

# STATE OF CONNECTICUT



**AUDITORS' REPORT  
BOARD OF REGENTS FOR HIGHER EDUCATION  
CENTRAL CONNECTICUT STATE UNIVERSITY  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2012**

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

## Table Of Contents

---

INTRODUCTION .....	1
COMMENTS .....	2
FOREWORD .....	2
Recent Legislation .....	2
Enrollment Statistics .....	3
RÉSUMÉ OF OPERATIONS .....	4
Operating Revenues .....	5
Operating Expenses .....	6
Nonoperating Revenues .....	6
Central Connecticut State University Foundation, Inc. ....	7
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS .....	9
Personal Service Agreements and Other Procurements .....	9
Student Activity Trustee Account Expenditures .....	12
Information Technology Disaster Recovery Plan .....	14
Information Technology System Access .....	15
Dual Employment .....	18
Revenue-Generating Contracts and Agreements .....	20
Asset Management .....	23
Sick Leave Accruals for Student Workers .....	25
Travel-Related Expenditures .....	26
Employee Background Checks .....	27
Trustee Accounts – Graduate Student Association Scholarships .....	29
Other Audit Examination .....	30
RECOMMENDATIONS .....	31
CONCLUSION .....	38

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

State Capitol  
210 Capitol Avenue  
Hartford, Connecticut 06106-1559

ROBERT M. WARD

February 23, 2015

### **AUDITORS' REPORT BOARD OF REGENTS FOR HIGHER EDUCATION CENTRAL CONNECTICUT STATE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2012**

We have audited certain operations of Central Connecticut State University (CCSU) in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2011 and 2012. The objectives of our audit were to:

1. Evaluate CCSU internal controls over significant management and financial functions;
2. Evaluate CCSU compliance with policies and procedures internal to the university or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the 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; 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 information 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 CCSU.

## **COMMENTS**

### **FOREWORD**

Central Connecticut State University, located in New Britain, Connecticut, is one of the four higher education institutions that collectively make up the Connecticut State University System (CSUS). The other three are Eastern Connecticut State University in Willimantic, Southern Connecticut State University in New Haven, and Western Connecticut State University in Danbury. During most of the audited period, the university was administered by the Board of Trustees for the CSUS through its central office, known as the System Office, in Hartford. Effective January 1, 2012, a consolidation of the administration of the state's public higher education institutions was implemented, with a new Board of Regents for Higher Education serving as the administrative office for CSUS, the Connecticut Community College System, and Charter Oak State College. CSUS, currently part of the Connecticut State Colleges and Universities (ConnSCU) System and a constituent unit of the State of Connecticut's system of higher education, operated principally under the provisions contained in Sections 10a-87 through 10a-101 of the General Statutes.

Dr. Jack Miller served as university president during the audited period.

### **Recent Legislation**

The following notable legislative changes affecting the university took effect during the audited period:

- Public Act No. 11-43 – Effective July 1, 2011, expanded in-state tuition benefits to include certain students attending state public higher education institutions, including those without legal immigration status, who reside in Connecticut.
- Public Act No. 11-48 – Effective July 1, 2011, Section 22 of this act required the state’s higher education institutions to work with the secretary of the Office of Policy and Management, the Department of Administrative Services, and the Comptroller to more fully utilize the state’s Core-CT information system. Effective July 1, 2011, Sections 211 through 227 and Section 230 of this act consolidated the administration of all of the state’s public higher education institutions, except the University of Connecticut, under a new Board of Regents for Higher Education (BOR). Effective January 1, 2012, the BOR replaced the Board of Trustees for the Connecticut State University System (BOT). The BOT, subject to oversight by the BOR, served during the transition period.
- Public Act No. 11-61 – Effective July 1, 2011, Section 106 of this act modified subsection (a) of Section 211 of Public Act No. 11-48, swapping the members of legislative leadership responsible for selecting the specialist in K-12 education on the Board of Trustees and the alumnus of the Connecticut State University System.
- Public Act No. 11-52 required, among other things, that state employers provide paid sick leave to certain service workers beginning on January 1, 2012, at the rate of one hour of paid sick leave for each 40 hours worked. With respect to the Connecticut state universities, student workers should have started accruing sick leave effective January 1, 2012.

### **Enrollment Statistics**

The university provided the following enrollment statistics for full-time and part-time students during the audited period:

	<u>Fall 2010</u>	<u>Spring 2011</u>	<u>Fall 2011</u>	<u>Spring 2012</u>
Full-Time Undergraduate	7,925	7,377	7,823	7,223
Full-Time Graduate	615	548	615	569
Total Full-Time	<u>8,540</u>	<u>7,925</u>	<u>8,438</u>	<u>7,792</u>
Part-Time Undergraduate	2,160	2,195	2,269	2,174
Part-Time Graduate	1,777	1,806	1,814	1,645
Total Part-Time	<u>3,937</u>	<u>4,001</u>	<u>4,083</u>	<u>3,819</u>
<b>Total Enrollment</b>	<u><b>12,477</b></u>	<u><b>11,926</b></u>	<u><b>12,521</b></u>	<u><b>11,611</b></u>

The average of the fall and spring semesters’ total enrollment was 12,202 and 12,066 during the 2010-2011 and 2011-2012 fiscal years respectively, compared to an average of 12,302 during the 2009-2010 fiscal year. Enrollment remained relatively stable with the total average number

of enrolled students decreasing by 100 (0.8 percent) from fiscal year 2010 to 2011 and 136 (1.1 percent) from 2011 to 2012.

## **RÉSUMÉ OF OPERATIONS**

During the audited period, university operations were primarily supported by appropriations from the state's General Fund and tuition and fees credited to the university's Operating Fund. In addition, the university received capital projects funds generated from state bond issues. Such funds were earmarked to finance various capital projects on campus.

General Fund appropriations were not made to the university directly. Rather, General Fund appropriations for the entire ConnSCU System, primarily for personal services and related fringe benefits, were made available to the ConnSCU System Office, where the allocations of these amounts were calculated and transfers of these funds were made periodically to the university's Operating Fund.

Operating Fund receipts primarily consisted of student tuition payments received by the university. Under the provisions of Section 10a-99 subsection (a) of the General Statutes, tuition charges were set by the Board of Regents for Higher Education. The following presents annual tuition charges for full-time students during the audited fiscal years:

Student Status:	<u>2010 - 2011</u>			<u>2011 - 2012</u>		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
Undergraduate	\$ 4,023	\$ 13,020	\$ 6,035	\$ 4,124	\$ 13,346	\$ 6,186
Graduate	5,012	13,962	7,519	5,137	14,311	7,707

In accordance with Section 10a-67 of the General Statutes, the Board of Regents for Higher Education sets tuition amounts for nonresident students enrolled in the ConnSCU System through the New England Regional Student Program at an amount equal to one-and-one-half that of in-state tuition. Tuition for part-time students is charged on a prorated basis according to the number of credit hours for which a student registers.

Besides tuition, the university charged students various other fees during the audited years, including a General Fee and a State University Fee, among others. The following presents these fees, on an annual basis, during the audited fiscal years:

Fee Description:	<u>2010 - 2011</u>			<u>2011 - 2012</u>		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
General	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,825	\$ 2,825	\$ 2,825
State University	942	2,310	942	966	2,368	966

In addition, the Housing and Food Service fees required of resident students represent a significant portion of the operating revenues category titled Auxiliary Revenues. The following presents the average annual Housing fee (double occupancy) and Food Service fee during the audited period:

Fee Description:	<u>2010 - 2011</u>	<u>2011 - 2012</u>
Housing	\$ 5,528	\$ 5,666
Food Service	4,004	4,104

### **Operating Revenues**

Operating revenues are derived from the sale or exchange of goods and services relating to the university's educational and public service activities. Major sources of operating revenue include tuition and fees, federal grants, state grants, and auxiliary services.

