td>
<td>UConn Health</td>
</tr>
<tr>
<td>Student Health and Wellness</td>
<td>Review documentation and billing of telehealth services provided to students during the pandemic for compliance with insurance regulations.</td>
<td></td>
<td>UConn</td>
</tr>
<tr>
<td>Telehealth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Assessment</td>
<td></td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>Follow-up Audit Activities</td>
<td></td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>Contingencies/Special Projects</td>
<td></td>
<td>Ongoing</td>
<td></td>
</tr>
</tbody>
</table>

Approved by the Joint Audit & Compliance Committee at their xx/xx/2020 Meeting
Joint Audit & Compliance Committee Meeting

Compliance Activities
Faculty and Staff Training – University Compliance has collaborated with various compliance units at UConn Health to enhance and distribute self-learning training packets at UConn Health for a variety of non-employees, such as medical and dental students and contractors. University Compliance is preparing for the launch of 2020-2021 Graduate Assistant Compliance Training, which includes many enhancements to the user experience as well as updates to content such as explanation of the 7 elements of a compliance program as well as a detailed section on reporting compliance concerns.

University Compliance is working with a Compliance Training Committee at UConn Health to streamline and improve the user experience related to mandatory trainings.

Investigations – As of August 17, 2020, University Compliance has received 43 reports, 23 of which are specific to UConn Health locations. Approximately 14% of reports were related to COVID-19 concerns. Of all reported concerns, the three most reported issue categories have been Employee Relations (15), Policy and Process Integrity (6), and Health & Safety (5).

Education and Awareness – University Compliance launched a new initiative, “Conversations with Compliance”, which allows UConn and UConn Health members to submit questions to University Compliance for guidance related to compliance. This new initiative remains on the compliance website as an ongoing feature to assist in enhancing a culture of compliance. To date, questions received have ranged from inquiries about privacy, to policies related to COVID-19, to how to report concerns.

Compliance Monitoring - Since May, University Compliance has completed closing meetings with three of the four units engaged in monitoring initiatives started in 2019. This resulted in 39 recommendations for enhancements to compliance-related activities across the three units. University Compliance will continue to engage these units in follow-up regarding the response and implementation of such recommended enhancements.

Healthcare Compliance and Privacy Staff Update - Alyssa Cunningham has been hired as the AVP of Healthcare Compliance and Privacy at UConn Health.

University Privacy – Privacy is partnering with UConn Health’s Office of Healthcare Compliance to build a custom HIPAA training to support training requirements at UConn Storrs. Currently, HIPAA training is outsourced which is expensive and is not customizable. An in-house training will reduce costs and be tailored to appropriate audiences.
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**Compliance Plan – FY21**

<table>
<thead>
<tr>
<th></th>
<th>Standards of Conduct/Policies and Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Develop and implement an institution-wide policy program including onboarding a policy coordinator and launching a policy management software system</td>
</tr>
<tr>
<td></td>
<td>Initiate process improvement for the development, review and approval of institutional policies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Leadership and Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Conduct periodic presentations to the UConn Health Board of Directors on the various components of the Compliance Program and the importance of ongoing executive/management oversight</td>
</tr>
<tr>
<td></td>
<td>Enhance decentralized compliance units’ presence and discussion of emerging compliance issues at Joint Audit and Compliance Committee (JACC) meetings</td>
</tr>
<tr>
<td></td>
<td>Present to the President's Cabinet on the activities of the Office of University Compliance and University Compliance Committee</td>
</tr>
<tr>
<td></td>
<td>Initiate and implement a Healthcare Compliance Committee at UConn Health</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Develop a Compliance Workshop for Managers and Supervisors at UConn Health</td>
</tr>
<tr>
<td></td>
<td>Engage UConn Health Compliance Training Committee on evaluating current compliance education tools to ensure they are relevant and consistent and eliminate redundancy</td>
</tr>
<tr>
<td></td>
<td>Develop an annual compliance training and education plan</td>
</tr>
<tr>
<td></td>
<td>Develop a compliance network platform that provides resources and support for our compliance partners across the institution</td>
</tr>
<tr>
<td></td>
<td>Enhance training and education to include virtual training platforms to support our office’s engagement with employees on important compliance topics during the COVID19 pandemic</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Monitoring and Auditing</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Initiate monitoring of UConn’s compliance with the Drug Free Schools and Campuses Act; monitoring of compliance with clinical conflict of interest management plans at UConn Health; and identify additional areas for monitoring</td>
</tr>
<tr>
<td></td>
<td>Enhance risk assessment tools to inform annual monitoring calendar</td>
</tr>
<tr>
<td></td>
<td>Enhance data collection and survey efforts to assist with the assessment of compliance effectiveness across the institution</td>
</tr>
<tr>
<td></td>
<td>Work with Audit and Management Advisory Services on audit recommendation follow-up to identify compliance opportunities.</td>
</tr>
</tbody>
</table>
### 5 Reporting and Investigating

