

# UConn

Comprehensive Evaluation Self-Study

Appendix Documents

August 4, 2016

Prepared for the New England Association of Schools and Colleges  
Commission on Institutions of Higher Education

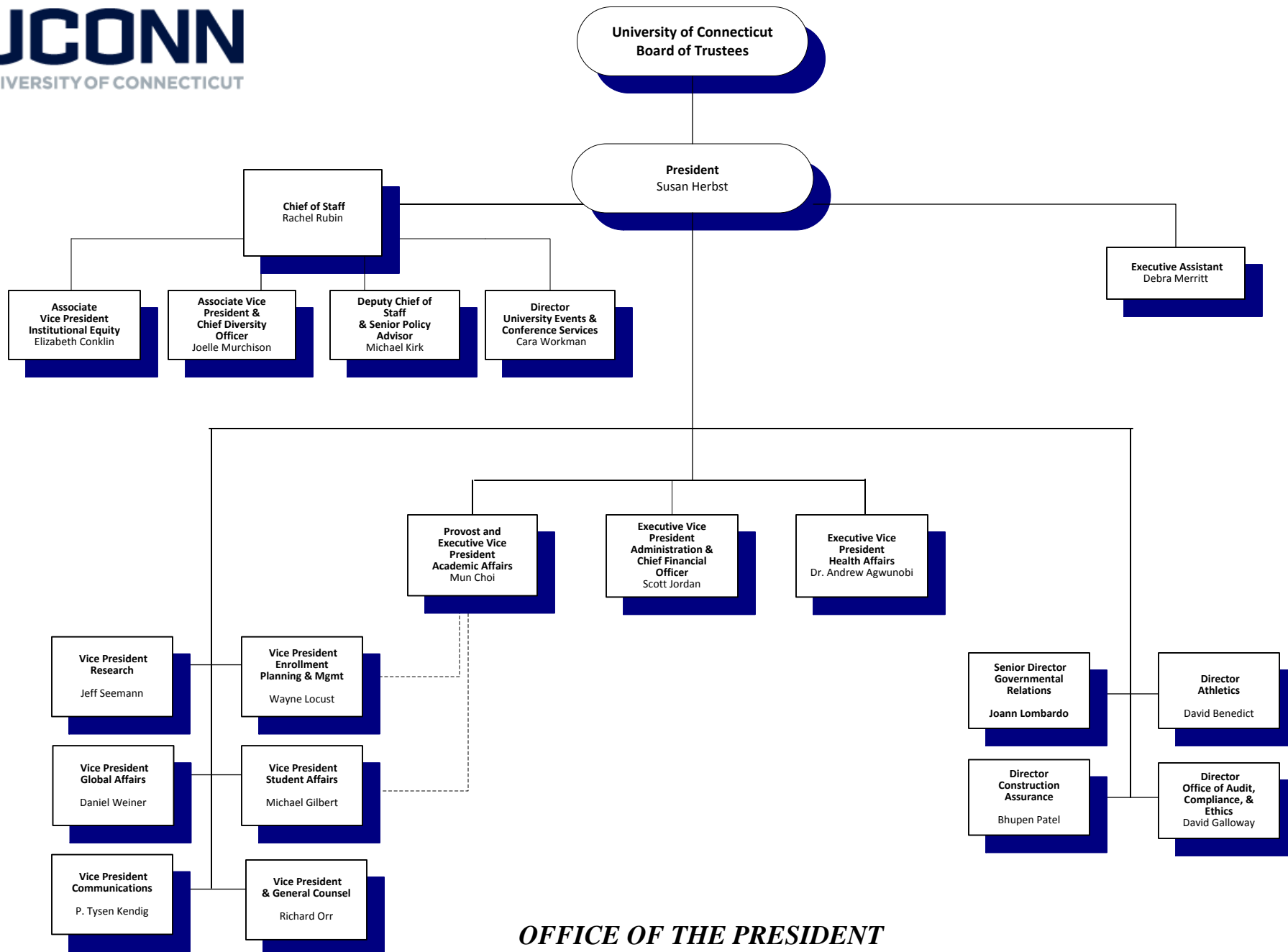




# Appendix Documents

- University Organizational Charts
- Affirmation of Compliance
- Student Achievement and Success: Making Assessment More Explicit (E series)
- Documenting Student Success (S-series)
- State of Connecticut Auditors' Report – University of Connecticut – Fiscal Years Ended June 30, 2012 and 2013 (Includes Auditors' Management Letter with Recommendations)
- State of Connecticut Auditors' Report – University of Connecticut Health Center – Fiscal Years Ended June 30, 2013 and 2014 (Includes Auditors' Management Letter with Recommendations)
- List of Exhibits

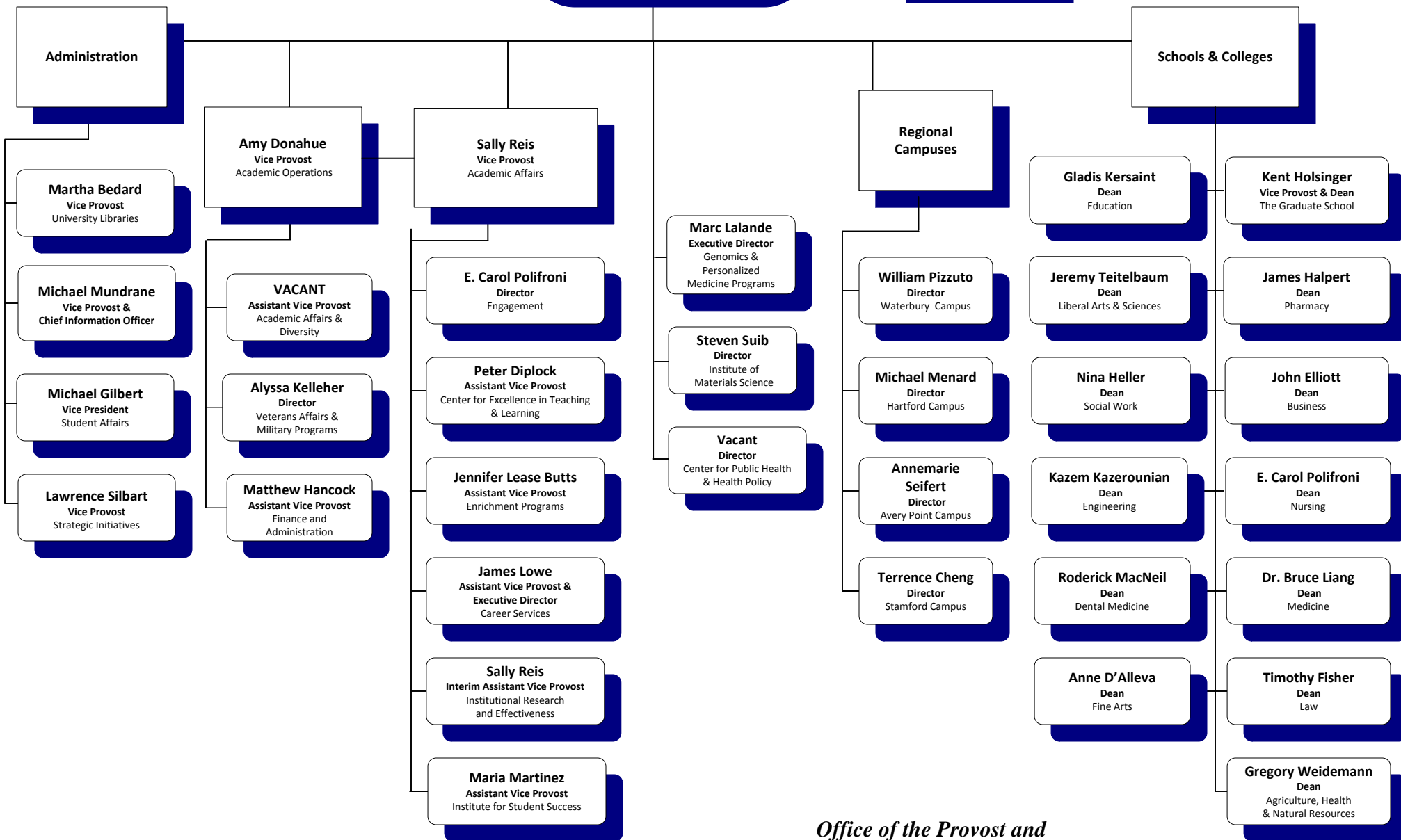




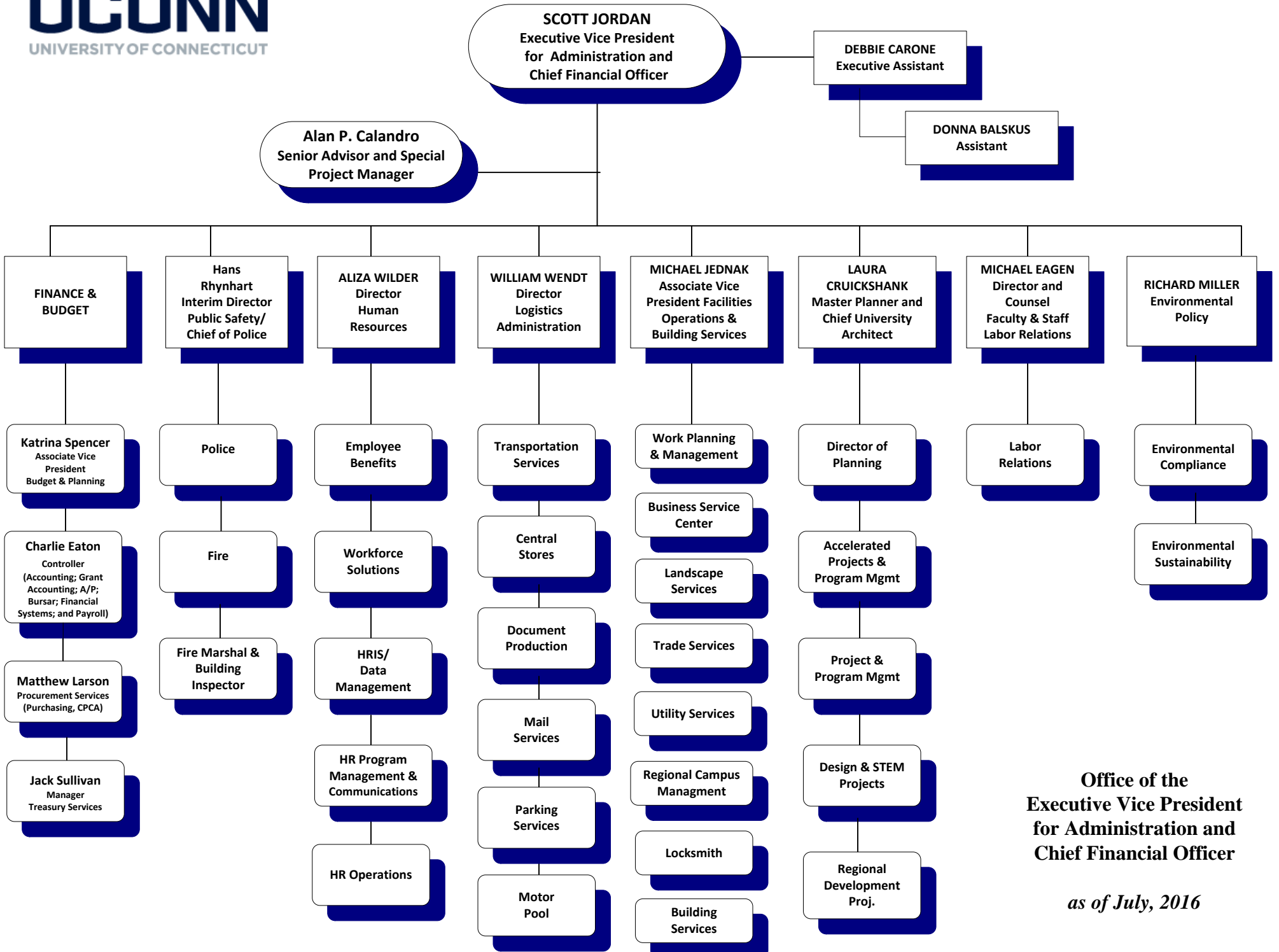
***OFFICE OF THE PRESIDENT  
AS OF JULY 1, 2016***

**Mun Choi**  
Provost & Executive Vice President  
Academic Affairs

**Kathleen Slowik**  
Executive Assistant

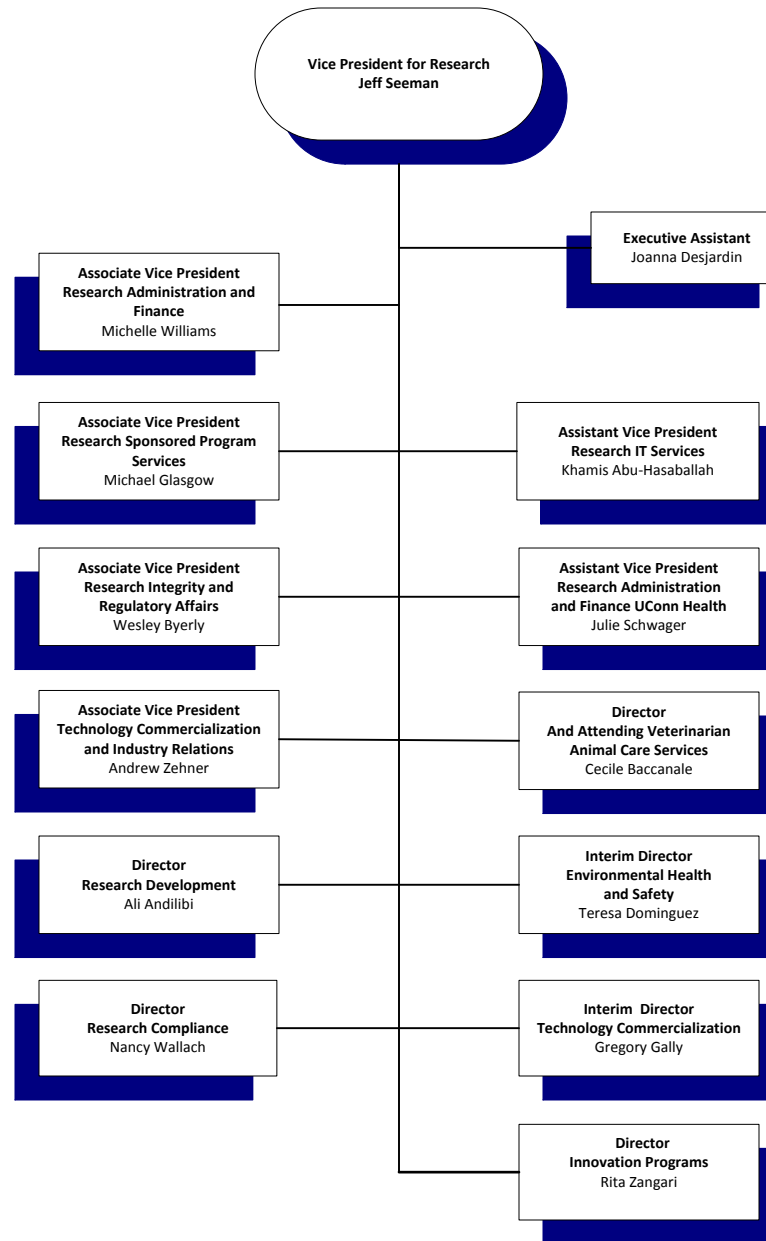


*Office of the Provost and  
Executive Vice President for Academic Affairs  
as of July 18, 2016*



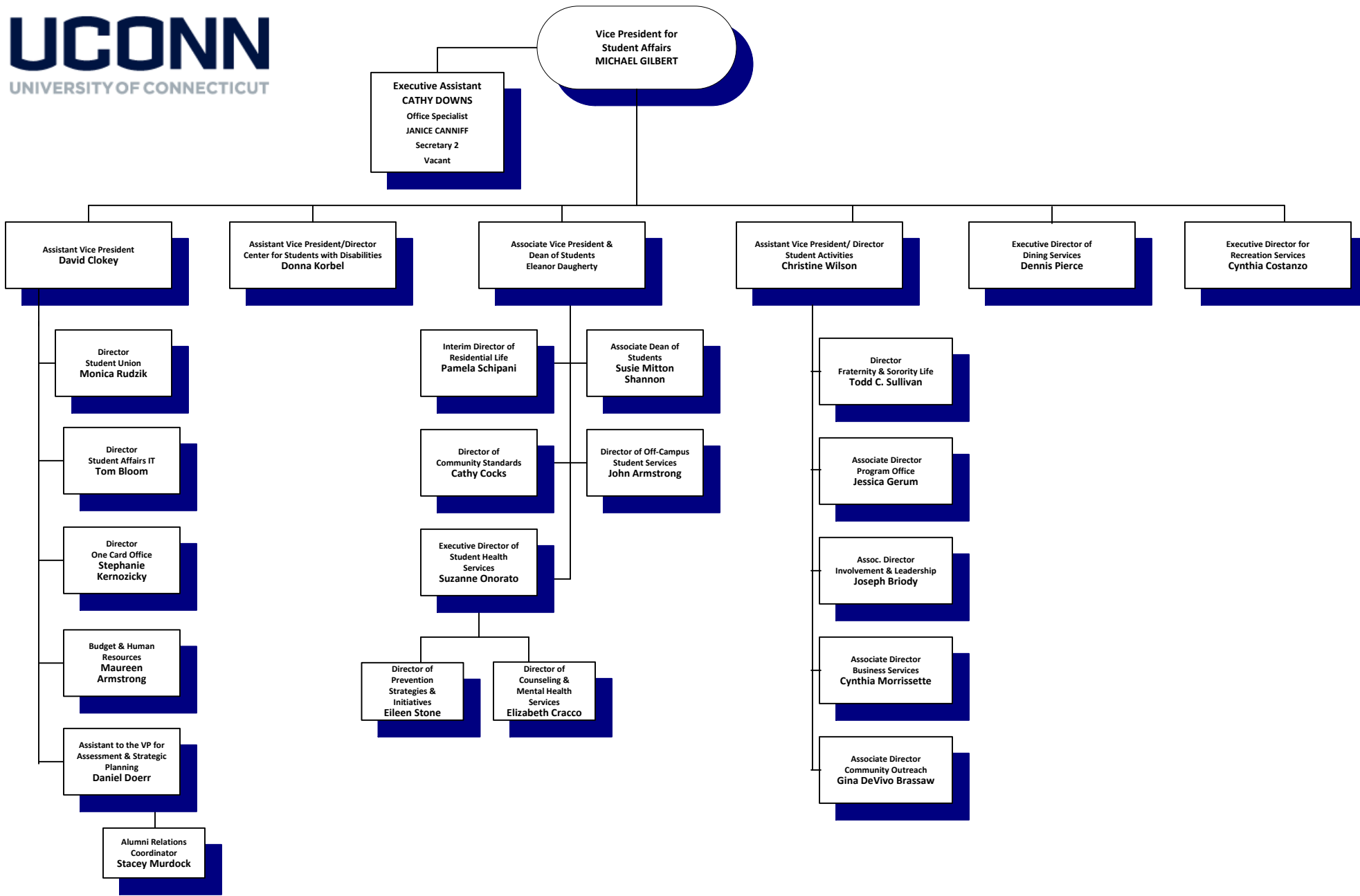
**Office of the  
Executive Vice President  
for Administration and  
Chief Financial Officer**