Operating revenues as presented in the university's audited financial statements for the audited period and previous fiscal year follow:

	<u>2009 - 2010</u>	<u>2010 - 2011</u>	<u>2011 - 2012</u>
Tuition and Fees (net of scholarship allowances)	\$ 71,528,847	\$ 75,174,351	\$ 75,904,705
Federal Grants and Contracts	18,773,582	18,576,045	16,344,872
State and Local Grants and Contracts	5,893,371	5,771,572	5,116,120
Non-Governmental Grants and Contracts	840,920	832,610	938,836
Indirect Cost Recoveries	428,438	463,344	463,071
Auxiliary Revenues	23,831,051	25,293,548	24,017,634
Other Operating Revenues	<u>2,988,103</u>	<u>4,204,065</u>	<u>3,417,559</u>
Total Operating Revenues	<u>\$124,284,312</u>	<u>\$130,315,535</u>	<u>\$126,202,797</u>

Operating revenues totaled \$130,315,535 and \$126,202,797 during the fiscal years ended June 30, 2011 and 2012, respectively, compared to \$124,284,312 during the fiscal year ended June 30, 2010. These amounts reflect an increase of \$6,031,223 (4.9 percent) in fiscal year 2011 and a decrease of \$4,112,738 (3.2 percent) in 2012.

The increase in operating revenues during the fiscal year ended June 30, 2011 can be primarily attributed to an increase in tuition and fees. In addition, an increase in Housing and Food Service fees (Auxiliary Revenues) helped to boost overall operating revenues during the 2011 fiscal year. The decrease in operating revenues during the fiscal year ended June 30, 2012 was, in large part, due to a decrease in federal and state funding received by the university. These decreases were caused by a reduction of federal Sallie Mae Alternative Student Loans issued, the end of the Business Development Program grant, and a reduction in state funding for the Connecticut State Scholarship. Furthermore, a reduction in the amount of Housing and Food Service fees, caused by a decrease in participation, helped push the university's total operating revenues lower in 2012.

**Operating Expenses**

Operating expenses generally result from payments made for goods and services to achieve the university's mission of instruction and public service. Operating expenses include employee compensation and benefits, professional services, supplies, and depreciation, among others.

Operating expenses as presented in the university's audited financial statements for the audited period and the previous fiscal year follow:

	<b>2009 - 2010</b>	<b>2010- 2011</b>	<b>2011 - 2012</b>
Personal Service and Fringe Benefits	\$ 117,590,246	\$ 124,688,278	\$ 126,857,602
Professional Services and Fees	7,659,387	7,856,965	8,577,679
Educational Services and Support	31,610,473	30,625,593	27,689,210
Travel Expenses	2,478,869	2,766,276	2,842,930
Operation of Facilities	20,784,300	23,545,240	15,996,043
Other Operating Supplies and Expenses	5,179,730	4,841,329	4,542,567
Depreciation Expense	13,108,618	13,409,888	13,365,550
Total Operating Expenses	<u>\$ 198,411,623</u>	<u>\$ 207,733,569</u>	<u>\$ 199,871,581</u>

Operating expenses totaled \$207,733,569 and \$199,871,581 during the fiscal years ended June 30, 2011 and 2012, respectively, compared to \$198,411,623 during the fiscal year ended June 30, 2010. These amounts reflect an increase of \$9,321,946 (4.7 percent) during fiscal year 2011 and a decrease of \$7,861,988 (3.8 percent) in 2012.

The increase in operating expenses during fiscal year 2011 was due, in large part, to a temporary increase in salaries and related fringe benefits, which was reversed with the acceptance of a revised agreement between the state and the State Employees Bargaining Agent Coalition (SEBAC). In addition, the state's 2009 agreement with SEBAC helped reduce personal service and fringe benefit costs in 2010 by requiring state employees to take unpaid furlough days, which were not required in 2011. The \$7,861,988 decrease in operating expenses during fiscal year 2012 was primarily due to the completion of various projects at the university. Expenses related to these projects had been recorded in the Operation of Facilities category in the prior fiscal year.

**Nonoperating Revenues**

Nonoperating revenues are revenues that are not from the sale or exchange of goods or services that relate to the university's primary functions of instruction, academic support, and student services. Nonoperating revenues include items such as the state's General Fund appropriation, private gifts and donations, investment income, and state-financed plant facilities revenues. The state-financed plant facilities category represents the recognition of revenue from capital projects completed at the university by the Division of Construction Services.



Nonoperating revenues during the audited years and the previous fiscal year were presented in the university's audited financial statements as follows:

	<u>2009 - 2010</u>	<u>2010 - 2011</u>	<u>2011 - 2012</u>
State Appropriations	\$ 72,786,361	\$ 74,005,435	\$ 62,938,292
Gifts	632,807	902,976	1,094,220
Investment Income	267,511	197,395	137,991
Interest Expense	-	(13)	(7)
Other Nonoperating Revenues	393,709	384,742	427,343
State-Financed Plant Facilities	2,190,231	239,018	219,932
Transfer to the State of Connecticut	(4,409,197)	-	-
Total Nonoperating Revenues	<u>\$ 71,861,422</u>	<u>\$ 75,729,553</u>	<u>\$ 64,817,771</u>

Nonoperating revenues totaled \$75,729,553 and \$64,817,771 during the fiscal years ended June 30, 2011 and 2012, respectively, compared to \$71,861,422 during the fiscal year ended June 30, 2010. The \$3,868,131 (5.4 percent) increase from fiscal year 2010 to 2011 was caused by an increase in state appropriations received as well as a decrease in one-time transfers to the State of Connecticut, which offset the decrease in state-financed plant facilities revenues. The \$10,911,782 (14.4 percent) decrease in nonoperating revenues from 2011 to 2012 can be primarily attributed to a decrease in state appropriations received by the university.

In addition to the operating and nonoperating revenues presented above, the university's financial statements disclosed revenues classified as state appropriations restricted for capital purposes totaling \$5,293,030 and \$13,809,262 for the fiscal years ended June 30, 2011 and 2012, respectively.

### **Central Connecticut State University Foundation, Inc.**

The Central Connecticut State University Foundation, Inc. is a private, nonprofit corporation established to raise funds to support the activities of the university.

Sections 4-37e through 4-37k of the General Statutes define and set requirements for such organizations that support state agencies. The requirements address the annual filings of an updated list of board members with the state agency for which the foundation was established; financial record keeping and reporting in accordance with generally accepted accounting principles; financial statement and audit report criteria; written agreements concerning the use of facilities and resources; compensation of state officers or employees; and the state agency's responsibilities with respect to affiliated foundations.

Audits of the books and accounts of the foundation were performed by an independent certified public accounting firm for the fiscal years ended June 30, 2011 and 2012, in accordance with Section 4-37f subsection (8) of the General Statutes. The auditors expressed unqualified opinions on the foundation's financial statements in both fiscal years. In addition, the foundation's audit reports disclosed no reportable instances of noncompliance with Sections 4-37e through 4-37j of the General Statutes.

The foundation's financial statements reported revenues, gains, and other support totaling \$13,633,371 and \$7,001,920 during the fiscal years ended June 30, 2011 and 2012, respectively. Net assets were reported at \$38,282,613 and \$42,845,265 as of June 30, 2011 and 2012, respectively.

## **STATE AUDITORS' FINDINGS AND RECOMMENDATIONS**

### **Personal Service Agreements and Other Procurements**

*Criteria:* Proper internal controls dictate that payments to vendors for goods or services be supported by vendor invoices and made only after the goods or services are received. Furthermore, when expenditures are incurred in relation to services provided to the university by its employees, documentation should be maintained to support that the services had been performed.