- Implement REPORTLINE upgrade to EthicsPoint in order to enhance the user’s experience and quality of workflow for investigative staff
- Analyze REPORTLINE trends related to COVID19 based concerns, including health and safety and compliance with the University’s return to campus plans and reporting to key leadership
- Collect and analyze outcomes of reported concerns referred to decentralized compliance units for investigation/review
- Enhance investigation recommendation follow-up to include reporting to senior leadership

### 6 Discipline and Incentives

- Work with senior leadership and Human Resources to include compliance incentives in the management performance review process
- Conduct comparative data assessment of FY20 and FY21 issued discipline resulting from non-compliance and report results to the University Compliance Committee

### 7 Response and Prevention

- Utilize innovative prevention tools, such as “Test Your Knowledge” initiatives, to assist employees in assessing knowledge and understanding of compliance topics and policies
- Develop a formal escalation procedure for reporting concerns to the President and JACC

Approved by the Joint Audit & Compliance Committee at their __________ Meeting
Are you familiar with the University’s Compliance Training Policy?

As recipients of Federal funding, the University is required to provide all employees and graduate assistants (collectively “employees”) and affiliated parties with training on the elements of the University’s compliance program and the University’s expectations that all will act in accordance with applicable laws, policies, and standards.

Here's What You Need to Know

Who does it apply to?

All faculty, staff, graduate assistants, and University affiliates on all campuses, including UConn Health are required to receive compliance training, which may differ in type of training or frequency based on their role and responsibility.

Specific training requirements are determined based on an employee’s job function at the University in conjunction with other University policies, laws and regulations. In addition, there may be requirements for employees to attest to having received training and understanding obligations and responsibilities.
Where can you learn more?

There are many required compliance-related trainings at the University, which help to protect each of us individually as well as collectively, from inadvertently violating policies or laws. For a listing of compliance-related trainings you may be required to take, please visit https://compliance.uconn.edu/training/related-training/.

Please be sure to check back frequently for the most up-to-date listing of required trainings.

Additional Resources

For more resources regarding specific compliance-related topics, including quick video clips, podcasts, and resource documents, visit compliance.uconn.edu.

Do you have a compliance question or want to provide ideas for compliance-training topics? Engage in a Conversation with Compliance! Click here to learn more.

About Us | Join Our Listserv | Contact Us | Compliance Chatter
The Office of University Compliance invites you to participate in a brief anonymous survey. The goal is to learn more about how UConn employees view the University's compliance program as it relates to compliance training and education. Please note this is specific to training and education provided by the Office of University Compliance. The survey is completely voluntary and anonymous, should take less than 5 minutes, and you can skip any question. Click "Start Here" to participate. Thank you, in advance, for your participation and for helping us to continue to enhance the culture of compliance at UConn.

Office of University Compliance
About Us | Join Our Listserv | Contact Us

Start Here
Public Health Emergency and Telemedicine Update

Posted on August 11, 2020

On July 25, 2020 Health and Human Services Secretary Azar extended the Public Health Emergency (PHE) until October 23, 2020. As a result, several of the Centers for Medicare and Medicaid (CMS) temporary coverage and payment policies established under the PHE will continue. Some of the continuing policies are: a twenty percent add-on payment for COVID-19 inpatients; mandatory coverage of COVID-19 testing without beneficiary cost sharing, and continued relaxation of the telehealth guidelines.