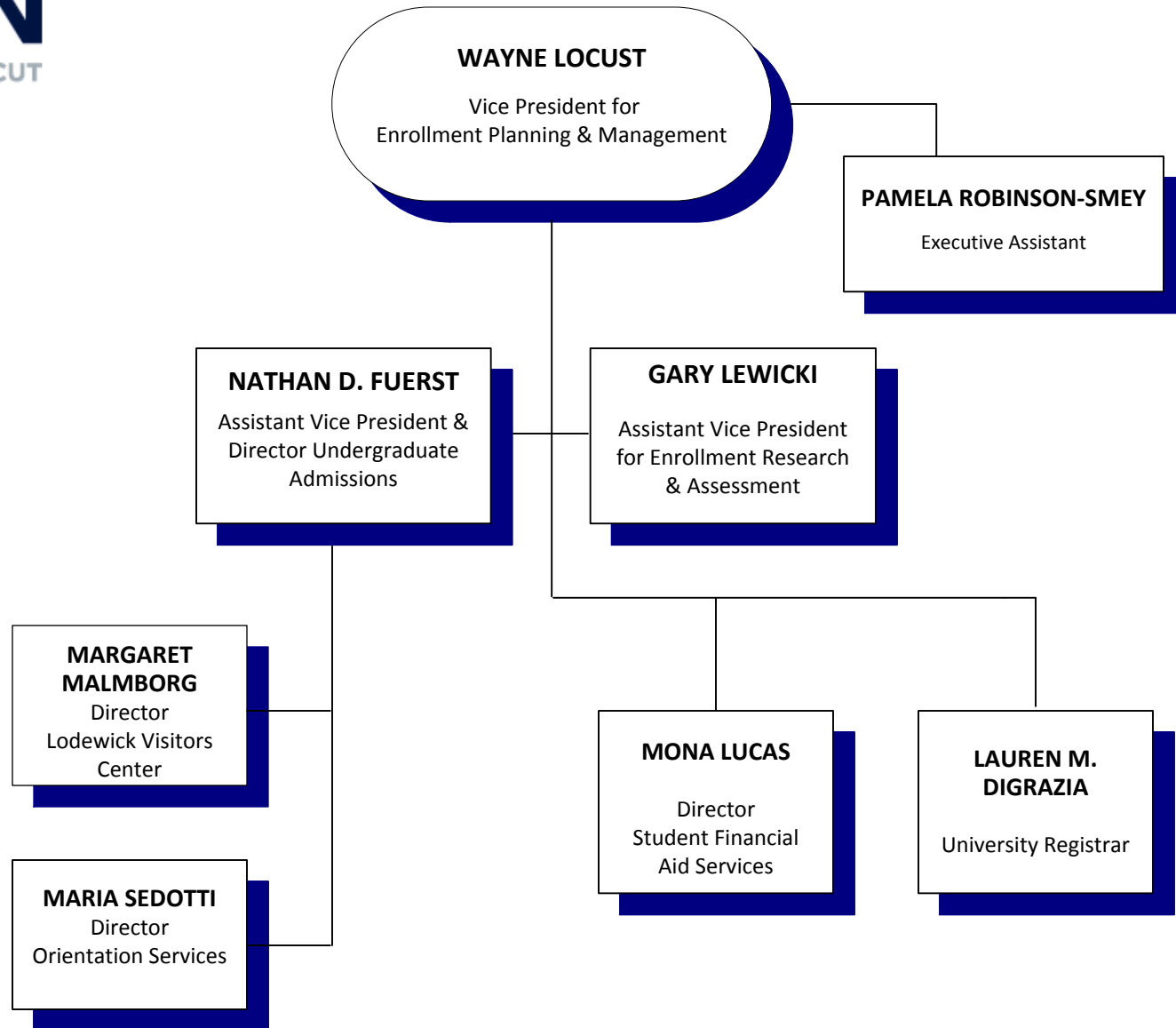
*as of July, 2016*



***OFFICE OF THE VICE PRESIDENT  
FOR RESEARCH  
AS OF JULY 2016***

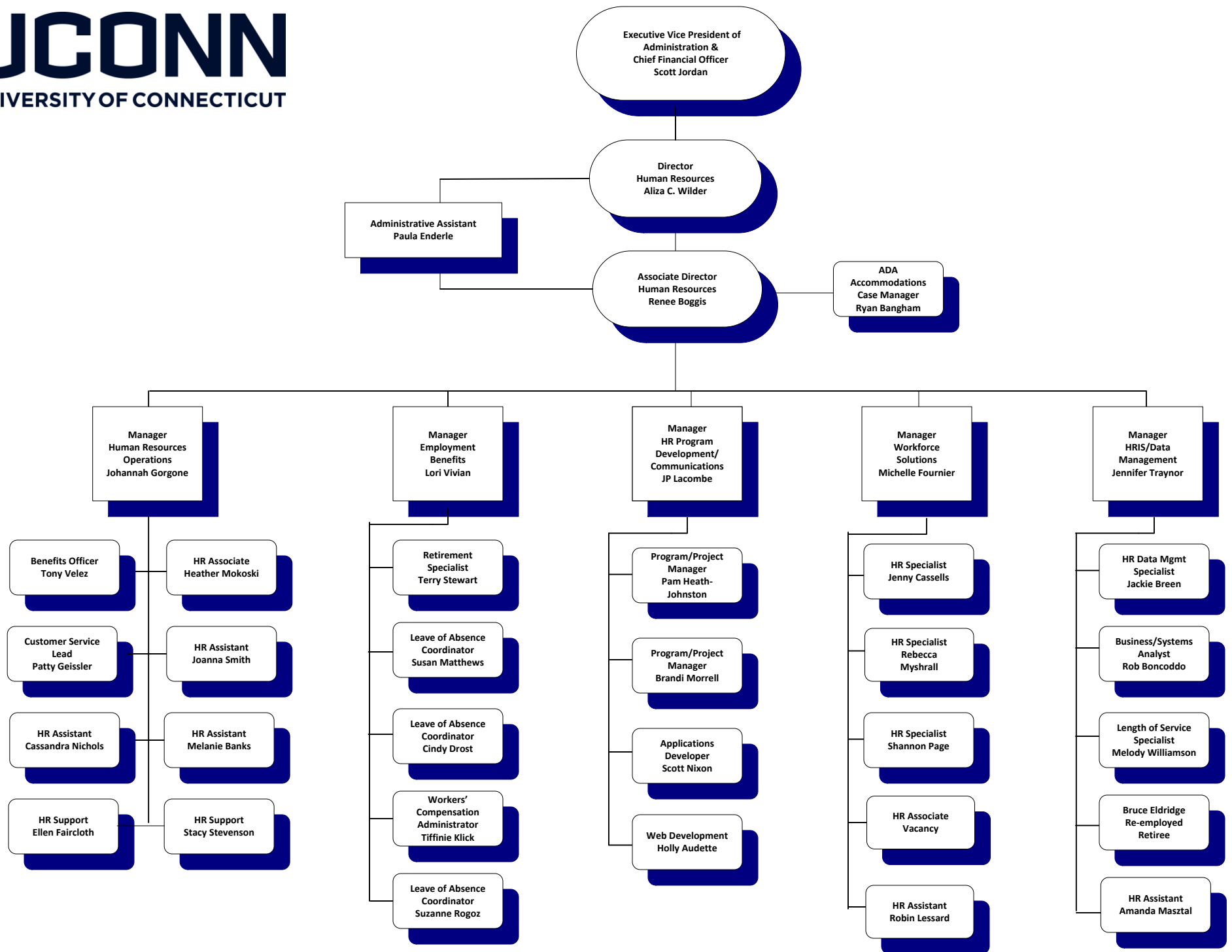


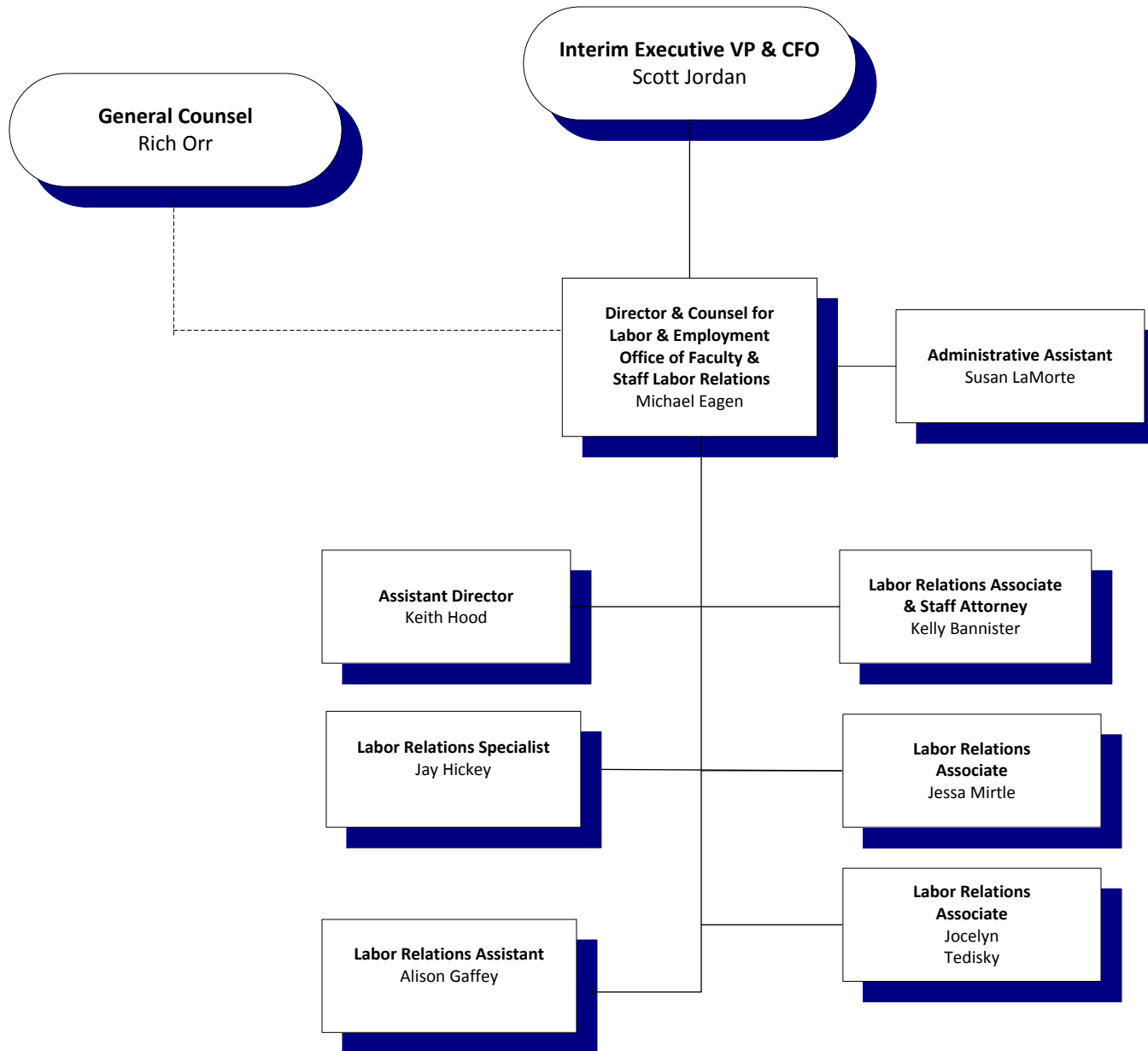




**Office of the Vice President for  
Enrollment Planning & Management**

*as of July 2016*







## AFFIRMATION OF COMPLIANCE WITH FEDERAL REGULATIONS RELATING TO TITLE IV

Periodically, member institutions are asked to affirm their compliance with federal requirements relating to Title IV program participation, including relevant requirements of the Higher Education Opportunity Act.

- 1. Credit Hour:** Federal regulation defines a credit hour as an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutional established equivalence that reasonably approximates not less than: (1) One hour of classroom or direct faculty instruction and a minimum of two hours of out of class student work each week for approximately fifteen weeks for one semester or trimester hour of credit, or ten to twelve weeks for one quarter hour of credit, or the equivalent amount of work over a different amount of time; or (2) At least an equivalent amount of work as required in paragraph (1) of this definition for other academic activities as established by the institution including laboratory work, internships, practica, studio work, and other academic work leading to the award of credit hours. (CIHE Policy 111. See also *Standards for Accreditation* 4.34.)

URL	<a href="http://policy.uconn.edu/2012/08/22/credit-hour/">http://policy.uconn.edu/2012/08/22/credit-hour/</a>
Print Publications	
Self-study/Interim Report Page Reference	p. 58

- 2. Credit Transfer Policies.** The institution’s policy on transfer of credit is publicly disclosed through its website and other relevant publications. The institution includes a statement of its criteria for transfer of credit earned at another institution of higher education along with a list of institutions with which it has articulation agreements. (CIHE Policy 95. See also *Standards for Accreditation* 4.38, 4.39 and 9.19.)

URL	<a href="http://admissions.uconn.edu/content/transfer/transfer-credit">http://admissions.uconn.edu/content/transfer/transfer-credit</a>
Print Publications	
Self-study/Interim Report Page Reference	p. 56

- 3. Student Complaints.** “Policies on student rights and responsibilities, including grievance procedures, are clearly stated, well publicized and readily available, and fairly and consistently administered.” (*Standards for Accreditation* 5.18, 9.8, and 9.19.)

URL	<a href="http://community.uconn.edu/the-student-code-preamble/">http://community.uconn.edu/the-student-code-preamble/</a>
Print Publications	
Self-study/Interim Report Page Reference	p. 67

- 4. Distance and Correspondence Education: Verification of Student Identity:** If the institution offers distance education or correspondence education, it has processes in place to establish that the student who registers in a distance education or correspondence education course or program is the same student who participates in and completes the program and receives the academic credit. . . .The institution protects student privacy and notifies students at the time of registration or enrollment of any projected additional student charges associated with the verification of student identity. (CIHE Policy 95. See also *Standards for Accreditation* 4.48.)

Method(s) used for verification	The University requires a secure login and pass code for all distance learning courses. The University encourages Faculty teaching online courses to use formative assessments that build on prior activities and assessments to promote continuity based on the same student participating in all related activities over time. The University also promotes proctored exams (Proctor U, or University location) for courses that require at least one exam worth more than 10% of the final grade. There are no additional costs associated with Proctor U, formative assessments, or University provided proctoring.
Self-study/Interim Report Page Reference	pp. 91 - 92

- 5. FOR COMPREHENSIVE EVALUATIONS ONLY: Public Notification of an Evaluation Visit and Opportunity for Public Comment:** The institution has made an appropriate and timely effort to notify the public of an upcoming comprehensive evaluation and to solicit comments. (CIHE Policy 77.)

URL	<a href="http://accreditation.uconn.edu/2016-neasc-accreditation/">http://accreditation.uconn.edu/2016-neasc-accreditation/</a>
Print Publications	Notices were sent in the University’s Daily Digest to the Faculty/Staff and Student editions on four separate dates in May.

The undersigned affirms that **THE UNIVERSITY OF CONNECTICUT** meets the above federal requirements relating to Title IV program participation, including those enumerated above.

Chief Executive Officer: 

Date: 8-4-16

**OPTION E1: PART A. INVENTORY OF EDUCATIONAL EFFECTIVENESS INDICATORS**

CATEGORY		Have formal learning outcomes been developed?	Where are these learning outcomes published? Include URLs where appropriate.	Other than GPA, what data/evidence is used to determine that graduates have achieved the stated outcomes for the degree? (e.g., capstone course, portfolio review, licensure examination)	Who interprets the evidence? What is the process? (e.g. annually by the curriculum committee)	What changes have been made as a result of using the data/evidence?	Date of most recent program review (for general education and each degree program)
Department	Degree Offered						
<b>Institution:</b>							
	Job and Graduate/Professional School Placements Following Degree Conferral.	Yes	<a href="http://www1.ctdol.state.ct.us/lmi/pubs/HigherEdReport-2008grads.pdf">http://www1.ctdol.state.ct.us/lmi/pubs/HigherEdReport-2008grads.pdf</a> ; <a href="http://www.ctdhe.org/info/pdfs/2010/HigherEdReport-2008grads.pdf">http://www.ctdhe.org/info/pdfs/2010/HigherEdReport-2008grads.pdf</a>	Connecticut Department of Labor market outcomes in Connecticut: employment in workforce by program of study and by industry sector, diversity of employed graduates, average quarterly earnings, retained employment into second and third quarter	Connecticut Legislature; State and higher education public policy makers;	Increased emphasis on production of specialists needed for CT workforce, e.g., nurses, other health care workers, engineers, STEM specialists	2007-08 graduates
	Student Perceptions of College Satisfaction after Conferral of Bachelor's Degree - Special section of the Alumni Survey focuses on set of potential benefits of a college education	Yes	<a href="http://www.oir.uconn.edu/Alumni.html">http://www.oir.uconn.edu/Alumni.html</a>	Follow-up Survey of Recent Alumni of Bachelor's Degree Programs: student satisfaction with college experiences and learning environments; importance of a set of college outcomes/benefits and student - perceived extent to which UConn was helpful in enhancing abilities in the outcome areas; indication of post-college plans	Provost Office, School/College Deans, Department Heads	Varies with discipline; improvements in academic advising a general result	2012
	Course/Subject/Curriculum Evaluations in Terms of Student Survey Feedback for Academic Program Accreditations and Re-Accreditations	Yes, for individual courses and subjects	Details on individual course and program specific outcomes can be obtained either through the programs or through the Office of Institutional Research, who administers the student surveys as needed for program accreditations	Questions vary with program but typically include items on learning goals of course/subject, coverage of content supporting learning goals, instructor assignments related to goals, and whether the students perceived they had learned the content outlined in the learning goals.	Individual programs requesting the student feedback on curriculum: recurring examples include School of Social Work, School of Pharmacy, Communication Sciences Disorders, and the Early College Experience Program (UConn credit for UConn-equivalent courses taken while still attending high school).	Examples of curriculum improvements and revisions in curriculum offerings	Course feedback occurs every term or every academic year
<b>Undergraduate General Education Across All Disciplines:</b>							
	Content Area 1 Arts and the Humanities	Yes	<a href="http://geoc.uconn.edu/ca1-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca1-assessment-and-learning-outcomes/</a>	Problem-based learning activities, portfolios, short and long-term projects, oral presentations and/or writing samples, music, art and drama creation, performance or presentation, formal or informal observations or performance assessments, formal, informal, and research papers, note-taking collections, reflective essays, journals, case studies, student interviews and peer assessment	GEOC subcommittees; GEOC Assessment Committee; Faculty forums; see report and appendices at <a href="http://geoc.uconn.edu/ca1-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca1-assessment-and-learning-outcomes/</a>	See Appendix 3 at <a href="http://geoc.uconn.edu/ca1-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca1-assessment-and-learning-outcomes/</a>	2013

**OPTION E1: PART A. INVENTORY OF EDUCATIONAL EFFECTIVENESS INDICATORS**

CATEGORY		Have formal learning outcomes been developed?	Where are these learning outcomes published? Include URLs where appropriate.	Other than GPA, what data/evidence is used to determine that graduates have achieved the stated outcomes for the degree? (e.g., capstone course, portfolio review, licensure examination)	Who interprets the evidence? What is the process? (e.g. annually by the curriculum committee)	What changes have been made as a result of using the data/evidence?	Date of most recent program review (for general education and each degree program)
Department	Degree Offered						
	Content Area 2 Social Sciences	Yes	<a href="http://geoc.uconn.edu/ca2-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca2-assessment-and-learning-outcomes/</a>	Exam questions, class discussions, written assignments, group project	GEOC subcommittees; GEOC Assessment Committee; Faculty forums; see report at <a href="http://geoc.uconn.edu/ca2-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca2-assessment-and-learning-outcomes/</a>	See report at <a href="http://geoc.uconn.edu/ca2-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca2-assessment-and-learning-outcomes/</a>	2010
	Content Area 3 Science and Technology	Yes	<a href="http://geoc.uconn.edu/ca3-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca3-assessment-and-learning-outcomes/</a>	Tests, final exams	GEOC subcommittees; GEOC Assessment Committee; Faculty forums; see reports at <a href="http://geoc.uconn.edu/ca3-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca3-assessment-and-learning-outcomes/</a>	See reports at <a href="http://geoc.uconn.edu/ca3-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca3-assessment-and-learning-outcomes/</a>	2010
	Content Area 4 Diversity and Multiculturalism / International	Yes	<a href="http://geoc.uconn.edu/ca4-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca4-assessment-and-learning-outcomes/</a>	TBD	GEOC subcommittees; GEOC Assessment Committee; Faculty forums; see reports at <a href="http://geoc.uconn.edu/ca4-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca4-assessment-and-learning-outcomes/</a>	See reports at <a href="http://geoc.uconn.edu/ca4-assessment-and-learning-outcomes/">http://geoc.uconn.edu/ca4-assessment-and-learning-outcomes/</a>	2010
	2nd Language Competency	NA	<a href="http://geoc.uconn.edu/second-language-competency/">http://geoc.uconn.edu/second-language-competency/</a>	Final grades	GEOC subcommittees; GEOC Assessment Committee; Faculty forums	NA	NA
	Computer Technology Competency	NA	<a href="http://geoc.uconn.edu/computer-technology-competency/">http://geoc.uconn.edu/computer-technology-competency/</a>	Computer Technology Competency assessment administered online after Orientation prior to classes	GEOC subcommittees; GEOC Assessment Committee; Faculty forums	NA	NA
	Information Literacy Competency	Yes	<a href="http://geoc.uconn.edu/info-literacy-assessment-and-outcomes/">http://geoc.uconn.edu/info-literacy-assessment-and-outcomes/</a>	Standardized Assessment of Information Literacy Skills (SAILS) test	GEOC subcommittees; GEOC Assessment Committee; Faculty forums	See report at <a href="http://geoc.uconn.edu/info-literacy-assessment-and-outcomes/">http://geoc.uconn.edu/info-literacy-assessment-and-outcomes/</a>	2008
	Quantitative Competency	NA	<a href="http://geoc.uconn.edu/quantitative-competency/">http://geoc.uconn.edu/quantitative-competency/</a>	Final grades	GEOC subcommittees; GEOC Assessment Committee; Faculty forums	NA	NA
	Writing Competency	Yes	See <a href="http://geoc.uconn.edu/writing-competency/">http://geoc.uconn.edu/writing-competency/</a> and <a href="http://geoc.uconn.edu/w-assessment-and-learning-outcomes/">http://geoc.uconn.edu/w-assessment-and-learning-outcomes/</a>	Discipline-specific rubric evaluation of writing in the major; Evaluation of freshman English writing	GEOC subcommittees; GEOC Assessment Committee; Faculty forums; Discipline-specific faculty	See reports at <a href="http://geoc.uconn.edu/w-assessment-and-learning-outcomes/">http://geoc.uconn.edu/w-assessment-and-learning-outcomes/</a>	2014

**School/College Individual Degree Programs (Specific Majors and Fields of Study)**

College of Agriculture and Natural Resources:



**OPTION E1: PART A. INVENTORY OF EDUCATIONAL EFFECTIVENESS INDICATORS**

CATEGORY		Have formal learning outcomes been developed?	Where are these learning outcomes published? Include URLs where appropriate.	Other than GPA, what data/evidence is used to determine that graduates have achieved the stated outcomes for the degree? (e.g., capstone course, portfolio review, licensure examination)	Who interprets the evidence? What is the process? (e.g. annually by the curriculum committee)	What changes have been made as a result of using the data/evidence?	Date of most recent program review (for general education and each degree program)
Department	Degree Offered						
Resource Economics	BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Course-embedded activities, internship reports, internship supervisor surveys, final grades, post-graduation surveys	Undergraduate Committee, faculty, department head	added three new courses	2015
Allied Health Sciences	BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	senior exit survey	added concentrations, diversified course requirements, added experiential learning opportunities	AHS Programs Committee	2015
Animal Sciences	BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	final grades, senior exit interviews, alumni interviews	Faculty	See report in <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	2015
Kinesiology	BS	unknown	unknown	unknown	unknown	unknown	unknown
Natural Resources & the Environment	BS	unknown	unknown	unknown	unknown	unknown	unknown
Nutritional Sciences	BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	surveys, national exam pass rate	DPD advisory committee	added new courses	2014
Pathobiology & Veterinary Science	BS	unknown	unknown	unknown	unknown	unknown	unknown
Plant Science & Landscape Architecture	BS	unknown	unknown	unknown	unknown	unknown	unknown
<b>School of Fine Arts:</b>							
Art & Art History	BFA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	course assignments, portfolios, tests, projects, presentations, critiques, competitions, exhibits, capstone	Faculty	See report in <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	2015
Digital Media & Design	BA, BFA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	assignments, projects, exams, peer reviews, capstone, internship evaluations, final grades	Faculty	new courses added	2015
Dramatic Arts	BA, BFA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	projects, performances, showcases, projects, interviews, final grades	Faculty	added new course, integrated new principles, revised movement outcomes	2015

**OPTION E1: PART A. INVENTORY OF EDUCATIONAL EFFECTIVENESS INDICATORS**

CATEGORY		Have formal learning outcomes been developed?	Where are these learning outcomes published? Include URLs where appropriate.	Other than GPA, what data/evidence is used to determine that graduates have achieved the stated outcomes for the degree? (e.g., capstone course, portfolio review, licensure examination)	Who interprets the evidence? What is the process? (e.g. annually by the curriculum committee)	What changes have been made as a result of using the data/evidence?	Date of most recent program review (for general education and each degree program)
Department	Degree Offered						
Music	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Graded assignments in harmony, ear-training, and keyboard classes; Semester juries and every-year Convocation performances; Faculty and public critique of chamber music and large-ensemble concerts; Promotional jury at the conclusion of the fourth semester; Listening assignments, exams, and graded papers in music history classes, final grades	Faculty, ensemble conductors, applied teachers	See report in <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	2015
<b>College of Liberal Arts and Sciences:</b>							
Anthropology	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	final grades	Faculty	added new courses	2015
Communication	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Course-embedded exams and assignments	Faculty	See report in <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	2015
Ecology & Evolutionary Biology	BA, BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Course-embedded assignments and exercises; Final exam questions; Lab lab reports; Research paper analysis; Graduating senior survey	Faculty assessment committee	See report in <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	2015
Economics	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	exams, projects, final grades	Faculty	modified instructional methods	2015
English	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	capstone course	Faculty meeting organized by Assessment Committee devoted to analyzing assessment information	redesign of major in progress	2015
Geography	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	final grades	Faculty	none	2015
History	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Capstone project	Faculty	See report in <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	2015
Marine Sciences	BA, BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Course-embedded assignments, case studies, lab reports, discussions, presentations, final grades	program coordinator; undergraduate program advisory committee (UPAC)	course revisions	2015
Mathematics	BA, BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Course-embedded exam problems, homework, quizzes; actuarial exam scores (actuarial science only), exit survey, final grades	Faculty	See report in <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	2014
Literatures, Cultures, & Languages: Chinese	BA	unknown	unknown	unknown	unknown	unknown	unknown

OPTION E1: PART A. INVENTORY OF EDUCATIONAL EFFECTIVENESS INDICATORS

CATEGORY		Have formal learning outcomes been developed?	Where are these learning outcomes published? Include URLs where appropriate.	Other than GPA, what data/evidence is used to determine that graduates have achieved the stated outcomes for the degree? (e.g., capstone course, portfolio review, licensure examination)	Who interprets the evidence? What is the process? (e.g. annually by the curriculum committee)	What changes have been made as a result of using the data/evidence?	Date of most recent program review (for general education and each degree program)
Department	Degree Offered						
Literatures, Cultures, & Languages: Classics & Ancient Mediterranean Studies	BA	unknown	unknown	unknown	unknown	unknown	unknown
Literatures, Cultures, & Languages: French	BA	unknown	unknown	unknown	unknown	unknown	unknown
Literatures, Cultures, & Languages: German	BA	unknown	unknown	unknown	unknown	unknown	unknown
Literatures, Cultures, & Languages: Italian Literary and Cultural Studies	BA	unknown	unknown	unknown	unknown	unknown	unknown
Literatures, Cultures, & Languages: Spanish	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	classroom-based assessment (quizzes, classroom projects, classroom observation, written work, conversation with and among students) and comments on works in progress, senior research paper	Undergraduate Program Committee, chaired by the Spanish language coordinator	curricular changes to increase the quality of the teaching of writing and of the language; diversified course offerings	2015
Molecular & Cell Biology	BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	exams, labs, final grades, thesis, senior exit survey	Faculty	none	2015
Philosophy	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	papers, exams, discussions, embedded assignments	Faculty	added logic course requirement	2015
Physics	BA, BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Final grades; see report at <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a> for description of proposed assessment tool	department head, Undergraduate Affairs committee, Course and Curriculum committee, Laboratory committee, Advisory committee	new course added; additional sections offered	2015
Physiology & Neurobiology	BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	lab grades, final grades, MCAT scores, scholarship activities, exit survey	Faculty	added new courses, developed hybrid labs	2015
Political Science	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	post-test through 2014; final grades, rubric for writing skills, exit interviews	Faculty	developing pretest; add capstone course	2014
Sociology	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	embedded assignments	Faculty	See report in <a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	2015

**OPTION E1: PART A. INVENTORY OF EDUCATIONAL EFFECTIVENESS INDICATORS**

CATEGORY		Have formal learning outcomes been developed?	Where are these learning outcomes published? Include URLs where appropriate.	Other than GPA, what data/evidence is used to determine that graduates have achieved the stated outcomes for the degree? (e.g., capstone course, portfolio review, licensure examination)	Who interprets the evidence? What is the process? (e.g. annually by the curriculum committee)	What changes have been made as a result of using the data/evidence?	Date of most recent program review (for general education and each degree program)
Department	Degree Offered						
Statistics	BA, BS	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	Senior departmental assessment packet	Faculty	Revised prerequisites; added a course	2015
Urban & Community Studies	BA	Yes	<a href="http://assessment.uconn.edu/department_plans/">http://assessment.uconn.edu/department_plans/</a>	exams, papers, projects, presentations, capstone	Faculty	none	2015

**NB: Programs with specialized accreditation are listed in Part B.**

**UNIVERSITY OF CONNECTICUT**  
**Accreditation List**  
**as of July 2016**

School or College	Program	Accrediting Agency	Initial Accreditation	Most recent Accreditation	Degree Level	Next Accreditation
University of Connecticut	Institutional, all campuses	New England Association of Schools and Colleges	1931	2007(10)	All	2017
College of Agriculture, Health and Natural Resources	Nutritional Science - Didactic Program	Accreditation Council for Education in Nutrition and Dietetics	1975	2011(10)	B	2021
	Landscape Architecture	Landscape Architectural Accreditation Board	1998	2006(3)	B	2018
	Allied Health: Dietetics - CP Program	Accreditation Council for Education in Nutrition and Dietetics	1974	2011(10)	B <sup>1</sup> , M	2021
	Allied Health: Dietetics - Dietetic Internship	Accreditation Council for Education in Nutrition and Dietetics	1988	2011(10)	Certificate	2021
	Allied Health: Diagnostic Genetic Sciences	National Accrediting Agency for Clinical Lab. Sciences	1995	2008	B, Certificate	2017
	Allied Health: Medical Lab Science	National Accrediting Agency for Clinical Lab. Sciences	2014	2014	B, Certificate	2018
	Athletic Training	Commission on Accreditation of Athletic Training Education	2003	2007(5)	B	2017
	Physical Therapy	Commission on Accreditation in Physical Therapy Education (CAPTE)	1952	2011(8)	B, M, D	2017
College of Liberal Arts and Sciences	Speech, Language and Hearing Sciences (Speech-Language Pathology)	American Speech - Language - Hearing Association	1966	2009(8)	M	2017
	Speech, Language and Hearing Sciences (Audiology)	American Speech - Language - Hearing Association	1969	2009(8)	AuD	2017
	Chemistry	American Chemical Society	1950	2013(5)	B, M, D	2018
	Human Development and Family Studies	Commission on the Accreditation for Marriage and Family Therapy Education	1985	2013(6)	M, D	2019
	Journalism	Accrediting Council on Education in Journalism and Mass Communication	2003	2009(6)	B	2015
	Psychology (PhD in Clinical Psychology)	American Psychological Association	1951	2016(4)	D	2020
	Public Policy (Master of Public Administration)	National Association of Schools of Public Affairs and Administration	1983	2011(7)	M	2018
Neag School of Education	Educator Preparation Program	National Council for Accreditation of Teacher Education (NCATE)	1954	2015(5)	B, M, S, D	N/A <sup>8</sup>
		Council for the Accreditation of Educator Preparation (CAEP)	2015	2015(5)	B, M, S, D	2020
		Connecticut State Board of Education	1950	2015(5)	B, M, S, D	2020
	School Counselor Education	Council for Accreditation of Counseling and Related Educational Programs (CACREP)	2007	2008(8)	M	2016
	School Psychology	American Psychological Association (APA)	2001	2012(7)	D	2019
		National Association of School Psychologists (NASP)	1991	2015(5)	S	2020
School of Business	Undergrad, Master's & PhD (Business & Accounting)	The Association to Advance Collegiate Schools of Business	1958/1971	2011 (5/10)	B, M, D	2016
School of Engineering	Biomedical Engineering	Engineering Accreditation Commission of ABET	2005	2013 <sup>2</sup>	B	
	Chemical Engineering	Engineering Accreditation Commission of ABET	1964	2013 <sup>2</sup>	B	
	Civil Engineering	Engineering Accreditation Commission of ABET	1940	2013 <sup>2</sup>	B	
	Computer Engineering	Engineering Accreditation Commission of ABET	2006	2013 <sup>2</sup>	B	
	Electrical Engineering	Engineering Accreditation Commission of ABET	1940	2013 <sup>2</sup>	B	
	Environmental Engineering	Engineering Accreditation Commission of ABET	2005	2013 <sup>2</sup>	B	
	Management and Engineering for Manufacturing	Engineering Accreditation Commission of ABET	2005	2013 <sup>2</sup>	B	
		The Association to Advance Collegiate Schools of Business	1995	2011	B	2016
	Materials Science & Engineering	Engineering Accreditation Commission of ABET	2005	2013 <sup>2</sup>	B	
	Mechanical Engineering	Engineering Accreditation Commission of ABET	1941	2013 <sup>2</sup>	B	
	Computer Science and Engineering BSE Program	Engineering Accreditation Commission of ABET	1972	2013 <sup>2</sup>	B	
		Computing Accreditation Commission of ABET	1993	2013 <sup>2</sup>	B	
Computer Science BS	Computing Accreditation Commission of ABET	2002	2013 <sup>2</sup>	B		
School of Fine Arts	Music	National Association of Schools of Music	1963	2009(10)	B, M, D	2019
	Art	National Association of Schools of Art and Design	1983	2003(10)	B, M	2013
	Dramatic Arts	University/Resident Theatre Association	1991	2009(10)	B, M	2019
School of Law	Juris Doctor Program	American Bar Association	1933	2011(7)	FP	2018
		Association of American Law Schools <sup>3</sup>	1937	2011(7)	FP	2018
	Doctor of Laws (S.J.D.)	American Bar Association	2012	2012(7)	FP	2018
	Master's Program	American Bar Association <sup>4</sup>	1994	2011(7)	AP	2018
Association of American Law Schools		1994	2011(7)	AP	2018	
School of Nursing	Bachelor's & Certification Entry into Nursing (CEIN/BS)	Connecticut Board of Examiners for Nurses <sup>5</sup>	2004	2007	B	2017
	Bachelor's & Master's Programs	Commission on Collegiate Nursing Education <sup>6</sup>	1942	2005	B, M	2015
School of Pharmacy	Doctoral Programs	Accreditation Council for Pharmacy Education	1938	2013	PharmD, PhD, MS	2021
School of Social Work	Master's Program	Council on Social Work Education	1952	2013(8)	M	2021
	Ph.D. Program	Connecticut Department of Higher Education	2004	2004	D	
Health Center	Master's Program in Public Health (Community Health/Preventive Medicine)	Council on Education for Public Health	1984	2016(7)	M	2023
	School of Medicine (Includes Biomedical Science)	Liaison Committee on Medical Education/Association of American Medical Colleges	1968	2010(7)	M, FP, D	2017
	School of Dental Medicine (All Programs)	American Dental Association (ADA)	1968	2008(7)	M, FP	2015
John Dempsey Hospital		Joint Commission on Accreditation of Health Care Org.	1967	2006(3)		2009

Parentheses indicate the interval of accreditation.

<sup>1</sup> Also accredited for Dietetic post-baccalaureate internships.

<sup>2</sup> ABET does not permit listing of length of accreditation period.

<sup>3</sup> The Association of American Law Schools (AALS) does not accredit, but determines whether a law school remains eligible for membership in the AALS, which is a more elite and restrictive body than the American Bar Association (ABA). They coordinate their membership review visits with the

<sup>4</sup> The ABA does not accredit LL.M. programs, but they make periodic inspections to determine acquiescence in respect to the J.D. program.

<sup>5</sup> The Connecticut Board of Examiners for Nursing approves programs, but does not accredit them.

<sup>6</sup> The Commission on Collegiate Nursing Education accredited all three programs for the first time in 2005.

<sup>7</sup> Seven years for predoctoral and advanced programs, except oral & maxillofacial surgery, which was accredited for five years.

<sup>8</sup> NCATE and TEAC merged to form a new accrediting body, CAEP, effective Fall 2016. NCATE accreditation is expected to transfer to CAEP

B = Bachelor's Degree    M = Master's Degree    D = Doctorate    FP = First Professional    AP = Advanced Professional    AuD = Clinical Doctorate in Audiology

OIRE/November 2015

## PART II: DOCUMENTING STUDENT SUCCESS (THE S-SERIES)

The S-series of forms has been devised for institutions to present data on retention and graduation rates and other measures of student success appropriate to the institution's mission. (*Standards for Accreditation*: 6.6, 6.7, 6.8, 6.9, 10.10 and 10.12) Clearly, not every measure listed here is appropriate for every institution. At the same time, some institutions may have multiple instances of a single item (e.g., licensure pass rates). In developing these forms, the Commission recognizes the value of trends in data, and the importance of the institution's own goals for success. Each form provides space for institutions to indicate definitions and the methodology used to calculate measures of student success.

By listing several ways to measure student success and achievement, the Commission encourages institutions to reflect on how they are using data to understand student success. The far right column within each form provides institutions the opportunity to identify their goal for each measure of student success, and the date by which the goal is expected to be attained. As always, the Commission expects that the institution's mission will provide helpful guidance in thinking about which measures of student success are most important and most useful. In brief, the forms are:

**S1. Retention and Graduation Rates.** Here institutions are asked to provide information on their IPEDS-defined retention and graduation rates, along with their goals for these indicators. Institutions can also provide additional retention and graduation indices, depending on their mission, program mix, student population, locations, and method of program delivery. For example, some baccalaureate institutions may also track 4- and 5-year graduation rates; some community colleges may find 4- and 5-year rates to complete an associate's degree to be helpful in evaluating their success with their student population. Institutions can also track the success of part-time students, transfer students, or students studying at off-campus locations or in programs offered on-line.

**S2. Other Measures of Student Achievement and Success.** The measures recorded here are likely to be mission-related. For example, some institutions may track the success of students gaining admission into certain graduate- or first-professional degree programs. Community colleges may track the success of their students entering baccalaureate programs. For some institutions, the number of students who enter programs such as Teach for America, the Peace Corps, or public service law may also represent indicators of institutional effectiveness with respect to their mission.

**S3. Licensure Passage and Job Placement Rates.** Institutions that prepare students for specific careers will find it appropriate to record the success of their students in passing licensure examinations. Also included in this form is the provision to record the success of students – perhaps by their academic major – in finding employment in the field for which they were prepared.

**S4. Completion and Placement Rates for Short-Term Vocational Programs.** Institutions with such programs in which students are eligible for Title IV federal financial aid should use these forms.

**Using the forms:** By completing these forms early in the self-study process, institutions will have time to collect and analyze all available information. The Appraisal section of the self-study provides a useful opportunity for institutions to reflect both on the findings recorded in the forms and the extent to which they have developed the systems to collect and use the most important data on student success. Similarly, the Projection section affords institutions an opportunity to state their commitment for improvement in the area of assessment.

**Form S1. RETENTION AND GRADUATION RATES**

<b>Student Success Measures/ Prior Performance and Goals</b>	<b>3 Years Prior</b>	<b>2 Years Prior</b>	<b>1 Year Prior</b>	<b>Most Recent Year (FY 2014 )</b>
<b>IPEDS Retention Data (1)</b>				
Bachelors degree students	92%	93%	94%	93%
<b>IPEDS Graduation Data (150% time) (2)</b>				
Bachelors degree students	81%	83%	82%	83%
<b>Graduate programs *</b>				
Retention rates first-to-second year (3)	Est. 80% - 85%	Est. 80% - 85%	Est. 80% - 85%	Est. 80% - 85%
Graduation rates @ 150% time (4)	Est. 75% -85%	Est. 75% -85%	Est. 75% -85%	Est. 75% -85%
<b>Distance Education</b>				
Course completion rates (5)	89%	92%	91%	93%
<b>Branch Campus and Instructional Locations</b>				
Course completion rate (6)	95%	93%	95%	95%
Retention rates (7)	81%	83%	83%	86%
Graduation rates (8)	50%	51%	51%	50%
<b>Definition and Methodology Explanations</b>				
1	IPEDS reporting of base population of entering freshmen cohort at the Storrs campus with Fall 2013 the most recent cohort reported for this summary. Retention is defined as the continued registration status of the entering cohort student at any campus of the University in the subsequent fall.			
2	IPEDS reporting of base population of entering freshmen cohort at the Storrs campus with Fall 2004 the most recent cohort reported for this summary. Graduation rate is IPEDS defined as graduation from the University by the entering cohort student within six years of the entering fall semester.			
3	Estimated IPEDS reporting of base population of graduate students defined as first-time-in-graduate-career (regardless of graduate plan or degree level) in first fall compared to estimated continued registration for classes in subsequent fall.			
4	Degree requirements differ greatly among fields of study for master's and doctoral degree students; thus, graduation rates also vary. All students are expected to complete a degree within a reasonable time. Some master's programs can be completed in 2 years; others take longer. Master's level students must complete within 6 years. An equivalent of 3 years of full-time study beyond the baccalaureate or 2 years past the master's is required of all doctoral students, and the program must be completed within 8 years unless an extension is allowed. However, capturing this information remains difficult because of the nature of graduate student persistence, e.g., part-time pursuit of a degree while employed or parenting, concurrent pursuit of more than one field of study or degree level, and employment opportunities while in graduate study or while writing the thesis or dissertation. Completion rates for most master's degree fields are expected to be 80-85% within 6 years; and, for doctoral students, 65-70% in 8 years.			
5	Course completion rate in distance education courses was calculated for the fall 2013 semester and three prior fall semesters by a comparison of (a) count of students enrolled in on-line courses at official census time of semester (tenth day, or end of course drop-add registration) with (b) count of students receiving a grade at the end of the term. Students withdrawing or receiving failing grades were omitted from the end of term count.			
6	Course completion rate at the regional campuses (Avery Point, Hartford, Stamford, Torrington, and Waterbury) was calculated for the fall 2013 semester and three prior fall semesters by a comparison of (a) count of students enrolled in a regional campus undergraduate course at official census time of semester (tenth day, or end of course drop-add registration) with (b) count of students receiving a grade at the end of the term. Students withdrawing or receiving failing grades were omitted from the end of term count.			
7	IPEDS reporting of base population of entering freshmen cohort at an undergraduate regional campus (Avery Point, Greater Hartford, Stamford, Torrington, or Waterbury) with Fall 2013 the most recent cohort reported for this summary. Retention is defined as the continued registration status of the entering cohort student at any campus of the University in the subsequent fall.			
8	IPEDS reporting of base population of entering freshmen cohort at an undergraduate regional campus (Avery Point, Greater Hartford, Stamford, Torrington, or Waterbury) with Fall 2004 the most recent cohort reported for this summary. Graduation rate is IPEDS defined as graduation from the University by the entering cohort student within six years of the entering fall semester.			
* An institution offering graduate degrees must complete this portion.				



**Form S2. OTHER MEASURES OF STUDENT ACHIEVEMENT AND SUCCESS**

<b>Measures of Student Achievement and Success/ Institutional Performance and Goals</b>		3 Years Prior	2 Years Prior	1 Year Prior	Most Recent Year
<b>Rates at Which Students Are Successful in Fields for Which They Were Not Explicitly Prepared: UConn Recent Alumni Survey of Bachelor's Degree Recipients</b>					
1	Was your UConn degree helpful when applying for your current job?	70%	74%	69%	73%
2	Are you satisfied with your current employment?	69%	71%	70%	71%
3	Do you consider your current position degree-related?	59%	60%	55%	62%
4	Assessment of your program in terms of finding a position appropriate to your major field (scale 1-7, 1=extremely dissatisfied, 7=extremely satisfied)	Mean 5.0	Mean 4.8	Mean 4.6	Mean 4.8
<b>Definition and Methodology Explanations</b>					
Population of bachelor's degree recipients is surveyed by mail in fall following spring graduation. Population response rate for all graduates is 25-30%.					