It is good business practice to ensure that a written personal service agreement is in place and signed by all relevant parties before related services are provided.

Payments for purchases should be charged to the correct accounts to help ensure that financial statements and the accounting records on which they are based are not misstated.

*Condition:* During our audit, we tested 15 disbursements, totaling \$337,051, made during our audited period. These disbursements related to 15 personal service agreement contracts with an aggregate value of \$2,108,201. Our review of these transactions disclosed the following:

- Three instances in which the university made payments to vendors, totaling \$13,050, for services received without a vendor invoice on file to support the payment; and
- Two instances in which the university failed to execute personal service agreement contracts, totaling \$148,200, in a timely manner. In these instances, the contractors signed the personal service agreements 18 and 38 business days after the start of the contract period, while the corresponding signatures from the university were obtained 27 and 54 business days after the start of the contract period. In addition, the authorization signatures from the Attorney General's Office were obtained 33 and 71 business days after the start of the contract period.

We also reviewed 15 purchasing cardholder statements containing expenditures totaling \$136,779. Our review of these statements disclosed an instance in which a purchasing card was used to pay the Internet service provider fees, totaling \$261, at the personal residences of five university IT employees. Per the university, it pays the fees so that these employees can access the university's information system from home when necessary. However, the university informed us that

it did not maintain any logs documenting the work performed by these employees from their personal residences, or whether any work was performed at all. Upon further review of the university's records, we noted numerous other instances in which the university paid the personal Internet service provider fees for some IT employees. These fees totaled \$11,352 for the 2012 and 2013 fiscal years combined. Additionally, our review of the aforementioned transactions in Banner, the university's information system, disclosed that all of the expenditures were coded to an account titled, Electricity. Based on the purpose of these expenditures, it appears that it would have been more appropriate to process and code these transactions as employee reimbursements.

Furthermore, during the course of our audit, we became aware of an instance in which the university paid a vendor \$8,995 in advance for the purchase of a piece of specialized equipment to be used in a program to train young adults in a range of career fields. This piece of equipment was never delivered to the university. It was noted, however, that the university attempted to obtain the piece of equipment from the vendor or receive a refund. The university also contacted the appropriate state agencies, including the Office of the Attorney General, regarding this matter. Ultimately, the university decided not to pursue this matter further because recovery of the funds was unlikely and the anticipated cost of trying to recover the funds was significant.

*Effect:*

The lack of vendor invoices in certain instances decreased assurance that payments for personal services were valid and made in the correct amounts.

Regarding the untimely execution of personal service agreements, there was decreased assurance in some instances that the terms of agreements for personal services met the approval of the interested parties before related services were provided.

With respect to the instances in which the university paid the personal Internet costs of certain employees, we were unable to determine what, if any, activity was performed from the personal residences of these employees.

The miscoding of payments noted could distort the university's financial statements. In turn, the university's management, and others who rely on the university's financial statements, could make decisions based on incorrect data.

In general, controls over the university's purchasing process were weakened.

*Cause:*

In the instances in which the university issued payments for services received without a vendor invoice on file, we were informed that, at the time, the university considered the signed personal service agreement contract to be sufficient to support the payment amount. We were also informed that after our prior audit report was issued in December 2012, the university changed its policies, based on our recommendation, to require vendors to submit an invoice referencing the personal service agreement contract with the university in order to receive payment for service rendered. However, this change took effect after our audited period. Therefore, we did not perform testing to determine whether the new policy had been implemented or whether it was working as intended.

Regarding the instances in which the university paid the personal Internet service costs of certain employees, we were informed that it has been the university's practice to pay the Internet service provider fees at the personal residences of certain employees in case they need to remotely access the university's information system.

With respect to the prepayment made by the university for the purchase of a piece of specialized equipment, we were informed that the university was trying to get the equipment in time for the start of a career training program it was running and the vendor would not accept a purchase order.

*Recommendation:*

Central Connecticut State University should improve internal controls over its procurement function by ensuring that vendor invoices are obtained to support payments made, payment for goods or services is only made after the goods or services are received, and personal services agreements are executed in a timely manner. In addition, going forward, CCSU should consider processing the payment of personal Internet service fees for some of its employees as employee reimbursements. (See Recommendation 1.)

*Agency Response:*

"The university partially agrees with the recommendations and has already implemented the following changes as a result of the FY 2009 and FY 2010 audit issued in December, 2012:

- Effective 7/1/13, the university implemented a process which requires an invoice as we believe this is a best practice. The three (3) Personal Service Agreement (PSA) payments made were in accordance with the terms and conditions of the PSA and

authorized and approved by the Project Director in accordance with the procedures that were in place at the time.

- Contracts and PSA training was conducted the week of February 24, 2014. Five sessions were held and approximately 70 employees attended. Topics that were discussed included the request and lead time that PSA's and contracts require as well as the procedures, rules and regulations.
- Effective 10/1/13, any prepayment item requires the Chief Financial Officer's approval, unless it is a subscription or membership which requires prepayment.
- As a result of the 09 and 10 audit, held and coordinated a system-wide contracts training given by the Office of the Attorney General.
- In 2001, the university determined that there was a need for certain employees to monitor our administrative computing system after hours so that potential system failures could be immediately addressed. Since internet service is now virtually ubiquitous in Connecticut, the university has stopped these reimbursements effective July 1, 2014. With respect to the miscoding, the university had self-identified the mapping error and corrected it in December of 2012."

### **Student Activity Trustee Account Expenditures**

*Criteria:* Section 4-52 of the General Statutes defines a trustee account as, among other things, an account operated in any state educational institution for the benefit of the students.

The State Comptroller's Accounting Procedures Manual for Trustee Accounts provides that officers of student organizations should prepare a student funds payment voucher when making payments charged to trustee accounts. According to the manual, "The payment voucher should be signed by the authorized officer of the student organization and possibly co-signed by the authorized faculty advisor or dean of students."

The manual also requires that "copies of minutes of all meetings held by student organizations be on file...and available for audit. The minutes must clearly indicate all action taken by the group, particularly that concerning financial matters."

The university's Student Activities/Leadership Development policy manual requires that student club and organization presidents or treasurers fill out Prior Approval Reimbursement/P-Card Purchase forms when making purchasing card purchases.

*Condition:*

We tested a total of 25 student trustee account purchases, totaling \$50,767, made during the audited period and noted the following:

- One instance in which a student organization made a purchase, totaling \$629, which was paid for with a purchasing card and the related P-Card Purchase Request and Transfer form was completed after the purchase was made. In this instance, the form was completed 52 business days after the purchase was made;
- Seven instances in which a purchasing card was used to make student organization purchases, totaling \$4,571, and a P-Card Purchase Request and Transfer Form was not on file to document the student organization advisor's approval of the purchase;
- Three instances in which expenditures were incurred by student organizations for goods or services, totaling \$9,001, prior to the approval of the related purchase orders. In two of these instances, the purchase order was approved one business day after the expenditure was incurred. In the third instance, the purchase order was approved nine business days after the expenditure was incurred;
- One instance in which the university issued \$4,250 in stipend payments from a trustee account without documented student approval via student organization meeting minutes or vouchers signed by student organization officers; and
- Nine instances in which there were no minutes of student organization meetings or vouchers signed by a student organization officer to support student organization approval of payments made, which amounted to \$21,076.

*Effect:*

The university, at times, did not comply with the State Comptroller's Accounting Procedures Manual for Trustee Accounts with respect to maintaining minutes of student organization meetings and preparing payment vouchers signed by student organization officers. As a result, there was less assurance that payments made met the approval of student organizations.

*Cause:*

In some instances, established controls were not being carried out as designed.