Closer to home, on July 31, 2020, Connecticut Governor Lamont signed into law Bill No. 6001 making additional modifications to the existing telehealth guidelines. The new law expands the clinicians authorized to provide telehealth services to include dentists and genetic counselors. In addition, the law allows out-of-state providers to provide telehealth services in Connecticut without a Connecticut license as long as certain criteria are met. The law also requires providers to limit reimbursement from uninsured patients receiving telehealth services to the Medicare reimbursement amount.

The provisions enacted under the new law are in effect until March 15, 2021 and apply to in-network providers of fully insured plans and providers enrolled in the Connecticut Medical Assistance Program. View more information on the provisions of the law.
As recipients of Federal funding, the University is required to provide all employees and graduate assistants (collectively “employees”) and affiliated parties with training on the elements of the University’s compliance program and the University’s expectations that all will act in accordance with applicable laws, policies, and standards.

All faculty, staff, graduate assistants, and affiliates on all campuses, including UConn Health are required to receive compliance training, which may differ in type of training or frequency based on their role and responsibility.

Specific training requirements are determined based on an employee’s job function in conjunction with other University and UConn Health policies, laws and regulations. In addition, there may be requirements for employees to attest to having received training and understanding obligations and responsibilities.

Employees may be required to complete specialized and/or additional compliance-related training as needed for their positions or in an effort to maintain the institutions compliance with applicable laws and policies, whether those trainings are provided by the Office of University Compliance or another University office or entity with compliance-related responsibilities.

[Review the policy.]
Welcome Alyssa Cunningham

We are pleased to announce that Alyssa Cunningham has been appointed to the role of Assistant Vice President for Healthcare Compliance and Privacy. Alyssa is an experienced lawyer with 14 years of concentrated health care law, compliance and privacy experience, who joined UConn Health’s Office of the General Counsel in 2017. With the health care regulatory environment constantly changing, Alyssa’s legal experience, knowledge of UConn Health, and expertise in the areas of health care compliance and privacy will prove extremely valuable.

Alyssa will lead both the Office of Healthcare Compliance and the Office of Privacy Protection and Management.

As a reminder, the Office of Healthcare Compliance works to ensure compliance with federal and state laws and regulations as well as University policies. Healthcare compliance at UConn Health encompasses patient care, billing and reimbursement practices and employee and student education. The Office of Privacy Protection and Management at UConn Health serves as a central resource for healthcare privacy-related matters and assists with navigating applicable rules and best practices to protect the privacy rights of our patients and other constituents.
UCONN
&
UCONN HEALTH

Public Safety Update

No Attachment
Presentation Only
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Joint Audit & Compliance Committee Meeting

Information Technology Update
UConn Health
Joint Audit & Compliance Committee Meeting
Public Session
September 2020
UConn Health – Information Technology Services

Financials FY2020 Operating State Appropriation and Tuition Budget and Forecasted Expenditures:

- **Budget**: $47,543,217
- **Forecasted Personal Services and Fringe Benefits**: $32,909,417
- **Forecasted Operating Expenses**: $14,633,800
- **FY20 Actual**: $48,211,248
- **Variance**: $668,031 (Over)
- **Forecasted Carryforward**: $0 (Operating dollars do not carry forward)

Information Technology Staffing (as of 7/31/2020)

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

1. Epic area: Orders Analyst 3 – funded, posted and screening candidates
2. Epic area: HIM Principal Trainer – funded, posted and screening candidates
3. Epic area: Credentialed Trainer for Revenue Cycle – going to PTR Committee
4. One position open. Currently interviewing for Director, PMO.
5. One position on hold.