**Form S3. LICENSURE PASSAGE AND JOB PLACEMENT RATES**

		3 Years Prior	2 Years Prior	1 Year Prior	Most Recent Year (FY 2014 )
<b>State Licensure Passage Rates *</b>					
1	Connecticut Bar Exam - first time takers	87%	92%	87%	87%
2	Teacher Education Praxis II – pass rate before graduation	99%	100%	100%	100%
<b>National Licensure Passage Rates *</b>					
1	National Board of Dental Examiners, Step 2 (fourth yr)	100%	100%	100%	100%
2	National Board of Medical Examiners, Step 2 (fourth yr)	93%	92%	97%	98%
3	North American Pharmacist Licensure Examination (NAPLEX) – first time takers	98%	96%	98%	99%
4	National Council of State Boards of Nursing (NCLEX) Licensure Exam - RN	94%	94%	93%	92%
<b>Job Placement Rates **</b>					
UConn Recent Alumni Survey, Bachelor’s Degree Recipients, 6 months after Graduation: % of Respondents Employed Full-time or Part-time (a)					
1	Agriculture & Natural Resources	77%	81%	80%	77%
2	Business	89%	89%	88%	94%
3	Continuing Studies	88%	79%	92%	80%
4	Education	73%	70%	65%	60%
5	Engineering	93%	90%	89%	88%
6	Fine Arts	78%	62%	68%	70%
7	Liberal Arts & Sciences	76%	79%	80%	76%
8	Nursing	94%	92%	96%	95%
9	Pharmacy	74%	71%	79%	74%
<b>Law School Placement Rate (b)</b>					
	% of J.D. graduates employed	86%	83%	87%	88%
<b>School of Business Placement Rates (c)</b>					
	Bachelor’s degree employed	83%	75%	73%	73%
	MBA degree employed	93%	89%	95%	95%
* For each licensure exam, give the name of the exam above along with the number of students for whom scores are available and the total number of students eligible to take the examination (e.g. National Podiatric Examination, 12/14). In following columns, report the passage rates for students for whom scores are available, along with the institution's goals for succeeding years.					
** For each major for which the institution tracks job placement rates, list the degree and major, and the time period following graduation for which the institution is reporting placement success (e.g., Mechanical Engineer, B.S., six months). In the following columns, report the percent of graduates who have jobs in their fields within the specified time.					
<b>Institutional Notes of Explanation</b>					
a	Population of bachelor’s degree recipients is surveyed by mail in fall following spring graduation. Population response rate for all graduates is 25-30%.				
b	Survey of J.D. graduates nine months after degree conferred.				
c	School of Business Career Center compilation of percentage of bachelor’s degree and MBA degree graduates employed, enrolled in graduate programs, or planning full-time graduate study by December after graduation. The bachelor’s degree percentages are estimates based upon voluntary student reporting.				

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
UNIVERSITY OF CONNECTICUT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2013*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

## Table Of Contents

---

INTRODUCTION .....	1
COMMENTS .....	2
FOREWORD .....	2
Autonomy .....	4
UConn 2000.....	5
Recent Legislation .....	7
UConn 2000 Authorizations.....	9
Enrollment Statistics.....	9
RÉSUMÉ OF OPERATIONS.....	10
STATE AUDITORS' FINDINGS AND RECOMENDATIONS .....	14
Outpatient Pavilion.....	14
Business Continuity and Disaster Recovery .....	16
Safeguarding Confidential Information .....	17
Performance Bonuses .....	18
Food Services Employees .....	19
Cost Sharing .....	21
Purchasing Cards.....	24
Non-Competitive Procurement .....	25
Receiving Reports for Prepayments .....	27
Ethics Certifications .....	27
Construction Project Accountability .....	28
Cash Handling .....	30
RECOMMENDATIONS .....	31
CONCLUSION.....	36

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

State Capitol  
210 Capitol Avenue  
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

July 29, 2015

### **AUDITORS' REPORT UNIVERSITY OF CONNECTICUT FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2013**

We have audited certain operations of the University of Connecticut (UConn) in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The University of Connecticut is a component unit of the University of Connecticut system, which includes UConn, the University of Connecticut Health Center (UConn Health Center) and the University of Connecticut Foundation, Inc. We also audit the financial statements of UConn and the UConn Health Center and report on those audits separately. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2012 and 2013. The objectives of our audit were to:

1. Evaluate UConn's internal controls over significant management and financial functions.
2. Evaluate UConn's compliance with policies and procedures internal to the university or promulgated by other state agencies, as well as certain legal provisions.
3. Evaluate the 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 the university, 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 contract, grant agreement, or other legal provisions, could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted 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 the university's management and was not subjected to the procedures applied in our audit of the university. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with 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 UConn.

## COMMENTS

### FOREWORD

The University of Connecticut, a constituent unit of the state system of higher education, operates generally under the provisions of Title 10a, Chapter 185b, Part III, of the General Statutes. UConn is governed by the Board of Trustees of the University of Connecticut, consisting of 21 members appointed or elected under the provisions of Section 10a-103 of the General Statutes. The board makes rules for the governance of the university and sets policies for administration of the university pursuant to duties set forth in Section 10a-104 of the General Statutes. The members of the board as of June 30, 2013 were:

Ex officio members:

Dannel P. Malloy, Governor  
Sanford Cloud Jr., Chairperson of the UConn Health Center Board of Directors  
Stefan Pryor, Commissioner of Education  
Steven K. Reviczky, Commissioner of Agriculture  
Catherine Smith, Commissioner of Economic and Community Development

Appointed by the Governor:

Lawrence D. McHugh, Middletown, Chair  
Louise M. Bailey, West Hartford, Secretary  
Peter S. Drotch, Framingham, Massachusetts  
Lenworth M. Jacobs, M.D., West Hartford  
Rebecca Lobo, Granby

Denis J. Nayden, Stamford  
Thomas D. Ritter, Hartford  
Juanita T. James, Stamford  
Wayne J. Shepperd, Danbury  
Richard Treibick, Greenwich  
Marilda L. Gandara, Hartford  
Thomas E. Kruger, Stamford

Elected by alumni:

Francis X. Archambault, Jr., Storrs  
Richard T. Carbray Jr., Rocky Hill

Elected by students:

Brien T. Buckman, Storrs  
Rose A. Barham, Storrs

Dannel P. Malloy served as Governor during the audited period.

Cory Schmitt of Storrs, Michael A. Bozzuto of Avon and Michael J. Martinez of East Lyme completed their terms June 30, 2011; they were succeeded by Brien T. Buckman of Stamford, Marilda L. Gandara of Hartford and Thomas E. Kruger of Stamford, effective July 1, 2011.

Andrea Dennis-LaVigne completed her term on August 31, 2011 and was succeeded by Richard T. Carbray Jr., effective September 1, 2011.

George A. Coleman served as Acting Commissioner of Education until he was succeeded by Stefan Pryor, effective September 7, 2011 and Gerard N. Burrow, M.D., served as chairman of the UConn Health Center's Board of Directors until he was succeeded by Sanford Cloud, Jr., effective September 1, 2011.

Adam Scianna completed his term on June 30, 2012 and was succeeded by Rose A. Barham, effective July 1, 2012.

Lenworth M. Jacobs, Rickhard Treibick, Peter S. Drotch, Wayne J. Shepperd, and Brien T. Buckman completed their terms June 30, 2013. They were succeeded by Andy F. Besette, Charles F. Bunnell, Shari G. Cantor, Michael K. Daniels, and Andrea Dennis-LaVigne, effective July 1, 2013.

Pursuant to Section 10a-108 of the General Statutes, the board of trustees is to appoint a president of UConn to be the chief executive and administrative officer of the university and the board. Susan Herbst was appointed on December 20, 2010 and serves as the 15th president of the university.

UConn's main campus is located at Storrs, Connecticut. The university maintains additional facilities and carries out programs at locations across the state. These facilities and programs include:

Avery Point:

University of Connecticut at Avery Point  
Connecticut Sea Grant College Program  
National Underwater Research, Technology & Education Center

Farmington:

University of Connecticut Health Center

Greater Hartford:

University of Connecticut at Hartford  
Graduate Programs at Hartford  
University of Connecticut School of Law  
School of Social Work  
Graduate Business Learning Center

Stamford:

University of Connecticut at Stamford  
Graduate Programs at Stamford

Torrington:

University of Connecticut at Torrington

Waterbury:

University of Connecticut at Waterbury  
Graduate Programs at Waterbury

Operations of the UConn Health Center are examined and reported upon separately by the Auditors of Public Accounts.

**Autonomy**

Statutes governing the state's constituent institutions of higher education provide the University of Connecticut notable autonomy and flexibility. The most significant changes were effectuated by Public Act 91-256, which greatly expanded certain limited authorities granted by Public Act 90-201. Subsequent legislation increased the degree of independence granted the institutions.



This independence is most notable with respect to procurement. Institutions of higher education may, under Section 10a-151b of the General Statutes, purchase equipment, supplies and contractual services, execute personal service agreements or lease personal property without the approval of the Comptroller, the Secretary of the Office of Policy and Management or the Commissioner of the Department of Administrative Services. Personal service agreements are not subject to the restrictions codified under Sections 4-212 through 4-219. As a compensating measure, personal service agreements executed by institutions of higher education must satisfy the same requirements generally applicable to other procurement actions.

Under Section 3-25 of the General Statutes, higher education institutions may, subject to the approval of the Comptroller, pay most non-payroll expenditures (those funded from the proceeds of state bond issuances being an exception) directly instead of through the State Comptroller. UConn issues checks that are drawn on a zero balance checking account controlled by the State Treasurer. Under the approved procedures, funds are advanced from the university's civil list funds to the Treasurer's cash management account. The Treasurer transfers funds from the cash management account to the zero balance checking account on a daily basis, as needed to satisfy checks that have cleared.

Although Section 3-25 clearly states that "payments for payroll...shall be made solely by the Treasurer..." UConn does pay the majority of its food service employees directly. This arrangement is discussed in more detail in the Condition of Records section of this report.

UConn also enjoys a significant degree of autonomy with respect to personnel matters. Section 10a-108 of the General Statutes grants the board of trustees the authority to employ professional employees and establish the terms and conditions of employment. Section 10a-154b allows institutions of higher education to establish positions and approve the filling of vacancies within the limits of available funds.

### **UConn 2000**

Public Act 95-230, known as The University of Connecticut 2000 Act, authorized a massive infrastructure improvement program to be managed by UConn. Although subsection (c) of Section 7 of the act provided that the securities issued to fund this program are to be issued as general obligations of UConn (see Section 10a-109g subsection (c) of the General Statutes), it also committed the state to fund the debt service, both principle and interest, on these securities, for the most part, from the resources of the General Fund. Per subsection (c) of Section 5 of the act, codified as Section 10a-109e subsection (c) of the General Statutes, "As part of the contract of the state with the holders of the securities secured by the state debt service commitment and pursuant to section 21 of this act, appropriation of all amounts of the state debt service commitment is hereby made out of the resources of the general fund and the treasurer shall pay such amount in each fiscal year, to the paying agent on the securities secured by the state debt service commitment or otherwise as the treasurer shall provide."

These securities are not considered to be a state bond issue as referred to in Section 3-25 of the General Statutes. Therefore, UConn is able to make payments related to the program directly, rather than process them through the State Comptroller.

Subdivision (1) of subsection (b) of Section 9 of Public Act 95-230 established a permanent endowment fund, the net earnings on the principal of which are to be dedicated and made available for endowed professorships, scholarships and programmatic enhancements. To encourage donations, subparagraph (A) of subdivision (2) of subsection (b) of Section 9 of the act provided for state matching funds for eligible donations deposited into the fund, limiting the total amount matched to \$10,000,000 in any one year and to \$20,000,000 in the aggregate. It specified that the match, which was to be financed from the General Fund, would be paid into the fund during the fiscal years ending June 30, 1998, 1999 and 2000.

Effective July 1, 1998, Section 28 of Public Act 98-252 authorized the deposit of state matching funds in the university, or in a foundation operating pursuant to Sections 4-37e and 4-37f, consistent with the deposit of endowment fund eligible gifts. This provision was made to clarify the issue of whether state matching funds could become foundation assets or must be deemed assets of the associated constituent unit of higher education.

The enabling legislation for this program was subsequently amended to extend it through the fiscal year ending June 30, 2014. The state's maximum commitment was set as an amount not exceeding ten million dollars for the fiscal year ending June 30, 1999; seven million five hundred thousand dollars for each of the fiscal years ending June 30, 2000, June 30, 2002, June 30, 2003, June 30, 2004, and June 30, 2005; five million dollars for the fiscal year ending June 30, 2001; ten million dollars for the fiscal years ending June 30, 2006 and June 30, 2007; and fifteen million dollars for the fiscal years ending June 30, 2008 to June 30, 2014, inclusive, per Section 10a-109c of the General Statutes.

Furthermore, the amending legislation, codified in Section 10a-109i of the General Statutes, reduced the state match from a one-to-one ratio to a one-to-two ratio (one state dollar for two private dollars) beginning with the fiscal year ended June 30, 1999, except for eligible gift amounts certified for the fiscal years ended June 30, 1999 and 2000, for which written commitments were made prior to July 1, 1997. The ratio was further reduced to a one-to-four ratio beginning with the fiscal year ended June 30, 2008; similar caveats were established providing for a one-to-two match for gifts made during the period from January 1, 2005 to June 30, 2005, and multi-year commitments for periods beginning prior to December 31, 2004, but ending before December 31, 2012.

However, in accordance with the provisions of Section 10a-8c of the General Statutes, the timing of the state match payment is affected by the state's financial condition. Funds are not to be disbursed unless the state's budget reserve (rainy day fund) exceeds ten percent of the net General Fund appropriation for the fiscal year in progress. That requirement has not been met since it was established by Public Act 05-3, in the June Special Session. As a result, as of June 30, 2013, approximately \$24,778,000 in state match has been earned by UConn and the UConn Health Center, but not yet disbursed.

In the past, the state match has been deposited in the University of Connecticut Foundation, Inc. when received, as permitted by subsection (b) of Section 10a-109i of the General Statutes. The University of Connecticut Foundation, Inc. has not recognized the outstanding amount as

revenue or as an asset, as it does not meet the standards established for recognition under generally accepted accounting principles.

### **Recent Legislation**

Noteworthy legislation affecting UConn and the UConn Health Center that became effective during the period under review and thereafter is presented below:

- Public Act 11-2, of the October Special Session, established the Connecticut Bioscience Collaboration Program within Connecticut Innovations, Incorporated, to support the establishment of a bioscience cluster anchored by a research laboratory housed at the UConn Health Center. It directed the State Bond Commission to authorize up to \$290,685,000 for the program.
- Public Act 11-6, Section 42, provided for the funding of the UConn Health Center hospital fringe rate differential from the resources appropriated to the State Comptroller in an amount not to exceed \$13,500,000 per year for fiscal years 2011-2012 and 2012-2013. Section 44 capped expenditures for institutional administration at 3.13 percent and 3.1 percent of the annual General Fund appropriation plus operating fund expenditures, for fiscal years 2011-2012 and 2012-2013, respectively. Section 56 required the president of UConn to submit recommendations for cost savings to the General Assembly by January 1, 2012.
- Public Act 11-48 eliminated the Board of Governors of Higher Education, removing the requirement for UConn to comply with statewide policy and guidelines of constituent units of the state system of higher education and providing for the university to submit its budget directly to the Office of Policy and Management. Certain responsibilities of the Board of Governors of Higher Education regarding the university, most notably the responsibility for approving new academic programs, were transferred to the newly established Board of Regents for Higher Education. The act also requires the constituent units of the state system of higher education to use their best efforts to fully utilize Core-CT and to initiate the process of determining consistent classification and compensation for employees not represented by an employee organization, as defined in Section 5-270 of the General Statutes.
- Public Act 11-57, Section 92, gave the State Bond Commission the authority to authorize up to \$172,500,000 for the development of a technology park at UConn.
- Public Act 11-75 modified the UConn Health Center initiative established by Public Act 10-104, increasing the authorized amount of bond funding for UConn Health Center renovations by \$262,900,000. It removed the requirement to obtain \$100,000,000 in grant or other funding before expending state bond funds for the project, replacing it with the requirement

that the UConn Health Center contribute not less than \$69,000,000 from operations, special eligible gifts or other sources and provide for construction of a new ambulatory care center through debt or equity financing obtained from one or more private developers.

- Public Act 12-97 amended Section 10a-151b of the General Statutes to allow for non-competitive purchases for the purpose of testing any technology, product or process.
- Public Act 12-129 removed certain responsibilities of the Board of Regents for Higher Education regarding UConn, but left intact the responsibility for approving new academic programs.
- Public Act 13-118 removed the responsibility of the Board of Regents for Higher Education to approve new academic programs at UConn, leaving the authority to approve new academic programs to the Board of Trustees of the University of Connecticut.
- Public Act 13-143 requires a report from the Board of Regents for Higher Education and the Board of Trustees for the University of Connecticut regarding administrative salaries and the ratio of administrators to faculty and students.
- Public Act 13-177 established a process for the awarding of design-build contracts by UConn and amended Section 10a-151b of the General Statutes to allow for noncompetitive purchases of agricultural products in an amount of \$50,000 or less.
- Public Act 13-233 established the Next Generation Connecticut initiative as part of the UConn 2000 program, increasing the authorized amount of state bond funding by \$1,551,000,000.
- Public Act 14-98 authorizes the issuance of state bonds to the State Comptroller for enhancements and upgrades to the Core-CT human resources system at UConn, not exceeding \$7,000,000. It also reduces the amount authorized for the development of a technology park at UConn from \$172,500,000 to \$169,500,000.
- Public Act 14-112 clarified the university's authority to acquire and dispose of land.

**UConn 2000 Authorizations**

As of June 30, 2013, projects totaling \$4,619,300,000 were authorized by the legislature under the enabling legislation for the UConn 2000 program.

Authorizing Legislation	Cumulative Project Authorizations	Cumulative Funding		
		UConn Bonds	State Bonds [a]	Other
PA 95-230	\$1,250,000,000	\$962,000,000	\$18,000,000	\$270,000,000
PA 02-3	2,598,400,000	2,262,000,000	18,000,000	318,400,000
PA 10-104	2,805,400,000	2,469,000,000	18,000,000	318,400,000
PA 11-75	3,068,300,000	2,731,900,000	18,000,000	318,400,000
PA 13-233	4,619,300,000	4,282,900,000	18,000,000	318,400,000

[a] Under Section 5 subsection (b) of Public Act 95-230, the funding for UConn 2000 included \$18,000,000 in state general obligation bonds authorized under Section 1 of Public Act 95-270 and \$962,000,000 in UConn bonds authorized under Section 4 subsection (a) of Public Act 95-230.

The legislature authorized additional funding through the issuance of state general obligation bonds. These bonds are obligations of the state and are not included as debt in the UConn financial statements. Several projects were funded in this manner; the most significant was the provision, under Public Act 11-57, as amended by Public Act 14-98, of up to \$169,500,000 for the development of a technology park at the university.

**Enrollment Statistics**

Statistics compiled by the UConn registrar present the following enrollments in the university's credit programs during the audited period.

Student Status	2011-2012		2012-2013	
	Fall	Spring	Fall	Spring
Undergraduates	22,472	21,630	22,301	21,501
Graduates	6,662	6,261	6,613	6,234
Professional (School of Law and Doctor of Pharmacy)	860	834	814	778
Medicine – Students	355	355	359	359
Medicine – Other <sup>(1)</sup>	611	611	625	625
Dental – Students	176	176	169	169
Dental – Other <sup>(1)</sup>	112	112	117	117
Totals	31,248	29,979	30,998	29,783

(1) Other includes residents, interns and post-graduate clinical enrollment.

## **RÉSUMÉ OF OPERATIONS**

Under the provisions of Section 10a-105 subsection (a) of the General Statutes, fees for tuition are fixed by the board of trustees. The following summary presents annual tuition charges during the audited period.

Student Status	2011-2012			2012-2013		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
Undergraduates	\$8,256	\$25,152	\$14,448	\$8,712	\$26,544	\$15,240
Graduates	10,224	26,532	17,892	10,782	27,990	18,882
School of Law	21,240	44,736	37,152	22,416	47,184	39,192

Generally, the State Comptroller accounts for UConn operations in:

- General Fund appropriation accounts.
- The University of Connecticut Operating Fund.
- The University of Connecticut Research Foundation Fund.
- The University Bond Liquidation Fund.
- Accounts established in capital project and special revenue funds for appropriations financed primarily with bond proceeds.

UConn maintains additional accounts that are not reflected in the state's civil list financial system. The most significant relate to the UConn 2000 infrastructure improvement program. They are used to account for the revenue from the issuance of UConn 2000 bonds and related expenditures.

UConn also maintains a special local fund that is used to account for endowments, scholarships and designated funds, loans, agency funds and miscellaneous unrestricted balances. The special local fund was authorized by Governor William A. O'Neill under Section 4-31a subsection (b) of the General Statutes in 1987 to encompass existing local funds which had traditionally been under university control.