*Recommendation:* Central Connecticut State University should improve controls over student activity account expenditures by following the procedures detailed in the State Comptroller's Accounting Procedures Manual for Trustee Accounts and the university's Student Activities/Leadership Development policy manual. Among other things, the university should maintain minutes of student organization meetings and payment vouchers signed by student organization officers to support student activity purchases. (See Recommendation 2.)

*Agency Response:* "The university agrees with the recommendations and as a result of the audit conducted for FY 2009 and FY 2010 issued in December 2012 has implemented the following changes:

- Effective fall 2013, CCSU changed the P-Card Request and Transfer Form so all purchases require the form to be completed.
- Effective fall 2013, CCSU began to actively require organizations to submit minutes and take steps to bring the clubs into compliance. A letter was sent out to all funded clubs explaining that each club adhere to the following requirements:
  - Minutes of all meetings submitted to Collegiate Link before any purchases can be made.
  - Minutes need to include the time of the meeting, attendees, as well as any financial matters that were voted upon.
  - Clubs can only vote and spend money on line items that have already been approved by the Student Government Association (SGA) unless they are using fund-raising money.
  - The minutes have to be attached to all funding requests.
- Each club received training and training materials regarding the proper submission of minutes. CCSU continues to monitor compliance and provide additional training to those organizations which are still non-compliant."

## **Information Technology Disaster Recovery Plan**

*Criteria:* Disaster recovery and business continuity plans should be established to help minimize the risks of negative business impact in the event of an information technology service interruption. These plans should be updated regularly and routinely tested to ensure systems and data can be recovered timely following a disaster or other interruption.

*Condition:* Our audit disclosed that, at the time of our examination in April 2013, the disaster recovery plan in place at the university was outdated.



Furthermore, we were unable to determine when the plan was last tested or what the results of that test were.

*Effect:* The lack of an adequate disaster recovery plan could extend the time required to recover and resume critical infrastructure and application systems after a disaster or interruption in service. Not testing the disaster recovery plan on a regular basis increases the risk that the plan will not produce the intended results when executed and/or it will be insufficient.

*Cause:* We were informed that the university is in the process of drafting an IT Disaster Recovery Plan specific to CCSU and has been relying on its Emergency Procedures Guide and the Connecticut State University System Disaster Recovery Plan during this process.

*Recommendation:* Central Connecticut State University should continue its efforts to develop a formal, written disaster recovery plan. In addition, the university should ensure that, once in place, the disaster recovery plan is reviewed and updated, if needed, on a regular basis. Furthermore, the university should periodically test the plan to determine its adequacy. The results of those tests should be documented. (See Recommendation 3.)

*Agency Response:* “The university agrees with this recommendation. On June 30, 2014, CCSU's Information Technology department completed a comprehensive update of our Information Technology Disaster Recovery Plan. This plan includes a specific set of guidelines and potential responses that complement the university's "Emergency Procedures Guide.”

The disaster recovery plan CCSU had been partially relying on was developed in April 2010 and the period being audited is from 7/1/10 through 6/30/12. As of this date, the University agrees with the finding that the CSU System's “Disaster Recovery Plan” on which we partially relied was somewhat outdated. However, the new CCSU plan is up-to-date and it will be regularly reviewed and maintained. This information complements the “Emergency Procedures Guide” that contains various information on how to deal with a number of emergencies that may occur on campus.”

## **Information Technology System Access**

*Background:* The ConnSCU System uses an enterprise administrative information system, known as Banner, to maintain its accounting and student academic records. The ConnSCU System is considered a limited scope agency in relation to Connecticut state government's centralized

financial and administrative information system, Core-CT, which the ConnSCU System uses primarily to process payroll and human resources data.

*Criteria:*

A good internal control system requires a separation of duties among employees so that certain functions, such as authorizing, recording, and reviewing transactions are not performed by the same employee. Payroll and human resources functions are included among the duties that should be separated in order to reduce the risk of error or fraud.

Adequate internal controls over information systems require that information system access granted to employees be promptly terminated upon separation from service.

*Condition:*

At the time of our review in March 2013, 11 employees, all from the Human Resources and Payroll Departments, were concurrently provided the Agency HR Specialist role and the Agency Payroll Specialist and/or Time and Labor Specialist roles in the state's Core-CT information system. In other words, the employees had write access to both the Core-CT human resources and payroll systems, which would give them the ability to add people to the payroll and process payments to them.

While the university had compensating controls in place during the audited period to offset the risk of this lack of segregation of duties, it appears that these controls were not adequate. However, the university informed us that based on the recommendation in our prior audit report, dated December 20, 2012, it reevaluated these controls and, as of March 2013, incorporated a third-party review (an independent review from an employee outside of the Human Resources and Payroll Departments) of the transactions made in these departments to reduce the risk of error or fraud occurring and going undetected. Based on our understanding of this new procedure, it appears that it would be sufficient to reduce the risk in this area to an appropriate level; however, we cannot be certain until the compensating control is tested.

In addition, we noted the following:

- Our review of ten employees with Banner accounts who separated from the university disclosed one instance in which the university did not promptly terminate a user account upon the employee's separation. In the instance noted, the employee's user account remained active for seven business days after the IT Department was notified of the employee's retirement from the university.

- Our review of ten employees with BlueNet user accounts who separated from the university during the audited period disclosed an instance in which the university did not promptly terminate an employee's BlueNet user account upon the employee's separation. In this instance, the employee's user account remained active for eight business days after the IT Department was notified of the employee's retirement.
- Our review of five employees with access to Core-CT who separated from the university during the audited period disclosed two instances in which the university did not promptly terminate the Core-CT user accounts of employees who separated from the university. In the instances noted, the employees maintained their access for 35 and 104 business days after they had separated from the university.

*Effect:* Internal controls over information systems were weakened.

*Cause:* With respect to employees of the Human Resources and Payroll Departments who held write access privileges to both human resources and payroll systems, the university believes that the level of access granted to these employees is necessary to perform certain data entry functions within the Core-CT system.

Existing controls did not, at times, promote the timely deactivation of information system access.

*Recommendation:* Central Connecticut State University should promptly deactivate information system access upon an employee's separation from university employment. In addition, the university should adjust the level of Core-CT access for certain employees of the Human Resources and Payroll Departments to improve the separation of duties within those departments. As an alternative, CCSU should implement a compensating control system that would require an employee independent of both Human Resources and Payroll Departments to monitor, at least monthly, changes in payroll transactions to ensure that such changes are valid and authorized. Such reviews should be documented. (See Recommendation 4.)

*Agency Response:* "The university agrees with the recommendation. The university has a process in place where by once the separation of an employee is known, the university schedules the termination of access to occur within 24 hours of the date of separation.

The first 2 bullets (banner and blue net access) noted above pertain to the same individual. The access termination for this employee did not

follow the established protocol because the employee was going to return as a temporary worker retiree, which ultimately did not occur. With respect to the Core-CT access, in each of these cases the Core-CT security request form was delayed in being submitted by 35 and 104 days, however, their access was terminated within 10 days of separation.”

## **Dual Employment**

### *Criteria:*

Section 5-208a of the General Statutes bars state employees from being compensated by more than one state agency unless the appointing authorities at such agencies certify that the duties performed and hours worked are outside the responsibilities of the employee’s primary position, there is no conflict in schedules between the positions, and no conflict of interest exists between or among the positions.

This section also sets forth similar requirements for employees holding multiple positions within the same state agency. These requirements prohibit an agency from compensating an employee for services rendered unless the appointing authority of such agency or a designee certifies that the duties performed are not in conflict with the employee’s primary responsibility to the agency, the hours worked on each assignment are documented and reviewed to preclude duplicate payment, and a conflict of interest between the services performed does not exist.