Outages (as of 6/30/20)

<table>
<thead>
<tr>
<th>Outage Taxonomy</th>
<th># of Issues</th>
<th>Systems Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southington Network Outage</td>
<td>1</td>
<td>Epic</td>
</tr>
<tr>
<td>Meraki Outage</td>
<td>1</td>
<td>Remote WFH access</td>
</tr>
<tr>
<td>LUN Storage out of space</td>
<td>1</td>
<td>Dental axiUm</td>
</tr>
<tr>
<td>LDAP Certificate expired</td>
<td>1</td>
<td>Impact to users that recently changed their password</td>
</tr>
</tbody>
</table>

Total # of Outages: 4

UConn – IT Projects Status (as of 06/30/20)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Brief Project Description</th>
<th>Planned Budget</th>
<th>Actual Spend</th>
<th>Status</th>
<th>Rational for Yellow and Red Status</th>
<th>Expected Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marcum Cybersecurity risk assessment</td>
<td>Cybersecurity risk assessment in accordance with industry standards and regulatory requirements</td>
<td>$356,000</td>
<td>0</td>
<td>Green</td>
<td></td>
<td>12/31/2020</td>
</tr>
<tr>
<td>Epic vMAY20 Upgrade</td>
<td>Routine maintenance</td>
<td>0</td>
<td>0</td>
<td>Green</td>
<td>Twice per year</td>
<td>October 2020</td>
</tr>
<tr>
<td>Epic vAUG20 Upgrade</td>
<td>Routine maintenance</td>
<td>0</td>
<td>0</td>
<td>Green</td>
<td>Twice per year</td>
<td>January 2021</td>
</tr>
<tr>
<td>Epic vNov20 Upgrade</td>
<td>Routine maintenance</td>
<td>0</td>
<td>0</td>
<td>Green</td>
<td>Twice per year</td>
<td>April 2021</td>
</tr>
<tr>
<td>Project Description</td>
<td>Proposed System Integration</td>
<td>Planned Budget</td>
<td>Actual Spending</td>
<td>Status Color</td>
<td>Actual Status</td>
<td>Planned Date</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------</td>
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<td>----------------</td>
<td>--------------</td>
<td>---------------</td>
<td>--------------</td>
</tr>
<tr>
<td>HDA Legacy Systems Archive</td>
<td>Multiple legacy clinical system’s data to be archived into Harmony Health Data Archiver</td>
<td>0</td>
<td>0</td>
<td>Green</td>
<td>Routine maintenance</td>
<td>6/1/2021</td>
</tr>
<tr>
<td>POCUS Integration</td>
<td>Multiple point of care Ultrasound and x-ray devices to be integrated into Epic and PACS</td>
<td>$647,695</td>
<td>$458,435</td>
<td>Green</td>
<td>Has a financial ROI.</td>
<td>10/1/2020 – for devices currently on the list.</td>
</tr>
<tr>
<td>Windows 7 &amp; Server 2008 Migration</td>
<td>Upgrade all Win7 desktops to Win10 and Server 2008 OS</td>
<td>$2,500,000</td>
<td>$929,328</td>
<td>Yellow/Red</td>
<td>Funding has been pulled for equipment and temporary staff which will push out the end date.</td>
<td>Q2 2022</td>
</tr>
</tbody>
</table>
University of Connecticut
Joint Audit & Compliance Committee Meeting
Public Session
September 10, 2020
UConn – Information Technology Services

Financials FY2021 Operating

State Appropriation and Tuition Budget and Forecasted Expenditures:

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Forecasted Personal Services and Fringe Benefits</th>
<th>Forecasted Operating Expenses</th>
<th>Forecasted Carryforward</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$38.0M</td>
<td>$28.9M</td>
<td>$9.1M</td>
<td>$.0M</td>
</tr>
</tbody>
</table>

To date in FY2021 ITS’s operating budget was cut by $1.2M, our deferred maintenance budget was cut from $2.0M to $1.75M and our 5-year wired access layer refresh budget was decreased to $4.2M (our original request was 5-years at $6.0M per year and FY2021 is year 2). There is a $187K in year rescission against the recurring budget that has not yet been applied. Additionally, there is a proposed further $75K recission against recurring budget and $0.823-1.681M draw down of assets.

Also, in FY2021, ITS requested and will receive operating budget for a director of high-performance computing and $1.6M for high performance capital investments.