Additionally, there are certain trust accounts associated with UConn which, while legally controlled by the university, are not considered part of the University of Connecticut system reporting entity. These include the following university trust accounts:

- Graduate Student Senate Activity Fund
- Storrs Associated Student Government Activity Fund
- Connecticut Daily Campus Activity Fund
- WHUS Radio Station Activity Fund
- Student Organizations Activity Fund
- UConn PIRG (Storrs) Activity Fund
- Student Bar Association Activity Fund
- Legal Clinic Activity Fund

- Law Review Activity Fund
- School of Social Work Activity Fund
- Hartford Associated Student Government Activity Fund
- UConn Public Interest Research Group (Hartford) Activity Fund
- Torrington Associated Student Government Activity Fund
- Stamford Associated Student Government Activity Fund
- Southeastern (Avery Point) Associated Student Government Activity Fund
- Waterbury Associated Student Government Activity Fund
- Student Television Activity Fund

The UConn financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements. The university utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. All revenues and expenses are subject to accrual.

The UConn financial statements are adjusted as necessary and incorporated into the state's Comprehensive Annual Financial Report. The financial balances and activity of the university are combined with those of the UConn Health Center, including the John Dempsey Hospital, and presented as an enterprise fund.

UConn employment grew slightly during the audited period. The university reported 4,510, 4,624 and 4,757 full and part-time faculty and staff (excluding graduate assistants, dining services employees and student labor) as of the Fall 2011, 2012 and 2013 semesters, respectively.

UConn's total net position increased by \$93,747,396 from \$1,395,355,409 as of June 30, 2011, to \$1,489,102,805 as of June 30, 2012. It then decreased by \$37,050,053 to \$1,452,052,752 as of June 30, 2013. These changes did not accurately reflect fluctuations in the results of operations. Rather, they were caused by the timing of the provision of state capital appropriation support to the university.

UConn received \$115,400,000 in state capital appropriations in the form of the state debt service commitment for principle attendant on the sale of bonds in connection with the UConn 2000 infrastructure improvement program in the fiscal year ended June 30, 2012. No bonds were sold in the fiscal year ended June 30, 2013.

The net increase in total net position during the audited period was primarily attributable to an increase in the amount of net position restricted for investment in capital assets from \$1,144,923,350 as of June 30, 2011, to \$1,222,167,483 as of June 30, 2013. UConn's unrestricted net position balance decreased by \$21,155,808 from \$175,373,890 as of June 30, 2011, to \$154,218,082 as of June 30, 2013. The university's cash and cash equivalents balance decreased by \$9,690,367 from \$276,484,964 as of June 30, 2011, to \$266,794,597 as of June 30, 2012, and again by \$22,008,793 during the following fiscal year to \$244,785,804 as of June 30, 2013.

UConn revenues, operating and non-operating, and other additions, totaled \$1,099,832,476 and \$1,007,306,672 for the fiscal years ended June 30, 2012 and 2013, respectively. General Fund support, primarily in the form of annual appropriations for operating expenses, in-kind fringe benefit support and the state debt service commitment for principle and interest on UConn 2000 related bonds, was the university's largest source of revenue. It totaled \$455,525,330 (41 percent) and \$349,026,963 (35 percent) of total revenues and other additions for the fiscal years ended June 30, 2012 and 2013, respectively. The decrease in the second year of the audited period was primarily attributable to the timing of the provision of state capital appropriation support in the form of the state debt service commitment for principle.

Other significant sources of revenue included student tuition and fees, sales and services of auxiliary enterprises, and grant and contract revenues. Student tuition and fees were \$251,016,679 and \$261,641,000 for the fiscal years ended June 30, 2012 and 2013, respectively. Sales and services of auxiliary enterprises were \$181,974,163 and \$185,240,404 for the fiscal years ended June 30, 2012 and 2013, respectively. Grant and contract revenues totaled \$159,696,741 and \$159,825,151 for the fiscal years ended June 30, 2012 and 2013, respectively.

UConn expenses, operating and non-operating, and other deductions totaled \$1,006,085,080 and \$1,044,356,727 for the fiscal years ended June 30, 2012 and 2013, respectively. Most were classified as operating expenses. A schedule of operating expenses by functional classification, as presented in the university's financial statements for the audited period follows:

	<u>2011-2012</u>	<u>2012-2013</u>
Instruction	\$291,370,499	\$302,201,568
Research	73,508,341	74,948,222
Public Service	35,477,844	39,067,856
Academic Support	108,339,599	117,678,945
Student Services	35,255,666	33,315,154
Institutional Support	53,465,323	63,301,666
Operations and Maintenance of Plant	100,401,506	101,661,524
Depreciation	88,478,214	91,712,989
Student Aid	6,107,357	7,153,704
Auxiliary Enterprises	<u>164,388,850</u>	<u>167,473,719</u>
Total Operating Expenses	<u>956,793,199</u>	<u>998,515,347</u>

The non-operating expenses during the audited period consisted primarily of interest payments. Interest expense was \$47,117,080 and \$45,401,894 for the fiscal years ended June 30, 2012 and 2013, respectively. This expense was, for the most part, offset by transfers from the state General Fund. The state debt service commitment for interest was \$39,755,112 and \$40,571,126 for the fiscal years ended June 30, 2012 and 2013, respectively.

UConn did not hold significant endowment and similar fund balances during the audited period, as it has been the university's longstanding practice to deposit funds raised with the University of Connecticut Foundation, Inc. or the University of Connecticut Law School Foundation, Inc. The University of Connecticut Foundation, Inc. provides support for UConn and the UConn Health Center. Its financial statements reflect balances and transactions



associated with both entities, not only those exclusive to the university. A summary of the two foundations' assets, liabilities, net position, revenue and support, and expenses, as per those audited financial statements, follows:

	University of Connecticut Foundation, Inc.		Law School Foundation	
	<u>Fiscal Year Ended</u>		<u>Fiscal Year Ended</u>	
	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Assets	\$408,861,000	\$459,101,000	\$17,038,672	\$18,650,952
Liabilities	24,921,000	45,632,000	89	8,410
Net position	383,940,000	413,469,000	17,038,583	18,642,542
Revenue and Support	50,489,000	79,574,000	2,260,926	3,076,679
Expenses	44,656,000	50,045,000	1,598,671	1,472,720

## STATE AUDITORS' FINDINGS AND RECOMENDATIONS

Our review of the financial records of the University of Connecticut disclosed certain areas requiring attention, as discussed in this section of the report.

### OUTPATIENT PAVILION

*Background:* Section 10a-109e subsection (f) of the General Statutes provides that “The University of Connecticut Health Center shall ... (2) provide for construction of a new ambulatory care center through debt or equity financing obtained from one or more private developers who contract with the university to construct such new ambulatory care center.” It appears that the legislature intended that this project be pursued as a public-private partnership. Typically, a public-private partnership involves the assumption of a significant degree of risk by the private partner. Additionally, it can provide the public partner with off-balance-sheet financing.

*Criteria:* In its *Guidelines for Public Debt Management*, the International Monetary Fund clearly articulates the main objective of public debt management. It is to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk.

*Condition:* The university determined that it was not feasible to fund the ambulatory care center project through debt or equity financing obtained from one or more private developers, as directed by the legislature. Accordingly, in December 2012, the university, acting through the University of Connecticut Health Center Finance Corporation, secured a \$203,000,000 loan from TIAA-CREF to fund the project. The TIAA-CREF loan bears interest at a rate of 4.809 percent. Interest payments over the life of the loan will total \$158,595,860. In December 2012, the university issued special revenue refunding bonds with a total interest cost of 2.480 percent. If the TIAA-CREF loan bore the same interest rate, interest payments over the life of the loan would total \$81,787,842, or \$76,808,018 less.

To provide the lender, TIAA-CREF, with assurance regarding the collectability of this loan, the university asked the Attorney General to “confirm that: (i) the financial obligations of the Health Center under the Lease are not subject to appropriation risk; and (ii) in the extraordinary unlikely event that the Health Center were to default on its Lease obligations, these obligations would become general, unrestricted legal obligations of the State of Connecticut and unrelated to any appropriation to the Health Center.” The Attorney General concluded that “(1) although in the normal course required payments under the Lease will be made

from available Health Center funds, the Lease payment obligations of the Health Center create legal obligations to the State of Connecticut; and (2) as a legal obligation of the State of Connecticut, required payments under the Lease are not subject to the risk of legislative non-appropriation for the Lease payments. Rather, like any claim against the State, a claim against the Health Center could proceed as provided by law.”

*Effect:*

This transaction will burden the state with significant unnecessary interest costs. As the Attorney General has determined, the promissory note is a general obligation of the state. In practice, it exposes the state to the same level of risk as would a standard bond issuance, but at a far higher interest cost.

Also, the UConn Health Center is subsidized from the state’s General Fund. Any profit or loss related to ancillary operations of the UConn Health Center, such as the ambulatory care center, will affect the amount that must be provided from the General Fund. Therefore, excessive costs incurred by ancillary operations of the UConn Health Center will, in the end, be borne by the state.

Additionally, issuing general obligation debt instruments may fall within the broad powers granted the University of Connecticut Health Center Finance Corporation by Section 10a-254 of the General Statutes. However, in addition to the excessive interest costs involved, the propriety of issuing this promissory note without obtaining specific legislative approval seems questionable, given the existing legislative directive to proceed in a different fashion.

*Cause:*

When it became apparent that it was not feasible to fund the ambulatory care center project through debt or equity financing obtained from one or more private developers, the university sought an alternative financing method. The university determined that the TIAA-CREF loan was the lowest cost alternative it had the authority to pursue. The university sought and obtained the approval of the state’s Office of Policy and Management before it executed the promissory note.

*Recommendation:*

The University of Connecticut should seek legislative authorization for the issuance of state bonds to refinance the TIAA-CREF loan when market conditions are appropriate. The cost savings that can be achieved will vary depending on both the state general obligation bond interest rate and, due to yield maintenance prepayment penalty on the TIAA-CREF loan, current Treasury rates. (See Recommendation 1.)

*Agency Response:*

“Whether State bonds should be issued to refinance the University’s loan is not a University decision to make. The University respectfully offers that the Auditors of Public Accounts should provide its recommendations

to the legislature and executive branch offices with authority over the issuance of State bonds. The University agrees that it is sound policy to achieve savings whenever possible, and will provide a copy of the Auditor's recommendation to the legislature and the Office of Policy and Management."

## **BUSINESS CONTINUITY AND DISASTER RECOVERY**

- Criteria:* A business continuity plan documents the processes and procedures to be carried out to ensure that essential business functions continue to operate in the event of a disaster. It provides a comprehensive framework for actions to be taken in response to disruptive events in order to minimize their effect on operations. Once a determination is made of which systems and business units are essential, disaster recovery plans can be developed. Disaster recovery plans are more detailed technical plans. They involve the identification of all critical systems and detailed plans for recovery.
- Condition:* Many information technology systems provide mission critical support functions. In our previous report, we noted that University Information Technology Services (UITS), which maintains the university's core systems, did not have a disaster recovery plan on file.
- We followed up on this issue on December 12, 2014. The university had not developed a business continuity plan and UITS was still working towards developing a disaster recovery plan.
- Effect:* The lack of business continuity and disaster recovery planning will hamper the ability of the university to respond in a timely fashion if a disaster seriously compromises its core information technology systems. If key personnel crucial to the process are unavailable, the university's ability to recover will be severely limited.
- Cause:* The cause could not be readily determined.
- Recommendation:* The University of Connecticut should make business continuity and disaster recovery planning a priority. (See Recommendation 2.)
- Agency Response:* "The University Information Technology Services (UITS) has contracted with IBM to deliver cold site disaster recovery infrastructure. UITS is currently planning the first test disaster recovery exercise for June, 2015 and is creating disaster recovery documentation to support that activity. The disaster recovery documentation will be updated based on testing results, and considered active by July, 2015. The IBM facility is available now, in the event a disaster is declared."

## **SAFEGUARDING CONFIDENTIAL INFORMATION**

- Criteria:* Data maintained by the university includes information that is confidential under the Family Educational Rights and Privacy Act (FERPA), Payment Card Industry Data Security Standard (PCI DSS), Health Insurance Portability and Accountability Act (HIPAA), and Personally Identifiable Information (PII) laws and regulations. Therefore, hard drives need to be securely erased when computers are taken out of service to prevent the inadvertent release of confidential information.
- Condition:* When university departments transfer computers to Central Stores for redistribution, sale, or disposal, the departments are required to remove all data from the hard drives prior to transfer. It is a good practice to remove all confidential data before computers leave the user department.
- Securely erasing hard drives is not a regular departmental level procedure and some department personnel may lack sufficient expertise with this aspect of computer maintenance. A supplementary erasure should be performed by Central Stores when computers are received to safeguard confidential information.
- Effect:* The lack of a centralized process carried out by experienced personnel increases the risk of the inadvertent release of confidential information.
- Cause:* The university has classified this task as a department level responsibility.
- Recommendation:* The University of Connecticut should ensure that computer hard drives are securely erased by experienced personnel after they are transferred to Central Stores. (See Recommendation 3.)
- Agency Response:* “Departments are required to remove all confidential data from hard drives prior to removing personal computers or servers from service. The University ‘Confidential Data, Information Technology’ policy specifies that the data on any device containing confidential data must be destroyed when a device is removed from service. University Central Stores provides the capability to physically destroy or degauss hard drives and the aforementioned policy makes reference to central stores drive destruction capabilities and procedures. Since the finding was issued it has become standard practice that Central Stores destroys all drives for any desktop, laptop or server it receives, regardless of data classification.”

## **PERFORMANCE BONUSES**

- Criteria:* Performance bonuses should be awarded in accordance with a structured plan with pre-established criteria. The plan should be properly documented and the criteria applied objectively.
- Condition:* The university normally processes salary payments through its own payroll system, which functions as a front end to the state payroll system. In some instances, unusual salary payments are initiated directly in the state payroll system. When we reviewed a sample of such payments, we noted that performance bonuses in the aggregate amount of \$93,268 were paid to six Finance and Budget Division employees.
- We asked for documentation supporting these performance bonuses. We were told that they were one time payments based on the employees' current salaries and their work on the Kualu financial system implementation. The only documentation we were able to obtain supporting these payments consisted of payroll authorizations specifying the amounts to be paid. We were told that no plan existed.
- Effect:* The lack of a structured plan with pre-established criteria gives the impression that the payments were determined in an arbitrary and subjective manner.
- Cause:* We were unable to readily determine why these payments were made in an arbitrary and subjective manner.
- Recommendation:* The University of Connecticut should not pay performance bonuses without first developing a structured plan with criteria for determining when bonuses should be awarded and the amounts to be paid. (See Recommendation 4.)
- Agency Response:* "Performance bonuses were paid to select management-exempt Finance and Budget employees, who were not paid for overtime or comp time for their efforts in the successful implementation of the Kualu Financial Systems (the University's general ledger and financial system). During the project these individuals spent a significant amount of time in addition to their normal work schedule on this implementation. Their efforts contributed significantly to this project being implemented on time and under budget. In the future, if senior management decides to award performance-based pay for successful delivery of major projects, a formal plan will be developed."

## **FOOD SERVICES EMPLOYEES**

*Background:*

The Associated Student Commissaries was an association of student-operated commissaries occupying UConn residences that was formed to provide central administrative services for the member commissaries. It operated as an activity fund established under the authority of Section 4-53 of the General Statutes, in accordance with procedures established by the State Comptroller.

In 1979, the Connecticut State Board of Labor Relations was asked to determine whether the employer of cooks and kitchen assistants in the member commissaries was the Associated Student Commissaries or the individual member commissaries. The Board of Labor Relations concluded that they were employed by the individual student commissaries, as the power to hire, discharge and discipline the kitchen employees, as well as to control the wages, hours, and other conditions of employment, was vested in the individual commissaries, not in the Associated Student Commissaries.

Employees of the member commissaries comprised only a portion of the UConn food service employees at that time. Employees serving in the large dining halls were state employees paid through the State Comptroller.

The degree of independence and authority possessed by the member commissaries gradually eroded over time. Eventually, the smaller dining halls formerly controlled by the member commissaries closed and the Associated Student Commissaries activity fund effectively ceased operations.

Currently, students are served by several large dining halls operated by the Department of Dining Services of the Division of Student Affairs. The power to hire, discharge and discipline staff and to control the wages, hours, and other conditions of employment rests with UConn administrators. However, most of the food service operations employees staffing these large dining halls are now paid directly by the university in a manner similar to the way the former employees of the member commissaries were compensated.

Most food service operations employees are not members of the state retirement system. Instead, they are eligible to participate in two other retirement plans, the Department of Dining Services Money Purchase Pension Plan or the University of Connecticut Department of Dining Services 403(b) Retirement Plan.

UConn filed a request for a ruling regarding the status of the Department of Dining Services pension plans on May 17, 1999. In a ruling dated February 24, 2000, the Internal Revenue Service agreed that the food service operations employees are employees of an agency or instrumentality of the state and that the plans are governmental plans.

*Criteria:* Under Section 10a-108 of the General Statutes, the board of trustees has the authority to “employ the faculty and other personnel needed” and “fix the compensation of such personnel.” The board’s authority to fix compensation does not extend to employees in state classified service. The work done by most food service operations employees appears to be the type typically performed by employees in state classified service. Section 10a-108 does not address participation in retirement plans.

Section 3-25 of the General Statutes authorizes constituent units of the state system of higher education to pay certain claims directly, rather than through the State Comptroller. However, Section 3-25 specifically excludes payments for payroll.

*Condition:* The approximately 500 food service operations employees at UConn are generally referred to as dining services employees to distinguish them from other university employees. However, the Department of Dining Services is a unit of the university and, therefore, of the state. Accordingly, the employees of the university’s food service operation are employed by the state.

Unlike other UConn employees, they are paid directly by the university instead of through the State Comptroller. Additionally, as noted above, they participate in separate retirement plans.

*Effect:* Though there are sound operational reasons for the UConn method of compensating its food service operations employees, the legal basis for the direct payment of wages by the university is unclear, as is the participation of these employees in separate retirement plans.

*Cause:* UConn did not seek clear statutory authority to compensate its dining service operations employees in this manner.

*Recommendation:* The University of Connecticut should seek clear statutory authority for the direct payment of wages to its food service operations staff and for their participation in separate retirement plans. (See Recommendation 5.)

*Agency Response:* “In response to the Auditors’ concerns, the University is actively investigating alternatives that will continue to meet the operational needs of Dining Services and will clarify the relationship between the University and this workforce consistent with statutory requirements.”



## **COST SHARING**

*Background:* Sponsored research projects benefit the universities that carry out the research, providing important educational opportunities for students and professional development for faculty. Since universities benefit from the projects, it is reasonable for them to share in the costs of the projects by funding a portion of those costs from their own unrestricted resources.

Grantors may require universities to commit specified resources to the projects (mandatory cost sharing) and universities may volunteer to assume a share of the cost to give their proposals a competitive advantage (voluntary committed cost sharing). Additionally, faculty may voluntarily devote additional effort over and above what has been committed because of their personal interest in the projects (voluntary uncommitted cost sharing).

*Criteria:* Cost sharing is commonly achieved by paying researchers out of unrestricted UConn resources (i.e., funding provided to the university from the resources of the state's General Fund) while they work on sponsored projects. UConn's default functional classification on faculty effort is instruction. When voluntary uncommitted cost sharing is not broken out, the amount reported as spent on instruction will be overstated and the amount spent on research understated. University administrators, and others with oversight responsibilities, including the legislature, need accurate functional reporting to evaluate if state funds are being used prudently and as intended.

*Condition:* In our prior report, we noted that UConn tracks mandatory and voluntary committed cost sharing in its time and effort reporting system. It does not track voluntary uncommitted cost sharing. Our prior reviews indicated that there was a significant amount of voluntary uncommitted cost sharing at the university.

*Effect:* The use of unrestricted UConn resources for sponsored research is in keeping with the university's goal of recognition as one of the nation's top-20 public research universities, according to the annual *U.S. News and World Report* rankings. However, without effective monitoring of the amount of unrestricted university resources directed to sponsored research projects by researchers, the university cannot reasonably estimate the associated costs and determine whether the amount used is appropriate.

Though we acknowledge that, given the UConn environment, time and effort reporting is necessarily imprecise, we believe that tracking voluntary uncommitted cost sharing in the university's time and effort reporting system would increase the accuracy of the university's breakdowns of costs incurred by function, especially the breakdown

between instruction and research. This would allow the university to make more informed financial decisions.

*Cause:* Management believes that the cost of tracking voluntary uncommitted cost sharing would exceed the value of any benefits resulting from the process. We believe that it would not significantly increase costs, as researchers are already required to provide a reasonable breakdown of all their time and effort to document compliance with grantor requirements – it would simply require more accurate reporting of the distribution of their time and effort between instruction and research.

*Recommendation:* The University of Connecticut should track voluntary uncommitted cost sharing in its time and effort reporting system. (See Recommendation 6.)

*Agency Response:* “The University disagrees.

The University of Connecticut’s mission includes creating and disseminating knowledge for the public good. And, like most research universities, UConn achieves this goal largely through the important research, scholarship, and creative activities of its faculty. Much of the scholarly activity of faculty has limited cost, and faculty carry out this work with time and supporting resources provided by the university. However, there are also research projects and scholarly pursuits where external funding is necessary.

The federal government requires time and effort reporting per OMB Circular A-21 for personnel who have formally committed some level of effort to the government in the grant proposal or who work on the project and charge a portion of their salary to the grant.