### *Condition:*

Our audit of 17 dual employment situations disclosed six instances in which employees held multiple state positions and the related dual employment certification forms were not signed by the university or the primary employment agency prior to the start of the dual employment period. In the instances noted, the authorization signatures were obtained from the university one to 27 business days after the start of the dual employment period, while signatures from the primary employment agency were obtained one to 48 business days after. These employees earned gross pay amounting to \$8,782 in aggregate for work performed without an authorized dual employment form in place.

We also noted three instances in which employees held multiple state positions without the required dual employment certification in place. These employees received gross pay totaling \$18,540 for work performed at the university. It should be noted that dual employment forms were eventually completed in all three instances; however, the

forms were authorized by the university from nearly seven months to roughly twenty-eight months after the dual employment periods ended.

Furthermore, we noted one instance in which an employee held multiple positions within the university and the authorization signatures on the corresponding dual employment form were not dated. In effect, we could not determine with certainty whether the form was completed prior to the start of the dual employment period. This employee received gross pay totaling \$4,323 while working in his secondary position at the university.

*Effect:* In some instances, the university failed to comply with the dual employment documentation requirements established by Section 5-208a of the General Statutes. This reduced assurance that no conflicts existed between primary and secondary positions for dually employed individuals.

*Cause:* It appears that the controls in place were not sufficient to prevent the above conditions from occurring.

*Recommendation:* Central Connecticut State University should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes by promptly documenting, through signed certifications, that no conflicts exist for employees who hold multiple state positions. (See Recommendation 5.)

*Agency Response:* “The university agrees with the recommendation. In response to the FY 2009 and FY 2010 audit issued in December 2012, the university made the following changes:

With respect to dual employment forms not signed prior to the employee’s start date. The dual employment process was reviewed and revised in July 2012 to attempt to remedy such problems. Lecturer appointments are made at times at the last minute creating such situations where the dual employment forms are received at the start date and must then be processed and signed off on by both employing agencies. We continue to try to improve upon this by tracking these appointments and following up with other agencies for the completed forms.

In addition, the Human Resources Department will improve documentation of dual employment instances in which overlaps in schedules occur to provide improved assurance that dually employed individuals work the required number of hours for the positions they hold. Effective July 2012, when an employee is scheduled to work during certain hours in a secondary position that occur during the

employee's normal primary position work schedule, they will be required to include the following information on the Dual Employment Request Form (PER-DE-1): (1) the start and end time of their lunch break each day; and (2) the modified work schedule for their primary job.

The System Office is working with the Department of Administrative Services to streamline the dual employment process to assist the universities and colleges in complying with CGS 5-208a in a timely manner.”

## **Revenue-Generating Contracts and Agreements**

*Criteria:* It is good business practice to ensure that a contract is in place and approved by all applicable parties prior to the commencement of services. The same is true when amendments are made to contracts already in place. Furthermore, the terms of such contracts should be enforced by the university to ensure that commission payments are received in accordance with due dates specified in the agreements, and the terms are actually being carried out in accordance with the language of the contracts.

*Condition:* Our audit of five revenue-generating contracts disclosed two instances in which amendments made to an existing contract were not signed by all parties prior to the start date indicated in the amendments. In one instance, an amendment was signed by the university and the Attorney General's Office 11 and 18 business days, respectively, after the start date indicated in the amendment. In the second instance, the contractor and the university signed the amendment 35 and 53 business days, respectively, after the start date indicated. Furthermore, the Attorney General's Office signed this amendment 66 business days after the start date indicated.

From the aforementioned contracts, we reviewed 25 monthly payments to the university totaling \$587,080. Our review of these payments disclosed 12 instances in which commission or rent payments, amounting to \$252,898 in aggregate, were received by the university after the due date stipulated in the contract. Delays in the receipt of payment ranged from one to eight business days, most of which fell between one and two business days.

In addition, we tested ten facilities usage agreements that were executed by the university during the audited period with an aggregate value of \$19,540. Our review of these agreements disclosed the following:

- Two instances in which facilities usage agreement contracts totaling \$1,427 were not signed by the university's Director of Business Services;
- One instance in which the university could not provide us with a copy of the user's Certificate of Liability Insurance in relation to a facilities usage agreement contract totaling \$1,247;
- Five instances in which a contractor did not pay the university the contractually stipulated ten percent deposit upon signing the facilities usage agreement. Instead, the contractor paid the university in full at the completion of the contract period. In the instances noted, the facilities usage agreements totaled \$7,952;
- One instance in which a contractor did not pay the university the full ten percent deposit upon signing the facilities usage agreement. In this instance, the contractor paid the university \$80 as a deposit; however, based on the estimated contract amount, the contractor should have paid the university \$807. The remainder of the amount due to the university was paid in full at the completion of the contract period. In this instance, the facilities usage agreement totaled \$6,453; and
- Three instances in which payments totaling \$2,467 were not received by the university in a timely manner. In the instances noted, payments were received between 12 business days and nine months after the payments were due.

*Effect:*

Insufficient monitoring of revenue-generating contracts could lead to late or incorrect payments of associated revenues.

Delays in executing written contracts or amendments to such contracts decrease assurance that the interested parties agreed to the terms of the agreements before they were carried out, which could result in unintended obligations.

*Cause:*

It appears that the university did not sufficiently emphasize the monitoring and collection of revenues from revenue-generating agreements.

The controls in place were not sufficient to prevent the above conditions from occurring.

*Recommendation:* Central Connecticut State University should improve its monitoring of revenue-generating contracts to ensure that the terms of such agreements are being followed. Also, the university should take steps to ensure that contracts and amendments to contracts are executed in a timely manner. (See Recommendation 6.)

*Agency Response:* “The university partially agrees with the exceptions.

- Amendment #2, was an amendment to an active contract, which was not made at the beginning of the contract term. The amendment was minor in nature and the change to our process was not implemented until after the amendment was executed.
- With respect to the revenue generating payments which were received between one and eight days late, the university made every effort to collect the funds, as half of them were no more than two days late. Based on the current contracts, the university had done everything within its power to collect these funds. The university will evaluate payment language in future contracts to see if either a grace period or a late fee should be implemented.
- With respect to the payment which was nine months late from a company, the delay in collection was the result of the company going out of business and if it were not for the diligent and persistent efforts of the university, we would have not been able to collect these funds.
- The university agrees with the comments associated with the facility use agreements, and as a result of the CCSU Audit FY 2009, FY 2010 where we received a condition in which various contractors who entered into revenue generating contracts with the university did not pay specified contractual amounts to the university in a timely manner. To ensure timeliness of payments, a tracking mechanism was implemented in July 1, 2013.
- Invoices are generated and emailed rather than using US mail to expedite notification of payment that is due.
- The length of time between the time invoices are emailed and the specified due date has been changed to allow additional advance notice to the contractors based on previous year’s payment history.
- Within one week of payment being due, reminders are emailed up until payment is received.”



## **Asset Management**

*Criteria:* Good internal control procedures require a system for documenting that the designated donee or recycling company received the specified items.

The Connecticut State University System Capital Asset Valuation Manual provides for the loan of university equipment to university employees or students for designated durations in order to conduct state business. The manual states, "A loan approval form must be completed and signed by the supervisor of each employee, or the student life representative of each student, to whom equipment is loaned, setting forth the duration of the loan."

Section 4-33a of the General Statutes states, "all boards of trustees of state institutions, state department heads, boards, commissions, other state agencies, as defined in section 1-120, shall promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular or unsafe handling or expenditure of state or quasi-public agency funds or breakdowns in the safekeeping of any other resources of the state or quasi-public agencies or contemplated action to do the same within their knowledge."

*Condition:* Our review of 15 equipment items, with an aggregate historical cost of \$59,184 that had been disposed of during the audited period, disclosed three instances in which outgoing invoices listing the donated assets were not signed by the donee. Without an authorization from the donee, we could not verify, with certainty, that the items on the invoices were indeed received by the donee and removed from the university's premises. The historical cost of the items selected for testing included on these lists totaled \$4,058. The lists containing these items also contained 65 other pieces of equipment that were donated.