Information Technology Staffing (as of 7/30/2020)

ITS currently has 3 open searches. Two are for CEN which are funded separately. The other position is for a Director of High-Performance Computing which is a new position for ITS.

Since May, ITS has had 2 employees separate. These staff members were from networking and the project management office. One additional staff member will be retiring from the campus technology services group as of 8/31. This position will be replaced in the Technology Support Center and provide first tier support to students, faculty, and staff who are now relying on a variety of technical solutions to attend class, teach, and support the academic and research missions of the university.

Outages (as of 5/1/20 - 7/31/20)

<table>
<thead>
<tr>
<th>Outage Taxonomy</th>
<th># of Issues</th>
<th>Systems Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network Issue - Hardware</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Network Issue - Software</td>
<td>1</td>
<td>RDP</td>
</tr>
<tr>
<td>Network Issue – Request Flood</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>System Issue - Hardware</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>System Issue - Software</td>
<td>11</td>
<td>Student Admin, Filelocker, Listserv, ACD Phone, Anyware, Web Apps, FEB</td>
</tr>
<tr>
<td>Third Party</td>
<td>4</td>
<td>Jaegger, SolidWorks, Core-CT</td>
</tr>
</tbody>
</table>
Total # of Outages: 16

UConn – IT Projects Status (as of 07/31/20)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Brief Proje Description</th>
<th>Planned Budget</th>
<th>Actual Spend</th>
<th>Status</th>
<th>Rational for Yellow and Red Status</th>
<th>Expected Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>WALR FY 2020 Phase 1 (Including Gampel Wireless)</td>
<td>Upgrade all the network equipment and wired access infrastructure for the University</td>
<td>$6.000M</td>
<td>$5.35M</td>
<td>GREEN</td>
<td>Finishing final 8 buildings.</td>
<td>6/30/2024</td>
</tr>
<tr>
<td>WALR FY 2021 Phase 2</td>
<td>Upgrade all the network equipment and wired access infrastructure for the University</td>
<td>$4.200M</td>
<td>$0.08M</td>
<td>GREEN</td>
<td>Initiating bid processes.</td>
<td>6/30/2024</td>
</tr>
<tr>
<td>Concur</td>
<td>Implement travel and expense system</td>
<td>$3.100M</td>
<td>$1.058M</td>
<td>GREEN</td>
<td>Employee travel implemented. Future modules on track.</td>
<td>12/31/2020</td>
</tr>
<tr>
<td>PageUp</td>
<td>PageUp HR Software</td>
<td>$2.200M</td>
<td>$0.368M</td>
<td>COMPLETE</td>
<td>Budget adjusted after start.</td>
<td>NA</td>
</tr>
<tr>
<td>Peoplesoft Upgrade</td>
<td>Upgrade Peoplesoft Student System (Campus Solutions) to version 9.2</td>
<td>$1.372M</td>
<td>$0.293M</td>
<td>YELLOW</td>
<td>Resource contention with functional areas.</td>
<td>12/31/2020</td>
</tr>
<tr>
<td>Parking</td>
<td>Upgrade Parking Software</td>
<td>$0.413M</td>
<td>$0.149M</td>
<td>YELLOW</td>
<td>DMV approval for cloud outstanding.</td>
<td>12/31/2020</td>
</tr>
<tr>
<td>HR Payroll Data Mart</td>
<td>Create HR Payroll data mart</td>
<td>$0.156M</td>
<td>$0.047M</td>
<td>YELLOW</td>
<td>Functional resource allocation lower than forecast.</td>
<td>12/31/2021</td>
</tr>
<tr>
<td>Kuali Upgrade</td>
<td>Upgrade KFS 5.3 to “Current” code</td>
<td>Internal</td>
<td>Internal</td>
<td>GREEN</td>
<td>On Track</td>
<td>10/31/20</td>
</tr>
<tr>
<td>AIX Migration</td>
<td>Migrate all applications off of IBM AIX platform</td>
<td>Internal</td>
<td>Internal</td>
<td>GREEN</td>
<td>On Track</td>
<td>12/31/2020</td>
</tr>
</tbody>
</table>
Joint Audit & Compliance Committee Meeting

Conclusion