However, this has not always been the case. Prior to 2001, Universities had to track all effort on a federal project, even if not directly charged or committed to the project. This tracked effort was required to be counted as cost share to the project. Cost share has the effect of lowering federal reimbursement to the University as it lowers the university indirect cost rate. Many researchers over reported the amount of time they were spending on research projects out of a concern that sponsors must be monitoring how much they were voluntarily contributing to the project. After extensive work by Universities and University Associations during the 1990s to reduce the administrative burden of effort reporting and streamline the requirements for cost shared effort, the Office of Management and Budget (OMB) clarified the treatment of voluntary uncommitted cost sharing in a memorandum dated January 5, 2001 which states that voluntary uncommitted effort (above what is committed in the proposal or charged to the grant) is excluded from the effort reporting requirements of OMB Circular A-21. UConn is consistent with other

universities in excluding the specific tracking of voluntary uncommitted effort through effort reporting.

The University is opposed to collecting voluntary uncommitted effort as part of the effort reporting process:

- Universities were successful in making the case to the OMB that the collection of voluntary effort through effort reporting was burdensome and nearly impossible to gather accurately given the role of faculty and the mission of a research University. The University does not want to take steps to undermine this position.
- If the University was able to collect voluntary uncommitted effort, we may run the risk of having the government require us to count the effort as cost share and apply it to the calculation of our indirect cost rate which would cost the university significantly in terms of facilities and administrative revenue collected from the federal government.
- Some faculty members get limited or no external funding for their research and therefore do not complete effort reports.

UConn's treatment of these costs is consistent with other research universities and with the guidance in OMB Circular A-21 section J.8.b (1).c, "Payroll Distribution," that a precise documentation of faculty effort is not always feasible, nor is it expected, because of the inextricably intermingled functions performed by the faculty in an academic setting (i.e., teaching, research, service and administration)."

While the University disagrees with capturing voluntary uncommitted effort through effort reporting, we have contacted the Council on Government Relations to inquire about what studies may have been prepared which explain the full costs of research. We also believe that academic leadership is already in a position to manage the voluntary efforts of their faculty by other means - such as annual activity reports, scholarly publications, courses taught and students advised as a few examples."

*Auditors' Concluding*

*Comment:*

We believe that the university needs to know the total (required and voluntary) percentage of effort faculty are devoting to research in order to make more informed financial decisions. We are recommending that the university track voluntary uncommitted cost sharing in its time and effort reporting system, as this is a system for tracking faculty effort that is already in place. If the university believes that the disadvantages of using the time and effort reporting system for this purpose outweigh the advantages, it should develop a different method of obtaining a

quantitative measurement of the total percentage of effort faculty are devoting to research.

## **PURCHASING CARDS**

*Background:* Under the University of Connecticut MasterCard Purchasing Card Program, cardholders can pay for goods and services using a University Purchasing Card, a credit card issued by JP Morgan Chase. This is a procurement tool that provides an alternative to the standard UConn procurement processes.

*Criteria:* Credit card purchases are not subject to the controls established for standard UConn procurement processes. Completion and approval of a monthly purchasing card log is a key compensating control. The log lists all purchases made and is signed by the cardholder and the record manager.

The cardholder signs the log, certifying that it, and by extension, the listed transactions, are consistent with UConn policies and procedures. Another staff member, designated as the record manager, then reviews and signs the report, attesting to the accuracy of the cardholder's statement.

*Condition:* In our previous report, we noted that the record managers signing off on the purchasing logs were co-workers, subordinates, lower level staff or the cardholders themselves.

*Effect:* The effectiveness of this key control is greatly reduced when the individual reviewing and approving the purchasing card log has no authority over, or is under the authority of, the cardholder.

*Cause:* It is unclear why UConn does not require that the responsibility for signing off on purchasing card logs be assigned to staff with supervisory authority over the cardholders.

*Recommendation:* The University of Connecticut should require that purchasing card logs be approved by a staff member with supervisory authority over the cardholder. (See Recommendation 7.)

*Agency Response:* "As stated in the response within the previous report, the University has established robust controls and active oversight of the Purchasing Card (PCARD) Program and the reconciliation of program transactions. Additional controls have been implemented, including the re-enforcement of the separation of duties pertaining to financial activities within the system of record. Although the individuals fulfilling these roles within the financial system may not necessarily reflect an administrative supervisory

title/role, the established separation of duties, ensures that proper checks-and-balance controls exist, independent of the cited, suggested recommendation.”

*Auditors’ Concluding*

*Comment:*

Supervisory review of credit card usage is standard practice and an effective control. The university’s reluctance to institute this simple and effective control is difficult to comprehend.

**NON-COMPETITIVE PROCUREMENT**

*Criteria:*

Section 10a-151b of the General Statutes requires constituent units of the state system of higher education to solicit competitive bids or proposals, when possible, when contracting for professional services. The statutory requirement for open, competitive procurement is intended to facilitate obtaining goods and services at the lowest prices, avoid favoritism and award public contracts in an equitable manner.

In some instances, there may be only one source for goods or services. If so, competition is not possible. This type of non-competitive procurement action is commonly referred to as a sole source purchase.

*Condition:*

The university contracted with an engineering firm for design services in connection with the Reclaimed Water Facility Project at a proposed cost of \$133,400. The university did not solicit competitive bids or proposals for this contract. Instead, it characterized this service as a sole source purchase.

Documentation on file provided a logical rationale for the university’s preference for engaging this firm. The firm had, under a previous contract, modeled and developed the initial design. The university concluded that, because of the firm’s familiarity with the project, it was “both cost and time effective to contract directly with them to complete the design, bidding and construction phases of the project.”

It appears that there were other engineering firms that could have provided the design services. The university’s preference for engaging this firm does not make it a sole source purchase or justify noncompliance with the statutorily mandated competitive procurement requirements established by Section 10a-151b.

*Effect:*

This transaction did not comply with the provisions of Section 10a-151b. It is possible that the needed services could have been obtained at a lower price if an open, competitive procurement process had been followed. In

addition, other potential vendors were denied the opportunity to bid on the contract. Open access to state contracts is in the public interest.

*Cause:* It appears the university felt that engaging the engineering firm was the best possible alternative. However, the university does not have the authority to put aside the competitive procurement requirements of Section 10a-151b.

*Recommendation:* The University of Connecticut should comply with the competitive procurement requirements of Section 10a-151b of the General Statutes. Procurement actions should not be characterized as sole source purchases, unless no other source exists that is capable of meeting the requirements. (See Recommendation 8.)

*Agency Response:* “The University does in fact comply with 10a-151b and has fully integrated the statutory requirements into its policies and procedures. Pursuant to Section 10a-151b (b), the University competitively procures purchases whenever possible. However, as the statute acknowledges, competitive procurement is not possible under all circumstances, as was the case with this procurement. Determinations as to whether competitive procurement is possible in any particular instance, including the determination documented in the cited instance, are made consistent with the statutory requirements and with established policies and procedures. As stated, the firm modeled and developed the initial design. If a new vendor was contracted with to carry that design forward, it would implicate questions about liability and insurance coverage in the event of a design defect. This would expose the University to a degree of risk that is generally unacceptable. For this reason, it is extremely unusual for one designer to modify the work of another. However, the documentation on file expresses this rationale imprecisely. The University should ensure that its sole source rationales are more precisely worded.”

*Auditors’ Concluding*

*Comment:*

The performance of initial design work by one engineer does not preclude further development by another qualified engineer. In fact, if the original engineer was not available, further development would have to be handled by another engineer. Engaging the firm was convenient and the university may have felt that it made good business sense. However, the university is required to comply with Section 10a-151b of the General Statutes even if it does not feel that compliance would provide the best outcome from a business standpoint.

## **RECEIVING REPORTS FOR PREPAYMENTS**

- Criteria:* Payments for goods or services should be supported by a documented confirmation by a responsible party as to the satisfactory receipt of goods or services.
- Condition:* UConn contracted with a performing arts provider on April 27, 2014, at the Jorgensen Center for the Performing Arts in the amount of \$20,000. Payment was made in advance, which is common for this type of transaction. Staff did not prepare, subsequent to the event, a receiving report to document that the vendor had fulfilled its contractual obligations.
- Effect:* The lack of a receiving report lessens the assurance that the services were provided in accordance with the contract.
- Cause:* UConn procedures do not adequately address transactions that require payment prior to or at the time of service.
- Recommendation:* The University of Connecticut should prepare receiving reports when payment is required prior to a performance to document that the vendor has fulfilled its contractual obligations. (See Recommendation 9.)
- Agency Response:* “Jorgensen Center for the Performing Arts management will add an additional step to the existing controls, by entering a note in the Quali Financial System (KFS) stating that the performance occurred and all services were rendered.”

## **ETHICS CERTIFICATIONS**

- Criteria:* Pursuant to the General Statutes and executive orders of Governor M. Jodi Rell, certain state contracts must be accompanied by ethics certifications designed to encourage ethical behavior.
- Condition:* In our prior report, we noted that the required certifications were not obtained for purchases of library materials. We also found that the required certifications were not obtained for other purchases that were also handled at the department level, rather than processed through the purchasing department. During our current audit, we noted five instances in which certifications were not obtained as required. Two of the purchases pertained to library materials; however, three were processed through the purchasing department.
- Effect:* With respect to these transactions, the university did not comply with state requirements designed to encourage ethical behavior.

- Cause:* We were unable to determine the cause.
- Recommendation:* The University of Connecticut should comply with the applicable General Statutes and executive orders of Governor M. Jodi Rell regarding ethics certifications. (See Recommendation 10.)
- Agency Response:* “The University has begun to implement training programs and has further enhanced procurement procedural safeguards. For example, the University has implemented a procurement contracts application solution that will reduce such errors in the future.

Also, in 2013 a new unit was created to more effectively manage UConn Libraries’ (UCL) e-resources. One of the first priorities of this unit was the implementation of the open source Centralized Online Resource Acquisitions and Licensing System (CORAL) in order to create a comprehensive accounting of the complex and wide ranging types of electronic resources the UCL purchases and licenses, a capability currently lacking in KFS or Voyager.

The number of e-resources that need to be identified and entered into the CORAL system is significant and data entry work continues along with a systematic review of all relevant data in order to improve entry standards, workflows and to identify and remedy missing or inaccurate information.

Through CORAL customizations designed specifically for this purpose, the E-Resource Services Unit is now effectively storing and tracking CT State Certificates/Affidavits. Additionally, using KFS reports for FY14 expenditures by vendor, UCL identified e-resource vendors with FY15 projected costs that exceeded \$50,000 (10) and those that exceeded \$500,000 (3) and submitted requests for the required forms to all vendors.

## **CONSTRUCTION PROJECT ACCOUNTABILITY**

- Background:* UConn 2000, a twenty-nine year, \$4.6 billion capital project program, is administered by the university. The university’s Planning Architectural & Engineering Services is responsible for overseeing UConn 2000 construction projects.
- Criteria:* To enhance accountability, documentation of reviews performed by the department should clearly identify who conducted the review and prepared the related documentation. Minutes should be formally approved to provide an attestation as to their accuracy and completeness.
- Condition:* We reviewed construction project oversight conducted by Planning Architectural & Engineering Services. During our review, we noted that:



- Project coordination meeting minutes incorporated a statement that failure to object to their content within seven days of receipt would constitute acceptance. The minutes should be formally approved, providing an attestation as to their accuracy and completeness that the current negative confirmation process does not.
- Daily field reports did not always identify who conducted the reviews and prepared the report. This information should be included in each report.

*Effect:* Implementing these additional documentation standards would add accountability.

*Cause:* University personnel considered these control elements to be implicit in the processes.

*Recommendation:* The University of Connecticut’s Planning Architectural & Engineering should ensure that daily field reports always identify who conducted the review and prepared the report. Project coordination meeting minutes should be formally approved. (See Recommendation 11.)

*Agency Response:* “The Project Manual outlines the Contractor as responsible for organizing, chairing, recording and administering the Project Meetings. Planning Architectural and Engineering Services acknowledges there are slight variations to how minutes are structured and administered from Contractor to Contractor based on the project management software being utilized. Recognizing there may be variations, we will clarify within the Project Manual key elements that must be represented including the review of the minutes for consistency.

The Policies and Procedures outline the requirement for Daily Field reports and who the University Representative is for observing and reporting. Planning Architectural and Engineering Services acknowledge there may be slight variations to how the reports are structured. Recognizing these variations, we will clarify within our management documents the format required for these reports to clearly identify who the author is of the report.”

## **CASH HANDLING**

*Criteria:* Section 4-32 of the General Statutes provides that each state institution receiving any money or revenue for the state shall deposit within twenty-four hours of its receipt the total of the sums received of five hundred dollars or more.

*Condition:* The Department of Dining Services Cash Accounting Office receives receipts on a daily basis from over ten retail locations. The Cash Accounting Office is staffed by two employees who are responsible for the change fund, cash counts, cash out reconciliation, recording the daily deposits to Dining Services internal system and posting the cash receipts to the university's accounting system.

Based on our analysis of deposit transactions during the 2013-2014 fiscal year, we noted that, on average, deposits were made around 10 workdays late. The average amount of late deposits was approximately \$70,000. A similar situation occurred during the 2012-2013 fiscal year. We noticed a pattern in which during the beginning of the fiscal year, deposits were significantly in arrears; the department then caught up during the summer, but fell behind again during the fall semester, caught up slightly over winter intersession, and then fell behind again during the spring semester. On June 2, 2014, there was approximately \$120,000 on hand which was received during the period from April 30, 2014 through May 29, 2014.

*Effect:* The Department of Dining Services was not in compliance with state requirements for prompt deposit of cash receipts. Holding significant amounts of currency on hand instead of depositing it immediately, increases risk.

*Cause:* Per the Dining Services fiscal manager, delays occurred due to not having a sufficient number of cash account clerks to handle the large volume of deposits that resulted from the addition of several new retail outlets.

*Conclusion:* The executive director of Dining Services told us he took immediate corrective action. He informed us that, as of June 20, 2014, the department was up-to-date on deposits.

## RECOMMENDATIONS

### *Status of Prior Audit Recommendations:*

In our previous report on our audit examination of the University of Connecticut, we presented 15 recommendations pertaining to university operations. The following is a summary of those recommendations and the actions taken thereon:

- Establish compensation limits. This recommendation is not being repeated. The university is taking steps to address this finding.
- Seek clear statutory authority for the direct payment of wages to university food service operations employees and for their participation in separate retirement plans. This recommendation has been repeated. (See Recommendation 5.)
- Establish procedures for verifying work experience and credentials. This recommendation is not being repeated. It is our understanding that the Human Resources department is taking action to address this issue.
- Review payments for accrued compensated absences. This recommendation is not being repeated. The university has performed the recommended review.
- Hire Act. This recommendation is not being repeated. The university has taken steps to recover the funds.
- Implement a formal process that provides for the review, approval and documentation of all cost sharing – this recommendation has been restated and repeated. (See Recommendation 6.)
- Conduct formal, well documented, selection processes for all major software acquisitions. This recommendation is not being repeated. There were no major software acquisitions during our current audit.
- Develop structured methodology for major software implementation projects. This recommendation is not being repeated. There were no major software implementation projects during our current audit.
- Prepare a detailed plan addressing actions to be taken in the event a disaster interrupts key information technology services. This recommendation has been restated and repeated. (See Recommendation 2.)
- Make improvements to physical and logical information technology systems access controls. We are not repeating this recommendation, as the university taken corrective action.

- Require supervisory approval of purchasing card logs. This recommendation has been repeated. (See Recommendation 7.)
- Do not authorize contractors to begin work before contracts are executed. This recommendation is not being repeated. This issue was not noted during our current audit.
- Prepare receiving reports when advance payment is required. This recommendation has been restated and repeated. (See Recommendation 9.)
- Process all procurement transactions through the purchasing department. This recommendation has been restated and repeated. (See Recommendation 10.)
- Develop a comprehensive, centralized process for identifying affiliated organizations, determining the nature of the university's interaction with the organizations, and verifying that the appropriate written agreements are in place. This recommendation is not being repeated. It is our understanding that the university's general counsel is taking steps to address this finding.

*Current Audit Recommendations:*

- 1. The University of Connecticut should seek legislative authorization for the issuance of state bonds to refinance the TIAA-CREF loan when market conditions are appropriate. The cost savings that can be achieved will vary depending on both the state general obligation bond interest rate and, due to yield maintenance prepayment penalty on the TIAA-CREF loan, current Treasury rates.**

Comment:

In December 2012, the university, acting through the University of Connecticut Health Center Finance Corporation, secured a \$203,000,000 loan from TIAA-CREF. The TIAA-CREF loan bears interest at a rate of 4.809 percent. Interest payments over the life of the loan will total \$158,595,860. In December 2012, the university issued special revenue refunding bonds with a total interest cost of 2.480 percent. If the TIAA-CREF loan bore the same interest rate, interest payments over the life of the loan would total \$81,787,842, or \$76,808,018 less. The TIAA-CREF loan is a debt instrument that the Attorney General has determined is a general obligation of the state, but bears a far higher interest rate than the state could have obtained through a standard bond issuance.

**2. The University of Connecticut should make business continuity and disaster recovery planning a priority.**

Comment:

Many information technology systems provide mission critical support functions. In our previous report, we noted that University Information Technology Services (UITS), which maintains the university's core systems, did not have a disaster recovery plan on file.

We followed up on this issue on December 2, 2014. The university had not developed a business continuity plan and UITS was still working towards developing a disaster recovery plan.

**3. The University of Connecticut should ensure that computer hard drives are securely erased by experienced personnel after they are transferred to Central Stores.**

Comment:

When university departments transfer computers to Central Stores for redistribution, sale or disposal, the departments are required to remove all data from the hard drives prior to transfer. Removing all confidential data before computers leave the user department is a good practice. Securely erasing hard drives is not a regular departmental level procedure and some department personnel may lack sufficient expertise with this aspect of computer maintenance. A supplementary erasure should be performed by Central Stores when computers are received to safeguard confidential information.

**4. The University of Connecticut should not pay performance bonuses without first developing a structured plan with criteria for determining when bonuses should be awarded and the amounts to be paid.**

Comment:

We noted performance bonuses in the aggregate amount of \$93,268 paid to six Finance and Budget Division employees. We were told that they were one time payments based on the employees' current salaries and their work on the Quali financial system implementation. The only documentation we were able to obtain supporting these payments consisted of payroll authorizations specifying the amounts to be paid. We were told that no plan existed.

**5. The University of Connecticut should seek clear statutory authority for the direct payment of wages to its food service operations staff and for their participation in separate retirement plans.**

Comment:

Section 3-25 of the General Statutes authorizes constituent units of the state system of higher education to pay certain claims directly, rather than through the State Comptroller.

However, Section 3-25 specifically excludes payments for payroll. Unlike other UConn employees, food service operations employees are paid directly by the university instead of through the State Comptroller. They also participate in separate retirement plans, although there is no clear statutory authority for this.

- 6. The University of Connecticut should track voluntary uncommitted cost sharing in its time and effort reporting system.**

Comment:

UConn's default functional classification on faculty effort is instruction. When voluntary uncommitted cost sharing is not broken out, the amount reported as spent on instruction will be overstated and the amount spent on research understated. University administrators, and others with oversight responsibilities, including the legislature, need accurate functional reporting to evaluate if state funds are being used prudently and as intended.

- 7. The University of Connecticut should require that purchasing card logs be approved by a staff member with supervisory authority over the cardholder.**

Comment:

In our previous report, we noted that the record managers signing off on the purchasing logs were co-workers, subordinates, lower level staff, or the cardholders themselves. During our follow-up on November 2014, we noted that the university implemented additional controls. However, the additional controls do not include sign-off by someone with supervisory authority over the cardholder.

- 8. The University of Connecticut should comply with the competitive procurement requirements of Section 10a-151b of the General Statutes. Procurement actions should not be characterized as sole source purchases unless no other source exists that is capable of meeting the requirements.**

Comment:

The university contracted with an engineering firm for design services in connection with the Reclaimed Water Facility Project at a proposed cost of \$133,400. The university did not solicit competitive bids or proposals as required, characterizing it as a sole source purchase. It appears that there were other firms that could have provided the services. The university's preference for engaging a particular firm does not make it a sole source purchase or justify noncompliance with the statutorily mandated competitive procurement requirements established by Section 10a-151b.

- 9. The University of Connecticut should prepare receiving reports when payment is required prior to a performance to document that the vendor has fulfilled its contractual obligations.**

Comment:

The university contracted for a performance to be given on a future date. The university paid for the performance in advance, as is common for this type of transaction. However, staff did not prepare, subsequent to the event, a receiving report to document that the vendor had fulfilled its contractual obligations.

**10. The University of Connecticut should comply with the applicable General Statutes and executive orders of Governor M. Jodi Rell regarding ethics certifications.**

Comment:

In our prior report, we found that the required certifications were not obtained for purchases of library materials. We also found that the required certifications were not obtained for other purchases that were also handled at the department level, rather than processed through the purchasing department. During our current audit, we noted five instances in which certifications were not being obtained as required. Two of the purchases pertained to library materials; however, three were processed through the purchasing department.

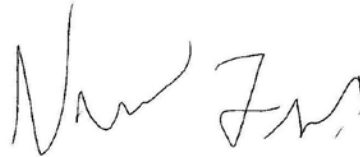
**11. The University of Connecticut's Planning Architectural & Engineering Services should ensure that daily field reports always identify who conducted the review and prepared the report. Project coordination meeting minutes should be formally approved.**

Comment:

We noted that project coordination meeting minutes incorporated a statement that failure to object to their content within seven days of receipt would constitute acceptance, but were not formally approved. We also noted that daily field reports did not always identify who conducted the reviews and prepared the report.