In addition, we tested ten equipment items on loan, with a historical cost totaling \$17,104. Our testing disclosed five instances in which approved equipment loan forms were either not on file or had expired. In three of the instances, laptops with a historical cost totaling \$5,849 were on loan to university employees, but corresponding approved equipment loan forms were not on file. In the other two instances, we noted that office equipment with a historical cost totaling \$3,277 was on loan to university employees, but the corresponding equipment loan forms on file had expired. At the time of our testing, one of the equipment loan forms had been expired for nearly 28 months and the other for roughly four months. It was noted, however, that the

university promptly completed or updated the loan forms for these five items when we informed them of this issue.

Furthermore, we reviewed 20 loss reports (CO-853) containing items with a historical cost of \$35,178 in aggregate that were filed during the audited period. Our review of these reports disclosed four instances in which reports containing items with historical costs totaling \$4,507 were not transmitted to the Auditors of Public Accounts or the Office of the State Comptroller in a timely manner. In the instances noted, the delays ranged from 23 to 156 business days after the loss had occurred.

*Effect:*

In the instances related to the disposal of equipment, there was decreased assurance that equipment slated for disposal via donation were disposed of in accordance with management's intent.

With respect to the issues with equipment loan forms, in some instances, the university failed to comply with the property control requirements set forth in the Connecticut State University System Capital Asset Valuation Manual.

Regarding the issues related to the timely filing of loss reports, the university was not in full compliance with the prompt reporting requirements of Section 4-33a of the General Statutes.

*Cause:*

With respect to the donated equipment, we were informed that, at the time of these donations, the university's policy was to have the donee sign the Acknowledgement of Receipt of Donated or Transferred Equipment and/or Supplies form certifying receipt of all items on the list attached to the form. The university also informed us that based on our last audit report, the university updated its policy, effective July 1, 2012, to require the donee to sign and date each page of the donated equipment list upon pick-up.

Regarding the instances related to the loss reports, in three of the four instances, it appears that the delay in submitting the loss reports was caused by the delay in receiving the related police report. In the fourth instance, it appears that the employee in charge of the missing item was on leave and the item was not reported as missing until the employee returned to the university.

*Recommendation:*

Central Connecticut State University should improve controls over asset management and improve compliance with the Connecticut State University System's Capital Asset Valuation Manual by improving documentation of equipment disposals, improving controls over property on loan, and ensuring that loss reports are filed in a timely

manner with the Auditors of Public Accounts and the Office of the State Comptroller. (See Recommendation 7.)

*Agency Response:* “The university agrees with the recommendations and has implemented the following steps to address these issues:

- Effective July 1, 2012, the university enhanced its procedures to require the donee to sign each page of the donated equipment list.
- Since 2009, Facilities Management has been sending monthly reminders to all employees regarding the state property regulations including the requirement to complete an “Off-Campus Equipment Loan Form” and that it is only valid for one year. In addition, beginning in 2013, on an annual basis, the department and the individual, who has the equipment on loan, each receives a separate communication as a reminder to renew these agreements in advance of expiration.
- The university has an extensive process in place to ensure the timely filing of loss reports. In December 2012, this process was reevaluated and procedures were updated. The recording police officer creates a case number and forwards it to the business office within 24 business hours. The case number will enable the business office to initiate the CO-853 paperwork so that the loss report can be filed while the investigation is in process.”

### **Sick Leave Accruals for Student Workers**

*Criteria:* Public Act 11-52, “An Act Mandating Employers Provide Paid Sick Leave to Employees,” modified Section 31-57s of the General Statutes and required, among other things, each employer to provide paid sick leave to each of its service workers effective January 1, 2012.

*Condition:* The university informed us that it was unaware that Public Act No. 11-52 applied to student workers (including work-study students and university assistants) until January 2013, a year after the act went into effect. As a result, the university had not provided paid sick leave to service workers during the audited period.

*Effect:* The university was not in full compliance with Section 31-57s of the General Statutes with respect to providing paid sick leave to student workers.

*Cause:* We were informed that the university was unaware that Public Act 11-52 applied to student workers.

*Recommendation:* Central Connecticut State University should implement a procedure to provide paid sick leave to student workers to comply with Section 31-57s of the General Statutes. (See Recommendation 8.)

*Agency Response:* “The university agrees with this recommendation. It was our understanding that CCSU was exempt from PA 11-52. The ConnSCU Vice President of Human Resources sought clarification and it was not until January of 2013 that CCSU was made aware that the act did indeed impact our student workers. As of July, 2013 the university had fully implemented the extraordinarily complex and manual process to comply with PA 11-52.”

### **Travel-Related Expenditures**

*Criteria:* The Connecticut State University System’s Travel Policies and Procedures manual sets forth requirements relating to travel expenditures. These policies require that employees requesting travel advances submit a completed travel reimbursement form and required documentation to the travel office within 15 business days after completion of the trip. It goes on to state that any unspent portion of an advance must be returned to the travel office with the completed travel reimbursement form.

In addition, with respect to athletic team travel, these policies require the Athletic Director or a designee to identify all university employees and team members in the team travel party before each trip. The policies go on to state that the team travel party list must be approved by the Athletic Director prior to the trip.

*Condition:* We tested 15 travel-related expenditures, totaling \$203,422, during the audited period. Our testing of these transactions disclosed the following:

- One instance in which a travel authorization form totaling \$9,420 was submitted to the travel office two business days after the team returned from the trip. Furthermore, this form received final approval four business days after the team returned;
- One instance in which the remaining portion of a travel advance, totaling \$2,462, was not returned to the university within the 15-business day timeframe required by the CSUS travel policy. In this instance, the funds were submitted to the travel office 25 business days after the completion of the trip. In effect, the funds were returned ten business days after the due date;

- One instance totaling \$15,364 in which a team travel roster was not on file for an athletic team trip; and
- One instance totaling \$9,420, in which the team travel roster on file was not signed by the Athletic Director acknowledging approval of the travel party.

*Effect:* In some instances, the university did not fully comply with the CSUS travel policy, which weakened internal controls over travel expenditures.

*Cause:* In some cases, the established internal control procedures were not carried out as designed.

*Recommendation:* Central Connecticut State University should improve internal controls over travel-related expenditures by complying with the Connecticut State University System's Travel Policies and Procedures manual. (See Recommendation 9.)

*Agency Response:* "The university agrees with the recommendation. During the fall of 2013, the university changed its procedure so that the Athletic Director is required to sign off on all team rosters. Previous to this, the university believed the policy to be signature by the Athletic Director or designee. The university will continue to follow this policy, until such time such time the policy can be modified to allow the signature to be the Administrative Officer or designee."

## **Employee Background Checks**

*Criteria:* The CSUS Pre-employment Background Verification Policy (CSUS Board of Trustees Resolution 05-8) requires that, "All regular, full-time and part-time external candidates for employment with a CSU university or the CSU System Office, as well as potential re-hires with a break in service, must undergo a pre-employment background investigation according to this procedure as part of the employee screening process." It goes on to state that, "Documentation shall be retained for the appropriate retention period for employment records promulgated by the State of Connecticut and by university and CSU System Office personnel search policies and procedures."

CSUS Board of Trustees Resolution 06-52 applies to university employees who live on campus and provides that, "Before occupancy in a university residence pursuant to this policy may commence, each proposed resident aged eighteen (18) years or over shall submit him or herself to the same criminal conviction investigation, sex offender

registry status review, and social security verification that is required of the staff member prior to employment.”

The Connecticut State Library’s State Agencies’ Records Retention/Disposition Schedule requires that state agencies retain employee background check records for the “duration of employment plus 30 years.”