**CONCLUSION**

We wish to express our appreciation to the staff of the University of Connecticut for the cooperation and courtesies extended to our representatives during this examination.



Natercia Freitas  
Associate Auditor

Approved:



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts



# STATE OF CONNECTICUT



*AUDITORS' REPORT  
UNIVERSITY OF CONNECTICUT HEALTH CENTER  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2014*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

## Table Of Contents

---

INTRODUCTION .....	1
COMMENTS .....	2
FOREWORD .....	2
RÉSUMÉ OF OPERATIONS.....	6
Operating Revenues.....	7
Operating Expenses .....	8
Non-operating Revenues and Expenses .....	9
Other Changes in Net Assets.....	10
Net Assets .....	10
Related Entities.....	10
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	12
Unclear Selection Criteria .....	12
Transfer of Purchasing Responsibilities.....	13
Inadequate Purchasing Process.....	14
Inadequate Contract Terms and Monitoring.....	15
Excessive Payment Upon Separation .....	16
Health Center Paid Long Term Disability Insurance .....	17
Failure to Keep Adequate Property Control Records.....	18
Internal Controls for Equipment Missing or Lost is Inadequate .....	20
Moving Expense Reimbursement Policy .....	21
Ineffective Use of Resources.....	21
Inadequate Procedures for Establishing Managerial Salaries .....	23
Student Activity Fund.....	23
RECOMMENDATIONS .....	26
CONCLUSION.....	30

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

State Capitol  
210 Capitol Avenue  
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

December 30, 2015

### **AUDITORS' REPORT UNIVERSITY OF CONNECTICUT HEALTH CENTER FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2014**

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, 2013 and 2014. 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 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, 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.

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 UConn Health's management and was not subjected to the procedures applied in our audit of UConn Health. For the areas audited, we identified

1. Deficiencies in internal controls;
2. Apparent noncompliance with 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 UConn Health.

## **COMMENTS**

### **FOREWORD**

The University of Connecticut and the University of Connecticut Health Center 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 health center 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, 2014, were:

Ex officio members:

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

Appointed by the Governor:

Lawrence D. McHugh, Middletown, Chair  
Louise M. Bailey, West Hartford, Secretary  
Marilda L. Gandara, Hartford  
Thomas E. Kruger, Stamford  
Rebecca Lobo, Granby

Denis J. Nayden, Stamford  
Thomas D. Ritter, Hartford  
Andy F. Bessette, West Hartford  
Charles F. Bunnell, Uncasville  
Shari G. Cantor, West Hartford  
Andrea Dennis-LaVigne, Bloomfield  
Juanita T. James, Norwalk

Elected by alumni:

Donny Marshall, Coventry  
Richard T. Carbray, Jr., Rocky Hill

Elected by students:

Michael K. Daniels, Storrs  
Rose A. Barham, Norwalk

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

Peter S. Drotch, Framingham, Massachusetts  
Lenworth M. Jacobs, M.D., West Hartford  
Wayne J. Shepperd, Danbury  
Richard Treibick, Greenwich  
Francis X. Archambault, Jr., Storrs  
Brien T. Buckman, Stamford

Section 10a-104 subsection (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 to said board of directors. The members of the board of directors as of June 30, 2014, were:

Ex officio members:

Susan Herbst, President, University of Connecticut  
Robert Dakers, designee of the Secretary of the Office of Policy and Management  
Jewel Mullen, 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 Woods, Avon  
Teresa Ressel, Stamford

Members at Large:

Francis X. Archambault, Jr., Storrs  
Richard Barry, Avon  
Francisco L. Borges, Farmington  
Cheryl Chase, Hartford  
John Droney, Farmington  
Timothy A. Holt, Glastonbury  
Wayne Rawlins, Hartford  
Robert T. Samuels, West Hartford  
Charles W. Shivery, Hartford

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

Wayne J. Shepperd, Danbury  
Karen Christiana, West Hartford

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 University of Connecticut Health Center Farmington complex houses the John Dempsey Hospital, the school of medicine, the school of dental medicine, and related research laboratories. Additionally, the schools of medicine and dental medicine provide health care to the public, through the UConn Medical Group (including its UConn Health Partners unit) and the University Dentists, in facilities located at 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 five members appointed under the provisions of Section 10a-253 of the General Statutes. The members of the board of directors as of June 30, 2014, were:

Ex officio members:

Susan Herbst, President, University of Connecticut  
Frank Torti, Executive Vice President for Health Affairs  
Benjamin Barnes, Secretary of the Office of Policy and Management

Appointed by the Governor:

Lawrence D. McHugh, Middletown  
Wayne J. Shepperd, Danbury

### **Recent Legislation**

During the period under review, legislation was enacted by the General Assembly affecting UConn Health. The most noteworthy items are presented below:

- Public Act 13-143, required the University of Connecticut Board of Trustees to complete studies every two years, beginning January 1, 2014, that compare their administrator salaries and staffing ratios with those of peer public institutions in other states and report the results of such comparisons to the Higher Education and Appropriations committees.
- Public Act 13-233, authorized \$1.551 billion in new bonds for Next Generation Connecticut, a capital improvement program under the UConn 2000 infrastructure program.
- Public Act 14-217, Section 259, repealed a provision that placed the Office of the Chief Medical Examiner within UConn Health for administrative purposes only.

### **Enrollment Statistics**

Statistics compiled by UConn Health's registrar present the following enrollments during the audited period and prior fiscal year.

Student Status	2011-2012		2012-2013		2013-2014	
	Fall	Spring	Fall	Spring	Fall	Spring

Medicine – Students	355	355	359	359	368	368
Medicine – Residents	611	611	625	625	645	645
Dental – Students	176	176	169	169	174	174
Dental – Residents	112	112	117	117	114	114
Totals	1254	1254	1270	1270	1301	1301

**RÉSUMÉ OF OPERATIONS**

Under the provisions of Section 10a 105, subsection (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.

Student Status	School of Medicine			School of Dental Medicine		
	2011-2012	2012-2013	2013-2014	2011-2012	2012-2013	2013-2014
In-State	\$22,740	\$23,649	\$24,832	\$21,395	\$22,251	\$23,363
Out-of-State	\$47,905	49,821	52,312	\$49,271	51,242	53,804
Regional	\$39,795	\$41,387	\$43,456	\$37,441	38,939	\$40,886

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 Fund (Section 10a-130 of the General Statutes).
- The University Bond Liquidation Fund (Special Act 67-276, Section 26 and others, used for both the university and the Health Center).
- 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 revenues were UConn Health’s largest source of revenue, with John Dempsey Hospital patient revenues being the largest single component of patient revenues. Other operations that generated significant patient revenues were the Correctional Managed Healthcare Program and the UConn Medical Group.

Under the Correctional Managed Healthcare Program, UConn Health entered into an agreement, effective August 11, 1997, with the Department of Correction to provide medical care to inmates incarcerated in the state’s correctional facilities. Medical personnel at the correctional facilities, formerly paid through the Department of Correction, were transferred to UConn Health’s payroll.



Under the agreement, while the program was to be managed by UConn Health, the commissioner of the Department of Correction retained the authority for the care and custody of inmates and the responsibility for the supervision and direction of all institutions, facilities and activities of the department. The purpose of the program was to enlist the services of UConn Health to carry out the responsibility of the commissioner for the provision and management of comprehensive medical care.

The UConn Medical Group functions similarly to a private group practice for faculty clinicians providing patient services.

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

Under the Residency Training Program, interns and residents appointed to local health care organizations are paid through the Capital Area Health Consortium. UConn Health reimburses the Capital Area Health Consortium for the personnel service costs incurred and is, in turn, reimbursed by the participating organizations.

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, the UConn Medical Group and University Dentists. For the years ended June 30, 2013 and 2014, 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 employment remained relatively stable during the audited period. UConn Health position summaries show that permanent full-time filled positions totaled 4,956 as of June 2012; 5,006 as of June 2013; and 5,011 as of June 2014.

### **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, contract and other operating revenues. Operating revenue as presented in UConn Health's financial statements for the audited period and prior fiscal year, follows:

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
<u>(\$ in thousands)</u>			
Student Tuition and Fees (net of scholarship allowances)	\$ 13,746	\$ 13,812	\$ 15,794
Patient Services (net of charity care)	429,546	432,032	450,315
Federal Grants and Contracts	56,904	60,651	62,527
Non-Governmental Grants and Contracts	27,690	27,593	23,803
Contract and Other Operating Revenues	<u>93,730</u>	<u>102,574</u>	<u>106,771</u>
Total Operating Revenue	<u>\$621,616</u>	<u>\$636,662</u>	<u>\$659,210</u>

The largest source of operating revenue, patient services, is derived from fees charged for patient care. Patient services revenue increased .58 percent in the fiscal year ended June 30, 2013 followed by an increase of 4.2 percent in fiscal year 2014.

### **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, and depreciation and amortization.

Operating expenses by functional classification, as presented in UConn Health's financial statements for the audited period and prior fiscal year, follows:

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
<u>(\$ in thousands)</u>			
Educational and General			
Instruction	\$ 129,217	\$ 141,182	\$ 152,618
Research	63,080	60,918	59,518
Patient Services	506,720	522,825	581,558
Academic Support	20,200	20,011	20,824
Institutional Support	53,059	53,114	66,416
Operations and Maintenance	28,031	33,606	31,548
Depreciation	30,875	32,365	32,780
Loss on Disposal	7	0	0
Student Aid	<u>165</u>	<u>136</u>	<u>50</u>

Total Operating Expenses	<u>\$ 831,354</u>	<u>\$ 864,157</u>	<u>\$ 945,312</u>
Other Changes in Net Assets			
Capital Appropriations	\$ 0	\$ 5,000	\$ 193,214
Loss on Disposal	<u>0</u>	<u>(2,978)</u>	<u>(573)</u>
Net Other Changes in Net Assets	<u>\$ 0</u>	<u>\$ 2,022</u>	<u>\$ 192,641</u>

The largest source of operating expenses relates to patient services. Patient services expenses increased 3.2 percent in the fiscal year ended June 30, 2013 followed by an increase of 11.2 percent in fiscal year 2014. Instruction expenses, the second largest operating expense, increased 9.3 percent in the fiscal year ended June 30, 2013 and increased 8.1 percent in the fiscal year ended June 30, 2014.

### Non-operating Revenues and Expenses

Non-operating revenues and expenses are neither operating revenues/expenses nor capital additions/deductions. 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:

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
<u>(\$ in thousands)</u>			
State Appropriations (including fringe benefits)	\$ 202,997	\$ 213,371	\$ 266,139
Transfers to State	1,312	0	0
Gifts	7,435	7,658	7,300
Investment Income	101	124	93
Interest on Capital Assets - Related Debt	<u>(1,095)</u>	<u>(1,072)</u>	<u>(1,007)</u>
Net Non-operating Revenue	<u>\$ 210,750</u>	<u>\$ 220,081</u>	<u>\$ 272,525</u>

State appropriations, which include fringe benefits, increased in the fiscal year ended June 30, 2013, by 5.1 percent when compared to the fiscal year ended June 30, 2012. State appropriations increased in the fiscal year ended June 30, 2014, by 24.7 percent when compared to the fiscal year ended June 30, 2013. The significant increase in appropriations in fiscal year 2014 is the result of additional funds to support bioscience initiatives as well as additional support to cover increased fringe benefits costs.

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:

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
(\$ in thousands)			
Capital Appropriations	\$ 62,500	\$ 5,000	\$ 193,214
Loss on Disposal	<u>0</u>	<u>(2,978)</u>	<u>(573)</u>
Net Other Changes in Net Assets	<u>\$ 62,500</u>	<u>\$ 2,022</u>	<u>\$ 192,641</u>

The capital appropriations amounts for the fiscal years ended June 30, 2013 and 2014 are primarily related to amounts allocated to UConn Health under the UCONN 2000 capital improvement program.

**Net Assets**

Net assets represent assets less liabilities. Net assets, as presented in UConn Health's financial statements for the audited period and prior fiscal year, follows:

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
(\$ in thousands)			
Invested in Capital Assets, Net of Related Debt Restricted for Non-expendable	\$301,969	\$335,015	\$405,672
Scholarships	61	61	61
Restricted for Expendable:			
Research	3,436	1,982	547
Loans	1,081	794	104
Capital Projects	51,287	30,829	152,707
Unrestricted	<u>45,288</u>	<u>29,049</u>	<u>17,703</u>
Total Net Assets	<u>\$403,122</u>	<u>\$397,730</u>	<u>\$576,794</u>

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. Restricted non-expendable assets are primarily comprised of permanent endowments. Restricted expendable assets are assets whose use by UConn Health is subject to externally imposed stipulations. Unrestricted assets are assets not subject to externally imposed restrictions.

**Related Entities**

UConn Health did not hold significant endowment and similar fund balances during the audited period, as it has been UConn Health's longstanding practice 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:

(\$ in thousands)	University of Connecticut Foundation, Inc.		
	Fiscal Year Ended		
	June 30, 2012	June 30, 2013	June 30, 2014
Assets	\$398,655	\$459,101	\$489,928
Liabilities	14,715	45,632	53,019
Net Assets	383,940	413,469	436,909
Support and Revenue	50,489	79,574	91,426
Expenditures	44,656	50,045	68,004

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the financial records of The University of Connecticut Health Center disclosed certain areas requiring attention, as discussed in this section of the report.

### **Unclear Selection Criteria**

*Background:* UConn Health frequently uses a request for proposal (RFP) purchasing process that includes factors other than cost when determining how a contract will be awarded.

*Criteria:* When using a request for proposal purchasing process for major contracts, the criteria upon which the proposals will be evaluated should be clearly stated and the ratings of proposers tabulated and retained in accordance with the State of Connecticut records retention policies.

*Condition:* In October of 2012, UConn Health entered into a contract for the construction of the shell of the Ambulatory Care Center. The initial RFP stated, "The selection of the Design-Builder for the project and the Award of the Design-Build Contract for the project, shall be based on an evaluation by the University of the Proposals submitted by the Pre-Qualified Design-Builders, the Pre-Qualification Application, and further supplementary information as obtained by the University," giving the impression that factors other than cost would be considered when selecting the design-builder.

In a subsequent addendum to the RFP, in response to a question from a potential proposer as to how proposals would be evaluated, UConn Health responded, "Evaluation is based upon the lowest total of the Base Bid plus Alternates selected to be awarded at the time of contract execution; in addition to the compliance of the Project Execution Plan with the RFP requirements." UConn Health personnel indicated that this response informed interested parties that the contract would be awarded to the lowest proposer. Furthermore, UConn Health personnel stated that when awarding a contract to the lowest proposer, no selection committee is necessary nor do proposals have to be scored.

*Effect:* The ambiguous selection criterion makes it difficult to determine whether the selection process was properly conducted. It also raises concern about the fairness of the process to proposers.

*Cause:* UConn Health personnel have stated that when using the design-build delivery method, it is their policy to award the contract to the lowest responsible proposer.

*Recommendation:* The University of Connecticut Health Center should establish clear criteria upon which proposals for major construction contracts will be evaluated and integrate such criteria within the RFP prior to soliciting those proposals. Additionally, a selection committee should be established to evaluate and score the criteria. (See Recommendation 1.)

*Agency Response:* “UConn Health followed the policies and procedures in effect for this design-build project, which included the formal evaluation and scoring of Request for Qualifications (RFQ) responses based upon, established criteria, and the subsequent evaluation of the lowest bidder response to the Request for Proposals (RFP) to ensure full compliance with the required specifications.

The RFQ was issued to prequalify a “short list” of design-builders for the project. A selection committee evaluated and scored the responses in accordance with those criteria. This step enabled us to use the RFP, as contemplated by our policies and procedures, to solicit lump sum design-build bids only from the approved contractors that were selected via the RFQ.

We acknowledge that in this case the evaluation criteria language in the original RFP was not as clear as it could have been; however, this was corrected by the issuance of an addendum to all potential proposers, confirming that the evaluation would be “based upon the lowest total of the Base Bid plus Alternates selected to be awarded at the time of contract execution; in addition to the compliance of the Project Execution Plan with the RFP requirements.” Thus, all proposers were adequately notified prior to proposal submission that the lowest cost proposal that adhered to the RFP requirements would be selected. This selection process adhered to policies and procedures established to ensure the best, lowest-cost result for UConn Health and the State of Connecticut. There is no need for corrective action at this time.”

### **Transfer of Purchasing Responsibilities**

*Background:* In April of 2013, UConn Health, in conjunction with UConn-Storrs, solicited a request for proposals for third party procurement services. In July of 2013, UConn-Storrs entered into a contract with an outside contractor, for the third party procurement services which were described in documents submitted to the board of

trustees as “Professional procurement services for the acquisition of medical, high-tech, information technology, research and other equipment and furniture for projects on all the University campuses, including the Health Center.” The contract was established for an amount of \$985,000 with rates ranging from \$110 to \$174 per hour.

*Criteria:* Section 10a-151b of the Connecticut General Statutes requires UConn Health to solicit competitive bids or proposals when making large dollar value purchases of equipment, supplies or contractual services.

*Condition:* UConn Health purchased a linear accelerator, (used for delivering radiotherapy treatments), at a price in excess of \$2,000,000. Upon our review of the documents supporting the competitive process used to obtain the linear accelerator, we noted that an outside contractor had collected the proposals related to the purchase.

*Effect:* UConn Health removed itself from the control process. Additionally, UConn Health’s failure to maintain physical control over the submitted proposals increases the risk of deviations with established procedures.

*Cause:* UConn Health chose to use an outside contractor to perform these tasks.

*Recommendation:* The University of Connecticut Health Center should maintain custody of bids and proposals until they are opened publically. (See Recommendation 2.)

*Agency Response:* “Beginning August 17, 2015 UConn Health will maintain custody of all bids and proposals until they are opened publically.”

### **Inadequate Purchasing Process**

*Criteria:* Fostering competition in an open market environment is generally the best way to obtain quality products and services at the lowest possible price.

*Condition:* During our review of expenditures, we discovered large disbursements related to a contract originally established for real estate advisory services for UConn Health’s Ambulatory Care Center. The real estate advisory services included, among other things, the evaluation of development options, crafting proposal documents (RFP, development agreements, leases, etc.),



identification of potential developers, evaluation of the transaction structure, evaluation of financing alternatives, and proposal review.

In addition, UConn Health decided to procure credit tenant lease financing for the Ambulatory Care Center, an item that was not specifically part of the original real estate advisory contract. We determined that instead of soliciting competition among interested qualified parties, UConn Health amended an existing contract with the real estate advisory firm by \$1,400,000, increasing the contract from \$320,000 to \$1,720,000. The amendment, which increased the original contract in excess of 400%, was purportedly for additional services.

*Effect:* Failure to solicit competition for significant contracts increases the risk of overpayment.

*Cause:* UConn Health personnel felt soliciting competition was not needed.

*Recommendation:* The University of Connecticut Health Center should solicit competition among qualified parties prior to entering into significant contractual obligations. (See Recommendation 3.)

*Agency Response:* “The expenditures noted above were paid against a contract based upon an RFP process. The RFP response included a provision that a separate financing fee would be agreed to, if the vendor sourced financing for UConn Health. UConn Health negotiated a fixed fee based upon RFP responses from other vendors outlining development fees and fees paid to underwriters for State of Connecticut and University of Connecticut bond issues.”

### **Inadequate Contract Terms and Monitoring**

*Criteria:* UConn Health personnel have an obligation to engage in and monitor contract terms that protect the state’s financial interests.

*Condition:* During our test of expenditures, we noted the following:

- UConn Health paid in excess of \$3,000,000 to a vendor who provided information technology hardware and software. Based upon our review of the contract and invoices related to such payments, as well as discussion with UConn Health personnel, we concluded that no one was verifying that prices paid were in agreement with the terms of the contract.

- UConn Health paid in excess of \$8,000,000 to a vendor under contract to provide food services and cafeteria operations. The contract contains a large variety of variables which affected the amount of the payment to the vendor. These variables included, the vendor's cost of goods, the vendor's labor costs, and certain sales. We found no evidence of meaningful review by UConn Health of the amounts billed by the vendor for the variable components of the contract.

*Effect:* The failure to negotiate transparent and independently verifiable amounts to be billed by vendors under the terms of a contract increases the likelihood of improper payments.

*Cause:* UConn Health has entered into contracts which do not provide end users transparency over pricing and, as such, place an overreliance on the accuracy and goodwill of the vendors who prepare the invoices.

*Recommendation:* The University of Connecticut Health Center should ensure that contracts for goods and services allow for verifiable pricing and that end users review such pricing to be in accordance with the applicable contract before approving invoices. (See Recommendation 4.)

*Agency Response:* "UConn Health works to negotiate contracts that are both in our best financial interests and transparent to the end users who utilize them. In some cases, such as when gaining access to a vendor's full catalog or when products/pricing changes frequently, UConn Health may be unable to obtain continuously updated price listings. Going forward, we will continue to work with vendors to request updated price listings as often as is practicable and to share them with the affected departments.

UConn Health currently audits the food services and cafeteria operations expenditures on a quarterly basis to ensure transparency and accuracy of the vendor's invoices. We have implemented a new departmental policy both to document and maintain records of this audit documentation for a minimum of 2 years going forward."

## **Excessive Payment Upon Separation**

*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.”