*Condition:* The university informed us that it did not retain employee background check reports in its custody. Rather, it relied on the firm it contracted with to perform the background checks to retain such records. However, the contract in place between the vendor performing the background checks and the university is expressly a contract to provide the Connecticut State University System reports on the results of its background checks of candidates for employment and does not specifically address records retention services.

*Effect:* The university did not comply with the State Library’s records retention requirements regarding the retention of employee background check records.

*Cause:* The university believed that its reliance on its background check contractor to retain the university’s background check reports satisfied the records retention requirements set forth by the State Library.

Furthermore, we were informed that the university sought the advice of the Council of Employee Relations regarding its procedures on conducting and storing background checks. According to the university, the council believes that the university’s procedures are in keeping with the Board of Trustee’s Resolution 05-8.

*Recommendation:* Central Connecticut State University should either retain employee background check reports on durable media in its own custody or use an appropriate records retention firm that is contractually obligated to retain these records in accordance with the State Library’s records retention requirements. (See Recommendation 10.)

*Agency Response:* “The university partially agrees with this comment. The university retains the confirmation from the current vendor indicating that the background search has been completed for each of the required search components and the Human Resources Employee identifies the search was acceptable and dates and initials the document, which is filed in the employee’s personnel file.

The university agrees that the background checks are required to be kept in accordance with the State Library’s record retention

requirements. However, in accordance with Board Policy, the current vendor keeps these documents rather than the university. The university is working with the System Office to determine whether a contract amendment is needed to further clarify the vendor's obligation to keep the records."

### **Trustee Accounts – Graduate Student Association Scholarships**

*Background:* CCSU's Graduate Student Association (GSA), one of a number of student organizations on campus, provides scholarships to the university's graduate students for travel, research, and conferences.

*Criteria:* The GSA scholarship application details the eligibility requirements for scholarships it awards, including, among other criteria, that "students must have a minimum Grade Point Average of 3.0."

*Condition:* During our testing of GSA scholarships, we reviewed the scholarships awarded to five students during the audited period totaling \$4,495. During our review, the university informed us that it verified that each of the recipients met the minimum grade point average requirement; however, it was unable to provide us with supporting documentation for this verification process. In effect, we could not determine, with certainty, that the university verified this information at the time the scholarships were awarded.

In addition, our audit disclosed one instance in which the university was unable to provide us with documentation to support the GSA approval of a scholarship award in the amount of \$618. In effect, we could not verify that the scholarship award received approval from the GSA.

*Effect:* There is decreased assurance that due diligence was performed to ensure that GSA scholarship recipients met the minimum grade point average requirement.

*Cause:* Controls were not sufficient to prevent the above conditions from occurring.

*Recommendation:* Central Connecticut State University should improve internal controls over Graduate Student Association scholarships by documenting the verification procedures performed to ensure that scholarship recipients meet the grade point average eligibility requirement. Furthermore, scholarship approval documentation should be retained. (See Recommendation 11.)

*Agency Response:* “The university agrees with this recommendation and has implemented the following enhancements to our process as a result of the FY 09 and FY 10 audit, issued in December 2012:

- Effective with the academic year 2012-13 GPA’s of scholarship recipients are noted on Scholarship request form. While the university was checking the GPA’s, we were not retaining documentation to demonstrate that the GPA was checked. The GPA is now a required data element on the form, and the form is retained for supporting documentation.
- Effective for FY 2014, the application was modified to require their transcript when submitting their application for scholarships.
- Scholarship Applications are now turned over to Student Activities and Leadership Development at the end of every fiscal year and retained with the minutes in SALD office.”

### **Other Audit Examination**

The Board of Regents for Higher Education has entered into agreements with a public accounting firm to conduct certain auditing and consulting services on an annual basis, including an audit of the combined financial statements of the Connecticut State Universities. As part of its audit work, the firm has made an annual study and evaluation of the universities’ internal controls to the extent deemed necessary to express an audit opinion on the financial statements. Certain matters involving internal controls have been included in an annual report to management accompanying the audited financial statements.

A summary of the recommendations pertaining to Central Connecticut State University in the Report to Management for the 2011-2012 fiscal year is presented below:

Information technology:

- Management should ensure that all access to the system is commensurate with the reviews performed and identified modifications are adequately followed up and completed in accordance with the results of the assessment.

Our audit testing disclosed similar issues with respect to the termination of Banner and Core-CT user account access. These issues are detailed in the State Auditor’s Findings and Recommendations section above.



## RECOMMENDATIONS

Our prior audit report on the university contained 14 recommendations for improving operations, nine of which are being repeated or restated with modifications in our current audit report. Our current audit report presents 11 recommendations, including two new recommendations in addition to the nine recommendations that are being repeated or restated from the prior audit report.

### *Status of Prior Audit Recommendations:*

- **CCSU should improve controls over the purchasing process by ensuring that written contracts are established and approved by the Office of the Attorney General when necessary. The university should also properly document the justification for sole source purchases.** Our current audit disclosed some improvement in this area. However, we noted other issues during our testing that we feel need to be addressed. Therefore, the recommendation is being repeated with modification and incorporated into a broader recommendation on personal service agreements and other procurement. (See Recommendation 1.)
- **CCSU should improve internal controls over purchases of personal services by ensuring that receiving reports or equivalent documentation is prepared to document the receipt of services for which payments are made, obtaining vendor invoices when necessary to support payments made, and ensuring that personal service agreements are executed in a timely manner.** Our current audit disclosed sufficient improvement with respect to the receiving reports maintained by the university. However, further improvement is needed in relation to obtaining vendor invoices and executing personal service agreements in a timely manner. In addition, our testing disclosed other issues that we feel need to be addressed. Therefore, our recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 1.)
- **CCSU should either retain employee background check reports on durable media in its own custody or use an appropriate records retention firm that is contractually obligated to retain these records in accordance with the State Library's records retention requirements.** Our current audit disclosed that the university still does not retain background checks on durable media, nor has it contracted with a records retention firm to preserve said background checks. The recommendation is being repeated. (See Recommendation 10.)
- **CCSU should improve documentation of dual employment instances in which conflicts in schedules occur to provide improved assurance that dually employed individuals work the required number of hours for the positions they hold.** We noted improvement with respect to conflicting schedules in the dual employment certification forms reviewed. However, our testing disclosed several instances in which

the authorization signatures on dual employment forms were obtained after the employee began employment in a secondary position. As a result, the recommendation will be repeated with modification. (See Recommendation 5.)

- **CCSU should ensure that longevity payments are made in accordance with collective bargaining agreements, state statutes, and Connecticut State University policy. Furthermore, the university should pursue collection of longevity overpayments noted during the course of our audit.** Our current audit disclosed significant improvement in this area. Furthermore, we noted that the university collected the overpayments identified during our prior audit. The recommendation is not being repeated.
- **CCSU should improve controls over equipment and improve compliance with the Connecticut State University System's Capital Asset Valuation Manual by implementing a software inventory control record system and performing annual physical inventories of software, improving documentation of discarded equipment, and improving controls over property on loan to students, among other things.** Our testing disclosed some improvement in this area. However, we feel that further improvement is needed in certain areas, including disposals, loss reports, and equipment on loan. Therefore, the recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 7.)
- **CCSU should implement a system for recording the dates when funds are received at non-Bursar's Office departments. Furthermore, the university should re-emphasize that offices remotely located from the Bursar's Office should submit receipts to the Bursar's Office in a timely manner to improve the timeliness of bank deposits, thereby complying with the requirements of Section 4-32 of the General Statutes.** We noted sufficient improvement in this area. The recommendation is not being repeated.
- **CCSU should improve its monitoring of revenue-generating agreements to ensure that the terms of such contracts are being followed. Also, the university should take steps to ensure that such contracts are executed in a timely manner.** Our current audit disclosed some improvement with respect to the timeliness in which the university received commission payments. However, we noted other areas that we felt need to be addressed. Therefore, the recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 6.)
- **CCSU should improve internal controls over student activity account cash receipts by implementing a system to promptly record their receipt dates, by taking steps to ensure that student organizations deliver receipts generated from student events to the Bursar's Office in a timely manner, and by following the prompt bank deposit requirements established by Section 4-32 of the General Statutes.** Our testing disclosed sufficient improvement in the way receipt dates are recorded and the timeliness with which student organizations deliver receipts to the Bursar's Office. Therefore, the recommendation is not being repeated.