*Condition:* We noted two instances in which, upon termination of the employment of managerial employees, UConn Health paid the employees \$17,518 and \$12,624 for compensatory time.

*Effect:* UConn Health spent more than it should have on unused compensatory time.

*Cause:* UConn Health has a more generous managerial compensatory time policy than other state agencies.

*Recommendation:* The University of Connecticut Health Center should require managerial compensatory time be used within a reasonable time frame and should not include unused compensatory time in lump sum payments to managerial employees upon termination. (See Recommendation 5.)

*Agency Response:* “We believe it would be preferable to have a policy that encourages use of compensatory time in a reasonable time with managerial discretion to allow carry forward of this time or payout upon termination for managerial employees.

In a health care environment, it is not always practical or desirable to have a policy mandating this. Particularly in clinical areas, areas experiencing staff shortage or areas dealing with significant management issues, it may be in the agency’s best interest to require that a manager delay use of compensatory time to meet organizational need.”

### **Health Center Paid Long Term Disability Insurance**

*Background:* In our prior audit report, we noted that UConn Health was providing long-term disability coverage for employees who were members of the State of Connecticut State Employee 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.

*Condition:* Although UConn Health ceased long-term disability coverage for managerial employees hired after November 1, 2011, they continue

to provide long-term disability coverage for approximately 38 managerial employees hired prior to that date.

*Effect:* We estimate the cost of providing the long-term disability coverage to SERS managerial employees is approximately \$11,000 annually.

*Cause:* UConn Health believes the coverage provided by SERS to be inadequate.

*Recommendation:* The University of Connecticut Health Center should eliminate SERS managerial employees from their employer provided long-term disability plan. (See Recommendation 6.)

*Agency Response:* “We have discontinued offering this plan to managerial employees hired after November 1, 2011 despite the fact that this creates a gap in their disability coverage because such employees are aware of this fact at the time of hire. However, we continue to be concerned about withdrawing a benefit that was part of the terms and conditions of hire for managerial employees hired before November 1, 2011 and creating a coverage gap for these 38 employees.”

### **Failure to Keep Adequate Property Control Records**

*Background:* UConn Health has established a \$5,000 threshold for the capitalization and amortization of depreciation expense over the useful life of the equipment. Equipment under \$5,000 is expensed in the year purchased and is not added to the inventory of capitalized equipment. Those equipment items under \$5,000 that are believed to be sensitive, portable and theft-prone are considered controllable property and should be tracked in a manner that facilitates accountability.

UConn Health has a capitalized equipment inventory containing an estimated 17,000 items with approximately 4,400 additional items listed as controllable property.

*Criteria:* Section 4-36 of the General Statutes provides that an inventory of property shall be kept in the form prescribed by the Comptroller. The Comptroller’s State Property Control Manual requires that each agency maintain a written listing of controllable property.

Accurate inventory records are important for financial statement and insurance reporting purposes and to assist in safeguarding equipment from theft, loss and destruction. Periodic physical

inspection of the condition and the location of equipment items is a standard technique to assist in maintaining an accurate equipment inventory.

*Condition:* During our tests of UConn Health’s equipment inventory records, we noted the following:

- There were approximately 3,100 pieces of equipment assets that had not been located and inspected in over two years.
- Approximately 1,100 of the 4,400 items appearing on UConn Health’s controllable property listing did not have complete and pertinent information such as the cost and purchasing source. It was also noted that the controllable asset list was limited to a single category, computers.

*Effect:* UConn Health’s ability to safeguard assets is compromised when inventory records do not reflect periodic inspection and confirmation of location. The potential for undetected loss or theft increases when full inventories are not performed in a timely manner.

*Cause:* Noted communication errors between the inventory system and the fixed asset sub-system were not repaired ahead of the implementation of a new general ledger system and fixed asset module, causing delays in performing inventory and updating inventory records. It also appears that UConn Health is not capturing other potentially significant classes of controllable assets.

*Recommendation:* The University of Connecticut Health Center should ensure that all capitalized and controllable assets are appropriately tracked and should perform a physical inspection and confirmation of their location in a timely manner. (See Recommendation 7.)

*Agency Response:* “Fixed asset subsystems were not originally linked to our new ERP, Banner. That has been corrected and we continue to refine our procedures to ensure that the full inventory is seen at least once every two years. These efforts have been hampered by the high volume of departmental moves over the past couple years.

UConn Health continues to evaluate existing policies, procedures, and staffing models to determine how best to ensure all tagable and trackable assets are identified, logged, and tracked in accordance with the Comptroller’s manual.”

### **Internal Controls for Equipment Missing or Lost is Inadequate**

*Criteria:* The State Property Control Manual, under authority of Section 4-36 of the General Statutes, contains the policies related to assets owned or leased by a state agency.

Section 4-33a of the General Statutes of Connecticut requires the reporting of all losses and/or damage to real and personal property.

The State Property Control Manual has established a form, Report of Loss or Damage to Real and Personal Property (CO-853), for equipment items not located or missing during a physical inventory. This form is required to be submitted to the State Comptroller and Auditors of Public Accounts. It must also be reported to their own police department if the loss is due to criminal activity.

*Condition:* There were approximately 5,700 items in fiscal year 2014 which were deleted from the inventory after the inventory process failed to locate these assets for two or more years. Documentation provided shows that they were disposed without physically being on hand. These items, which we consider lost, should have been reported on form CO-853. However, we found that UConn Health does not have a process for reporting losses using this form. The book value of these items was \$235,132.

*Effect:* Internal controls pertaining to disposals and lost or missing equipment is weakened.

*Cause:* UConn Health was not fully completing required inventory procedures including all required disposal forms. As a result, items lost or misplaced were not being properly reported on form CO-853.

*Recommendation:* The University of Connecticut Health Center should strengthen internal controls for disposals and missing items. All disposals must be properly authorized and missing items must be investigated and reported to the Office of the State Comptroller and Auditors of Public Accounts on form CO-853. (See Recommendation 8.)

*Agency Response:* “Management has revised its procedures to include the timely filing of the CO-853 with all applicable parties.”

## **Moving Expense Reimbursement Policy**

*Criteria:* Reimbursement of employee moving expenses should be limited to reasonable amounts.

*Condition:* During our tests of payments to UConn Health employees, we identified payments of \$18,000, \$13,333, \$10,247, \$10,017, \$9,990 and \$7,708 made for the purpose of reimbursing the employees for their moving expenses. When we reviewed UConn Health's moving expense reimbursement policy, we determined it lacked a maximum reimbursement amount. This is in contrast to the UConn-Storrs moving expense reimbursement policy, which limits reimbursements to \$7,100.

*Effect:* UConn Health has paid more to employees than would be required if they utilized the UConn-Storrs policy.

*Cause:* UConn Health has not established a maximum employee moving expense reimbursement rate.

*Recommendation:* The University of Connecticut Health Center should establish an employee moving expense reimbursement policy that includes limits similar to the one established by UConn-Storrs. (See Recommendation 9.)

*Agency Response:* "UConn Health agrees with the need for formalized maximum moving amounts across all of UConn Health. Currently, maximum amounts generally are tied to one month's salary or \$15,000, but are determined on a case by case basis and listed in individual offer letters.

UConn Health disagrees that the amount should be set at the Storrs levels referenced. UConn Health feels that capping reimbursement consistent with Storrs could inhibit its recruiting in the highly competitive marketplaces in which it competes for talent. UConn Health will review its policies to determine what guidelines are most appropriate given its hiring goals."

## **Ineffective Use of Resources**

*Background:* UConn Health has established a separation policy for managers that, at the discretion of UConn Health, allows for the granting of certain benefits to a separating manager when the separation is related to conditions such as layoff, position elimination or management reorganization. One of those benefits is known as Notice and/or Lump Sum Payment. Notice and/or Lump Sum

Payment allows UConn Health to grant either written notification in advance of the effective date of separation or lump sum payment of salary in lieu of notice, or a combination of written notice and lump sum payment.

*Criteria:* Payments made by UConn Health should have some discernible benefit to the institution.

*Condition:* During our test of payments to UConn Health employees made upon their separation, we found a lump sum payment in lieu of notice to a manager in the amount of \$192,500. Upon further review, we determined the payment was made to the employee who elected to resign due to a pending reorganization.

*Effect:* UConn Health resources were wasted.

*Cause:* UConn Health chose to allow the employee to resign and pay a lump sum rather than give notice of the effective date of separation and find other duties commensurate with the employee's abilities until the date of separation.

*Recommendation:* The University of Connecticut Health Center should only make lump sum payments to employees in lieu of notification in instances in which the separating manager has no skill set that can benefit the institution. (See Recommendation 10.)

*Agency Response:* "The position in question was that of Chief Executive Officer for the John Dempsey Hospital with a base annual salary that exceeded \$400,000 at the time of separation. The position of CEO is a single person classification. The then incumbent was a physician executive who through a negotiated agreement resigned his position as CEO due to a pending reorganization. Significantly, the payment primarily served as "good and valuable consideration" consistent with the managerial separation policy that allowed the Health Center to secure a full release of any and all claims and causes of action that the incumbent could have filed against the Health Center upon separation. The CEO position is a highly visible one with access to a range of sensitive information. A notice period that would have allowed the incumbent to perform "other duties" at the hospital for up to a 6 month period of time was deemed by senior leadership in this instance as not in the best overall interest of the institution. In sum, it is the Agency's position that the lump sum payment in question was a reasonable risk management decision that was consistent with Board of Trustees approved policy."



## **Inadequate Procedures for Establishing Managerial Salaries**

*Criteria:* Establishing proper managerial salary levels can assist in attracting and retaining qualified personnel as well as preserve UConn Health's resources.

*Condition:* We tested the initial salaries of eleven newly hired UConn Health managers. For six of the eleven, the limited documentation available related to their hiring suggested that they were, to some extent, refilling a managerial position. In each of these six instances, the newly hired managers' initial salary exceeded the salary of their predecessor.

In an effort to determine why the newly hired managers' salaries exceeded the salaries of their predecessors, we reviewed payroll and personnel files for documentation supporting the newly hired managers' starting salary. Based upon that review, although numerous UConn Health employees had authorized the newly hired managers' salaries, we found no evidence within the payroll and personnel files to support how they determined the appropriateness of the starting salaries.

*Effect:* Establishing salaries without having control procedures and documentation standards which address important topics such as experience, education, training and market conditions increases the risk of paying inappropriate salaries as well as claims of disparate treatment among employees performing similar tasks.

*Cause:* UConn Health has not established adequate documentation standards to support starting salary levels for newly hired managers.

*Recommendation:* The University of Connecticut Health Center should develop control procedures and minimum documentation standards to assist in ensuring the propriety of managerial salaries. (See Recommendation 11.)

*Agency Response:* "We will establish and maintain improved documentation to demonstrate the propriety of managerial salaries. In the case of the salaries cited above, we will add documentation to the respective files reflecting the sound basis of those decisions."

## **Student Activity Fund**

*Background:* UConn Health imposes a student activity fee on every enrolled student. The fee is then transferred to a student activity fund and

bank account for the use of the Medical Dental Student Government (MDSG). MDSG represents the medical and dental students of the schools of medicine and dental medicine and is responsible for planning extra-curricular activities as well as allocating and disbursing monies to student organizations for their extra-curricular activities.

*Criteria:* The 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:* The MDSG wrote checks in excess of available cash balances during the months ending July 31, 2013, May 31, 2014, and June 30, 2014 in the amounts of \$1,117, \$5,499, and \$144, respectively.

Additionally the MDSG was not following the State Comptroller’s procedures for cash receipts associated with social events.

*Cause:* Lack of communication between responsible parties caused the writing of checks in excess of available balances.

The failure to follow the State Comptroller’s procedures for cash receipts was caused by a lack of familiarity with established procedures.

*Effect:* Writing checks in excess of available cash increases the risk that an overdraft may occur. Failure to properly account for receipts increases the risk that cash could go missing without being detected.

*Recommendation:* The University of Connecticut Health Center should improve communication on available cash balances among responsible parties and clearly promulgate the State Comptroller’s procedures relating to student activity funds. (See Recommendation 12.)

*Agency Response:* “Management had separately identified the overdrawn balance and had already begun corrective actions including recouping overdrawn amounts, limiting MDSG spending to their annual funding, and standardizing quarterly reports to include both budget and available cash balances.

MDSG is a student organization with student officers in charge of events which may include Revenue Producing Social Events. Leadership of the organization typically turns over each year. Management will create an orientation package which explains the

responsibilities for such items as Revenue Producing Social Events, deposits, and proper purchasing and includes the Comptroller's procedures related to student activity funds. Management will review the package as well as existing UConn Health Policies with the newly elected officers each year."

## RECOMMENDATIONS

### *Status of Prior Audit Recommendations:*

In our previous report of UConn Health, we presented twelve recommendations pertaining to UConn Health operations. The following is a summary of those recommendations and the actions taken thereon:

- UConn Health should revise its sabbatical leave request form to incorporate a requirement that employees granted sabbatical leave agree to return amounts paid during the sabbatical leave if they do not return to the service of UConn Health for a period of one year following the expiration of the sabbatical leave. This recommendation has been implemented.
- UConn Health should prepare and retain evidence to demonstrate efforts to obtain the most favorable price when purchasing items of significant cost. This recommendation is being restated and repeated. (See Recommendation 3)
- UConn Health, in an effort to reduce costs, should investigate the feasibility of using current, or hiring new staff with the requisite abilities to perform the work related to intellectual property matters that are currently being performed by outside law firms. This recommendation has been implemented.
- UConn Health should develop procedures to verify the details of any contracts that have variable components. This recommendation is being repeated. (See Recommendation 4.)
- UConn Health should require that managerial compensatory time be used within a reasonable time frame and should not make payments to managerial employees upon termination for unused compensatory time. The recommendation is being repeated. (See Recommendation 5.)
- UConn Health should establish a tuition reimbursement policy for managerial employees similar to the one established by the University of Connecticut-Storrs. This recommendation has been implemented.
- UConn Health should perform a complete physical inspection and confirmation of location of equipment items in a timely manner. This recommendation is being repeated. (See Recommendation 7.)
- UConn Health should take greater care in safekeeping important procurement documents. We did not identify the conditions upon which this recommendation was based in the current audit. This recommendation is not being repeated.

- UConn Health should periodically acquire Service Organization Control Reports from its outside service organizations. Those reports should be reviewed by the Health Center's Audit Services Unit. This recommendation has been implemented.
- UConn Health should investigate the benefits of installing a computerized perpetual inventory system for the non-controlled pharmaceuticals currently not being monitored by such a system. This recommendation has been implemented.
- UConn Health should investigate whether the use of the State Tax Intercept Program will assist in maximizing accounts receivable collections. UConn Health made a significant effort to try and implement this recommendation. This recommendation is not being repeated.
- UConn Health should eliminate SERS managerial employees from their employer provided long-term disability plan. The recommendation is being repeated. (See Recommendation 6.)

*Current Audit Recommendations:*

- 1. The University of Connecticut Health Center should establish clear criteria upon which proposals for major construction contracts will be evaluated and integrate such criteria within the RFP prior to soliciting those proposals. Additionally, a selection committee should be established to evaluate and score the criteria.**

Comment:

We found an instance in which UConn Health entered into a contract and there was no evidence that clear selection criteria was established, no evidence of a selection committee, and no evidence of proposal ratings.

- 2. The University of Connecticut Health Center should maintain custody of bids and proposals until they are opened publically.**

Comment:

We noted an instance in which an outside contractor collected the proposals related to a purchase in excess of \$2,000,000.

- 3. The University of Connecticut Health Center should solicit competition among qualified parties prior to entering into significant contractual obligations.**

Comment:

We noted an instance in which UConn Health increased the value of an existing contract by \$1,400,000 without soliciting competition among interested qualified parties.

- 4. The University of Connecticut Health Center should ensure that contracts for goods and services allow for verifiable pricing and that end users review such pricing to be in accordance with the applicable contract before approving invoices.**

Comment:

We noted two instances in which UConn Health did not verify that amounts billed were in agreement with the terms of the applicable contract. Payments to the related vendors exceeded \$3,000,000 and \$8,000,000.

- 5. The University of Connecticut Health Center should require managerial compensatory time be used within a reasonable time frame and should not include unused compensatory time in lump sum payments to managerial employees upon termination.**

Comment:

We noted two instances in which UConn Health paid terminated employees for their compensatory time. These payments totaled \$30,142.

- 6. The University of Connecticut Health Center should eliminate SERS managerial employees from their employer-provided long-term disability plan.**

Comment:

We found that UConn Health continues to provide long-term disability coverage for approximately 38 managerial employees hired prior to November 1, 2011.

- 7. The University of Connecticut Health Center should ensure that all capitalized and controllable assets are appropriately tracked and should perform a physical inspection and confirmation of their location in a timely manner.**

Comment:

Approximately 3,100 items of capital assets had not been located and inspected in over two years. Approximately 1,100 items of controllable assets did not have complete and pertinent information.

- 8. The University of Connecticut Health Center should strengthen internal controls for disposals and missing items. All disposals must be properly authorized and missing items must be investigated and reported to the Office of the State Comptroller and Auditors of Public Accounts on Form CO-853.**

Comment:

There were approximately 5,700 inventory items lost in fiscal year 2014 which were not reported on form CO-853 to the Comptroller's Office and the Auditors of Public Accounts. The collective book value of these items was \$235,132.

**9. The University of Connecticut Health Center should establish an employee moving expense reimbursement policy that includes limits similar to the one established by UConn-Storrs.**

Comment:

We found that UConn Health's moving expense reimbursement policy does not contain a maximum reimbursement amount.

**10. The University of Connecticut Health Center should only make lump sum payments to employees in lieu of notification in instances in which the separating manager has no skill set that can benefit the institution.**

Comment:

During our tests of payments made upon separation, we found a lump sum payment of \$192,500 in lieu of notice to a manager, who elected to resign due to a pending reorganization.

**11. The University of Connecticut Health Center should develop control procedures and minimum documentation standards to assist in ensuring the propriety of managerial salaries.**

Comment:

We found six instances in which the initial salary of newly hired managers exceeded the salary of their predecessors. We found no evidence within the payroll and personnel files to support the appropriateness of the starting salaries.

**12. The University of Connecticut Health Center should improve communication on available cash balances among responsible parties and clearly promulgate the State Comptroller's procedures relating to student activity funds.**

Comment:

We found three instances in which Medical Dental Student Government (MDSG) wrote checks in excess of its available cash balance, in amounts of \$1,117, \$5,499, and \$144. In addition, we found that MDSG was not following the State Comptroller's procedures for cash receipts.

**CONCLUSION**

We wish to express our appreciation to the staff of the University of Connecticut Health Center for the cooperation and courtesies extended to our representatives during this examination.



Gregory J. Slupecki  
Principal Auditor

Approved:



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts



# List of Exhibits

Available electronically at <http://accreditation.uconn.edu/2016-neasc-accreditation/>.

## **Preamble Exhibits**

- P.1 – Affirmation of Compliance
- P.2 – Student Achievement and Success: Making Assessment More Explicit (E series)
- P.3 – Documenting Student Success (S-series)
- P.4 – 2011 NEASC Interim Report Letter

## **Standard One Exhibits**

- 1.1 – UCONN 2000
- 1.2 – University-Wide Assessment Plan

## **Standard Two Exhibits**

- 2.1 – Academic Vision
- 2.2 – Academic Vision Goals Metrics
- 2.3 – Program Review Self-Study Template
- 2.4 – Academic Centers and Institutes Best-Practices Guidelines

## **Standard Three Exhibits**

- 3.1 – By-Laws of the University of Connecticut
- 3.2 – University Organizational Charts
- 3.3 – Diversity Task Force Report
- 3.4 – By-Laws, Rules, and Regulations of the University Senate

## **Standard Four Exhibits**

- 4.1 – Academic Advising Task Force Report
- 4.2 – GEU-UAW Collective Bargaining Agreement
- 4.3 – Undergraduate Catalog
- 4.4 – Graduate Catalog
- 4.5 – Student Evaluation of Teaching Form and Data
- 4.6 – 2016 Facts Sheet

## **Standard Five Exhibits**

- 5.1 – Responsibilities of Community Life - The Student Code
- 5.2 – Higher Education Retention Records
- 5.3 – Division of Student Affairs Strategic Plan

## **Standard Six Exhibits**

- 6.1 – Longitudinal Storrs Research Data, 2015
- 6.2 – Full-Time Teaching Faculty by Rank and Gender
- 6.3 – American Association of University Professors Collective Bargaining Agreement

## 6.4 – 2014 Faculty Data

### **Standard Seven Exhibits**

- 7.1 – University of Connecticut Professional Employees Association Collective Bargaining Agreement
- 7.2 – Degrees Conferred
- 7.3 – University Libraries: Additional Information
- 7.4 – IT Strategic Plan
- 7.5 – IT Governance PPT
- 7.6 – Campus Master Plan
- 7.7 – District Guidelines
- 7.8 – Classroom Design Standards
- 7.9 – Comprehensive Plan for Next Generation Connecticut: Investment Principles FY 15-24
- 7.10 – UConn Storrs Financial Report, June 30, 2015
- 7.11 – UConn Health Financial Report, June 30, 2015
- 7.12 – State of Connecticut Auditors’ Report – University of Connecticut – Fiscal Years Ended June 30, 2012 and 2013 (Includes Auditors’ Management Letter with Recommendations)
- 7.13 – State of Connecticut Auditors’ Report – University of Connecticut Health Center – Fiscal Years Ended June 30, 2013 and 2014 (Includes Auditors’ Management Letter with Recommendations)