- **CCSU should improve controls over student activity account expenditures by following the procedures detailed in the State Comptroller's Accounting Procedures Manual for Trustee Accounts and the university's Student Activities/Leadership Development policy manual. Among other things, the university should maintain minutes of student organization meetings and vouchers signed by student organization officers to support student activity purchases. In addition, receiving reports should be prepared to document the receipt of goods or services purchased with student activity funds.** Some improvement was noted in this area; however, we feel that further improvement is needed. Therefore, the recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 2.)
- **CCSU should improve internal controls over Graduate Student Association scholarships by documenting the verification procedures performed to ensure that scholarship recipients meet the grade point average eligibility requirement. Furthermore, scholarship applications and accompanying scholarship approval documentation should be retained.** Sufficient improvement was not made in this area. Therefore, the recommendation is being repeated. (See Recommendation 11.)
- **CCSU should regularly review information system access privileges granted to employees to determine whether such access is appropriate. The university should remove access privileges from those employees who have unnecessary access to the systems, and promptly deactivate access upon an employee's separation from university employment. Also, the university should adjust the level of Core-CT access for certain employees of the Human Resources and Payroll Departments to improve the separation of duties within those departments. As an alternative, the university should implement a compensating control system that would require an employee independent of both Human Resources and Payroll Departments to monitor biweekly changes in payroll transactions to ensure that such changes are valid and authorized. Such reviews should be documented.** Our current audit disclosed that sufficient improvement has not been made in this area. Additionally, other matters were noted during our testing that we feel need to be addressed. The recommendation is being repeated with modification to reflect our current audit findings. (See Recommendation 4.)
- **CCSU should prepare accurate Schedules of Expenditures of Federal Awards.** Our current audit disclosed that sufficient improvement was made in this area. The recommendation is not being repeated.

*Current Audit Recommendations:*

- 1. Central Connecticut State University should improve internal controls over its procurement function by ensuring that vendor invoices are obtained to support payments made, payment for goods/services is only made after the goods/services are received, and personal service agreements are executed in a timely manner. In addition, going forward, CCSU should consider processing the payment of personal Internet service fees for some of its employees as employee reimbursements.**

*Comment:*

In some instances, personal service agreement contracts were not executed in a timely manner, the university issued a payment in advance of receiving goods, and payments were issued to vendors without the related invoices on file. Additionally, we noted instances in which the university paid for Internet service provider fees at numerous IT employee residences, but no documentation was maintained to support that university work had actually been performed. Furthermore, these payments were miscoded in the university's accounting system.

- 2. Central Connecticut State University should improve controls over student activity account expenditures by following the procedures detailed in the State Comptroller's Accounting Procedures Manual for Trustee Accounts and the university's Student Activities/Leadership Development policy manual. Among other things, the university should maintain minutes of student organization meetings and payment vouchers signed by student organization officers to support student activity purchases.**

*Comment:*

In some instances, we noted a lack of documentation to support student organization approval of student activity account purchases. Additionally, we noted instances in which purchases were made using purchasing cards and the corresponding P-Card Purchase Request and Transfer forms documenting the student organizations' advisor approvals were either not on file or completed after the purchase was made.

- 3. Central Connecticut State University should continue its efforts to develop a formal, written disaster recovery plan. In addition, the university should ensure that, once in place, the disaster recovery plan is reviewed and updated, if needed, on a regular basis. Furthermore, the university should periodically test the plan to determine its adequacy. The results of those tests should be documented.**

*Comment:*

Although we were informed that the university was in the process of developing an IT Disaster Recovery Plan specific to the university, we noted that the plan in place during

the audited period was outdated. Additionally, we were unable to determine the last time the plan was tested or what the results of the test were.

- 4. Central Connecticut State University should promptly deactivate information system access upon an employee's separation from university employment. In addition, the university should adjust the level of Core-CT access for certain employees of the Human Resources and Payroll Departments to improve the separation of duties within those departments. As an alternative, CCSU should implement a compensating control system that would require an employee independent of both the Human Resources and Payroll Departments to monitor, at least monthly, changes in payroll transactions to ensure that such changes are valid and authorized. Such reviews should be documented.**

Comment:

We noted various instances in which information system access was not promptly deactivated upon separation from state service. Additionally, we found that 11 employees in the Human Resources and Payroll Departments held incompatible specialist roles in both the Core-CT human resources and payroll systems, which would give them the ability to add people to the payroll and process payments to them.

- 5. Central Connecticut State University should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes by promptly documenting, through signed certifications, that no conflicts exist for employees who hold multiple state positions.**

Comment:

In some instances, for employees who held multiple state positions, a dual employment form was either not executed in a timely manner or not in place.

- 6. Central Connecticut State University should improve its monitoring of revenue-generating contracts to ensure that the terms of such agreements are being followed. Also, the university should take steps to ensure that contracts and amendments to contracts are executed in a timely manner.**

Comment:

In numerous instances, revenue-generating contracts, and amendments to those contracts were either not signed in a timely manner or did not contain all of the required signatures. In addition, we noted that in various instances, contractors who entered into revenue-generating contracts with the university did not pay specified contractual amounts to the university in a timely manner.

- 7. Central Connecticut State University should improve controls over asset management and improve compliance with the Connecticut State University System's Capital Asset Valuation Manual by improving documentation of equipment disposals, improving controls over property on loan, and ensuring that loss reports are filed in a timely manner with the Auditors of Public Accounts and the Office of the State Comptroller.**

Comment:

In some instances, equipment earmarked for donation lacked documentation to indicate that the donee picked up all of the items contained on the list of donated equipment. We also found instances in which equipment was on loan to employees and the corresponding equipment loan forms were either not on file or had expired. Furthermore, we noted some instances in which loss reports were not submitted to the Auditors of Public Accounts or the Office of the State Comptroller in a timely manner.

- 8. Central Connecticut State University should implement a procedure to provide paid sick leave to student workers to comply with Section 31-57s of the General Statutes.**

Comment:

We noted that the university had not provided paid sick leave to eligible student workers during the audited period.

- 9. Central Connecticut State University should improve internal controls over travel-related expenditures by complying with the Connecticut State University System's Travel Policies and Procedures manual.**

Comment:

We noted instances in which the university did not follow the CSUS travel policy requirements.

- 10. Central Connecticut State University should either retain employee background check reports on durable media in its own custody or use an appropriate records retention firm that is contractually obligated to retain these records in accordance with the State Library's records retention requirements.**

Comment:

The university relied on the vendor used to perform its background checks to retain its employee background check records. However, the contract with the vendor does not address records retention services.

- 11. Central Connecticut State University should improve internal controls over Graduate Student Association scholarships by documenting the verification**

**procedures performed to ensure that scholarship recipients meet the grade point average eligibility requirement. Furthermore, scholarship approval documentation should be retained.**

Comment:

The university lacked documentation to support its verification process to ensure that Graduate Student Association scholarship recipients met the minimum grade point average requirement. We also noted an instance in which documented approval of a scholarship award was not on file.

**CONCLUSION**

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



Michael J. Delaney  
Principal Auditor

Approved:



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts