

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
BOARD OF REGENTS FOR HIGHER EDUCATION  
CONNECTICUT COMMUNITY COLLEGE SYSTEM  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2017*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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October 1, 2020

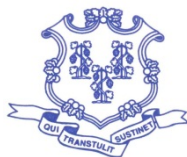
## EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Connecticut Community College System. The objectives of this review were to evaluate the system's internal controls; compliance with policies and procedures, as well as certain legal provisions; and management practices and operations for the fiscal years ended June 30, 2016 and 2017.

The key findings are presented below:

<b>Page 10</b>	The Board of Regents for Higher Education (BOR) and its colleges do not have clearly defined organizational structures and have not adequately monitored shared employee arrangements between campuses. BOR should develop a clear organizational structure at its colleges and system office to ensure the most efficient use of resources. (Recommendation 1.)
<b>Page 12</b>	The community college system does not readily support students who wish to attend multiple campuses. BOR should fulfill its statutory purpose and mission to nurture student learning and achievement by minimizing obstacles to student success. The system office should expedite the curriculum standardization process across the community colleges. (Recommendation 2.)
<b>Page 16</b>	The Board of Regents made \$3.3 million in unwarranted payments to employees, including 3 paid furlough days and bonuses, which appear to violate the spirit of the 2017 SEBAC agreement. BOR system office should reduce the complexity of its set aside allocation process specified in each bargaining unit contract. (Recommendation 5.)
<b>Page 20</b>	Tunxis CC reimbursed an employee over \$82,000 in travel expenses in violation of the Board of Regents' travel policies and procedures. Tunxis CC should comply with BOR employee travel policies and procedures to ensure that all employee travel is necessary and cost effective. (Recommendation 7.)
<b>Page 22</b>	Tunxis Community College did not identify and monitor two conflicts of interest. Tunxis CC should comply with state, BOR, and federal conflict of interest requirements. The college should promptly identify conflicts of interest and manage those conflicts to reduce the risks for misuse, abuse, and fraud. (Recommendation 8.)
<b>Page 36</b>	BOR does not have a policy to limit the length of time colleges can pay an employee on administrative leave. Four employees received excessive paid administrative leaves. The BOR system office should limit the duration of its employees' paid administrative leave and promptly investigate personnel matters to avoid excess paid administrative leave costs. (Recommendation 16.)

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

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JOHN C. GERAGOSIAN

ROBERT J. KANE

October 1, 2020

## INTRODUCTION

### **AUDITORS' REPORT BOARD OF REGENTS FOR HIGHER EDUCATION CONNECTICUT COMMUNITY COLLEGE SYSTEM FOR THE FISCAL YEARS ENDED JUNE 30, 2016 and 2017**

We have audited certain operations of the Connecticut Community College System 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, 2016 and 2017. The objectives of our audit were to:

1. Evaluate the system's internal controls over significant management and financial functions;
2. Evaluate the system's compliance with policies and procedures internal to the system or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the system; 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 various available sources including, but not limited to, the system's management and the state's information systems, and was not subjected to the procedures applied in our audit of the system. 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 the Connecticut Community College System.

## **COMMENTS**

### **FOREWORD**

Our audit approach for the Connecticut Community College System consists of examining the entire system by selecting a sample of the 12 system colleges each audit cycle. This report, which covers the fiscal years ended June 30, 2016 and 2017, represents the results of our examination of the financial records from a sample of 11 community colleges (Asnuntuck, Capital, Housatonic, Manchester, Middlesex, Naugatuck Valley, Northwestern Connecticut, Norwalk, Quinebaug Valley, Three Rivers, and Tunxis) and the financial records of the Board of Regents for Higher Education.

Our examinations of the Capital, Housatonic, and Middlesex Community Colleges focused on the fiscal year ended June 30, 2016, while our examinations of the other 8 colleges and the Board of Regents for Higher Education focused on the fiscal years ended June 30, 2016 and 2017. During the course of our audit, we identified certain system-wide weaknesses in internal controls or compliance with financial-related laws and regulations. In these instances, our corresponding recommendations reflect a system-wide approach to correcting such weaknesses, primarily directed at the Board of Regents for Higher Education. Although some of these areas require college-specific attention, our recommendations are directed towards system management.

The Board of Regents for Higher Education (BOR) governs the Connecticut State Colleges and Universities (CSCU), which encompasses the Connecticut Community College System, the Connecticut State University System, and Charter Oak State College. BOR operates under the provisions of Chapter 185 and 185b of the Connecticut General Statutes. The Connecticut

Community College System, a constituent unit of CSCU, operates under the provisions of Chapter 185b, Part I, of the Connecticut General Statutes.

Pursuant to Section 10a-72 of the General Statutes, the Connecticut Community College System is comprised of 12 community colleges, geographically dispersed throughout the state.

<b><u>Community College</u></b>	<b><u>Location</u></b>
Asnuntuck Community College	Enfield
Capital Community College	Hartford
Gateway Community College	New Haven
Housatonic Community College	Bridgeport
Manchester Community College	Manchester
Middlesex Community College	Middletown
Naugatuck Valley Community College	Waterbury
Northwestern Connecticut Community College	Winsted
Norwalk Community College	Norwalk
Quinebaug Valley Community College	Danielson
Three Rivers Community College	Norwich
Tunxis Community College	Farmington

Section 10a-1a of the General Statutes provides that the Board of Regents for Higher Education consist of 21 members. The Governor appoints 9 members, legislative leadership appoints 4, students appoint 2, and 6 individuals serve as non-voting, ex-officio members. The board sets statewide tuition and student fee policies; establishes financial aid policies; reviews, licenses, and accredits academic programs; and, in collaboration with institutional stakeholders, conducts searches for and selects campus presidents. Board members receive no compensation for their services, but are entitled to reimbursement for expenses.

The Board of Regents for Higher Education consisted of the following members as of June 30, 2017:

Appointed Members:	Merle W. Harris
Matt Fleury, Chair	David R. Jimenez
Yvette Meléndez, Vice Chair	William J. McGurk
Richard J. Balducci	JoAnn H. Price
Aviva D. Budd	Elese E. Wright
Naomi K Cohen	Holly Palmer, Student Advisory Committee Chair
Lawrence J. DeNardis	Joseph Young, Student Advisory Committee Vice Chair

Ex-Officio Members:
Barbara E. Richards, Faculty Advisory Committee Chair
Stephen J. Adair, Faculty Advisory Committee Vice Chair
Scott D. Jackson, Labor Commissioner
Raul Pino, Public Health Commissioner
Catherine H. Smith, DECD Commissioner
Dianna R. Wentzell, Education Commissioner

Jewel Mullen, Robert E. Brown, Gordon Plouffe, Naomi K. Cohen, Nicholas M. Donofrio, Sarah Greco, and Sharon Palmer also served on the Board of Regents during the audited period. There was one vacancy on the board as of June 30, 2017.

Among the duties of the Board of Regents for Higher Education is the appointment of a president of the Connecticut State Colleges and Universities. Mark E. Ojakian served as the president during the audited period and continues to serve in that capacity.

### **Recent Legislation**

The following notable legislative changes affecting the community college system took effect during the audited period:

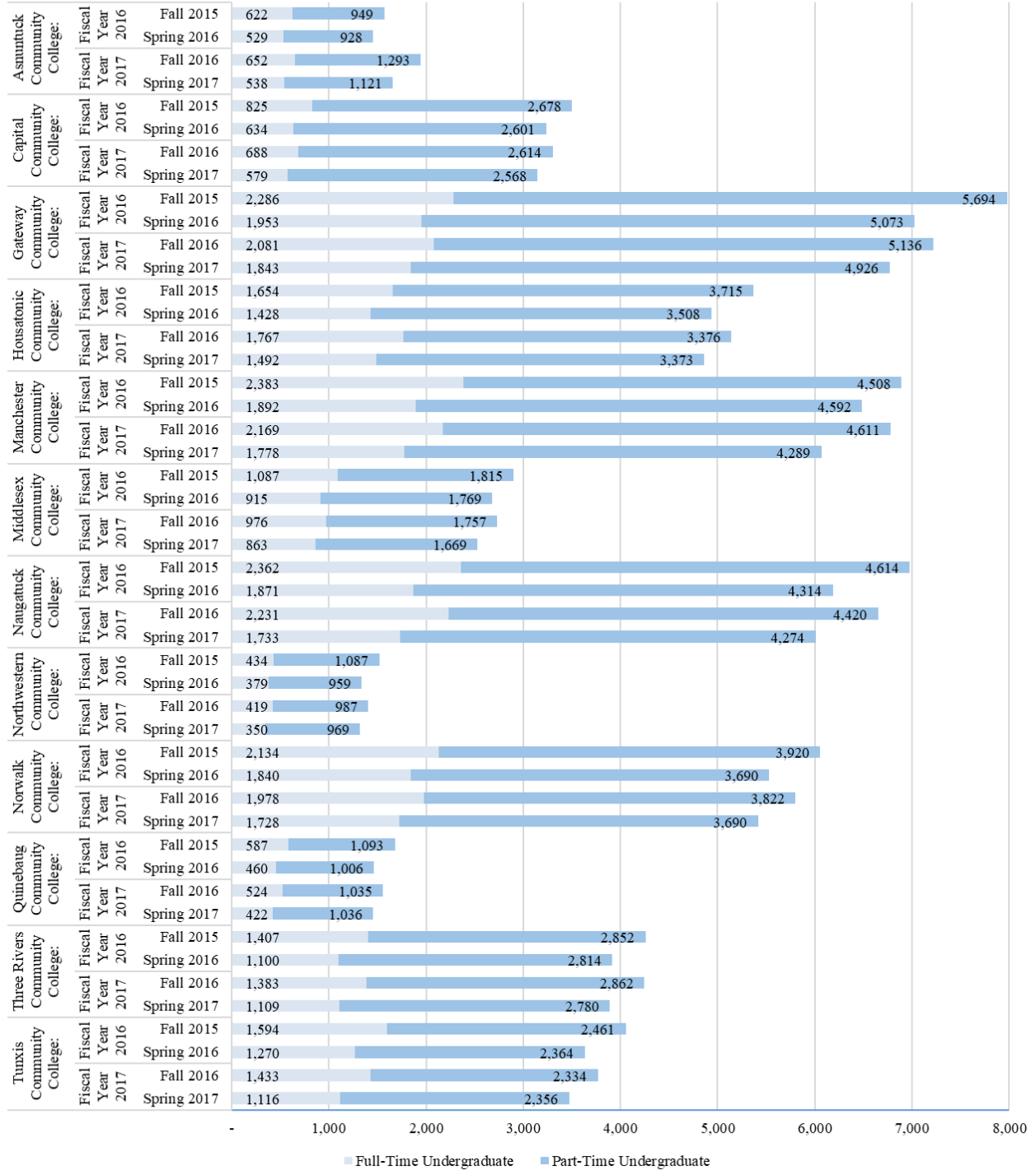
- **Public Act 15-75** – effective July 1, 2015, required the Board of Regents for Higher Education to align its higher education policies with the goals of the Planning Commission for Higher Education’s strategic master plan for higher education. These goals aim to 1) increase the education levels of the state’s adult population, 2) develop a globally competitive workforce and economy in the state, and 3) ensure higher education affordability for state residents.
- **Public Act 15-82** – effective July 1, 2015, reduced, from four to two, the number of years of high school education that certain students must complete in Connecticut to receive in-state tuition benefits at the state’s public higher education institutions. The act also extended in-state tuition eligibility to nonimmigrant aliens who meet certain criteria.
- **Public Act 16-106** – effective July 1, 2016, required higher education institutions in Connecticut to use an affirmative consent standard in their required policies on sexual assault and intimate partner violence when determining whether sexual activity is consensual. It requires that the policies include clear statements advising students and employees of the affirmative consent standard.
- **Public Act 16-154** – effective July 1, 2016, established special police forces on all of Connecticut’s community college campuses, subject to the Board of Regents for Higher Education’s approval.
- **Public Act 16-179** – effective July 1, 2016, made numerous changes to the Roberta B. Willis Scholarship Program (formerly the Governor’s Scholarship Program), including revising the criteria for awarding the funds each year and earmarking 2.5% of the program’s appropriation for the community-technical college financial aid.



**Enrollment Statistics**

Published enrollment statistics for the Connecticut Community College System are as follows:

**Enrollment**

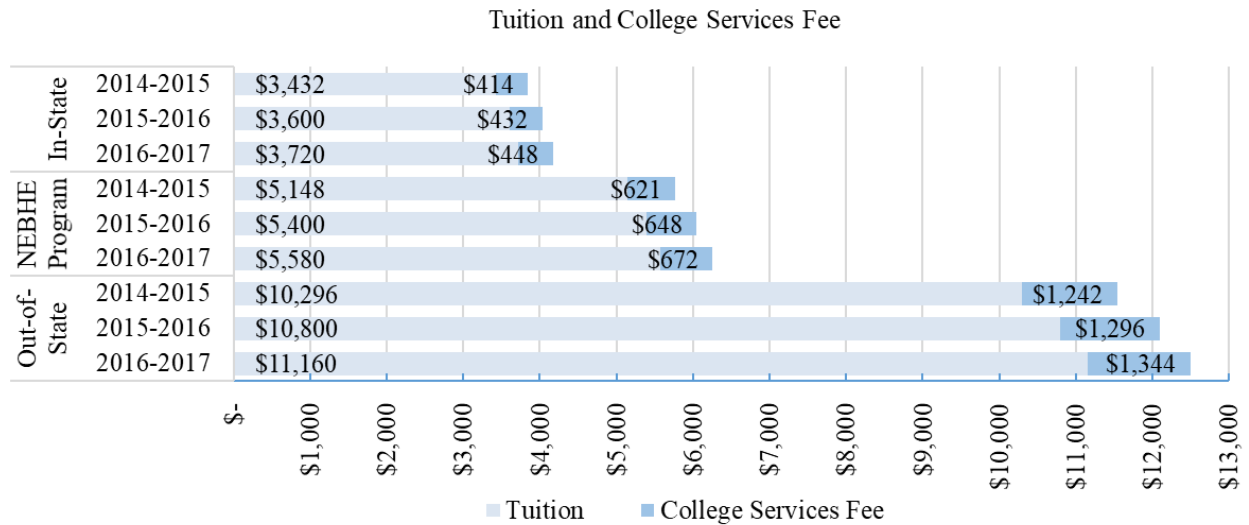


The average of fall and spring semester total enrollment was 50,325 and 48,575 during the 2015-2016 and 2016-2017 fiscal years, respectively, compared to an average of 53,322 during the 2014-2015 fiscal year. Average enrollment decreased 6% in the 2015-2016 fiscal year and 3% in the 2016-2017 fiscal year. This decrease was due in part to the end of the Go Back to Get Ahead Program that began in the 2013-2014 fiscal year.

**RÉSUMÉ OF OPERATIONS**

During the audited period, appropriations from the state’s General Fund and tuition and fees credited to the Regional Community-Technical Colleges’ Operating Fund were the primary sources of funding for the community college system.

Operating fund receipts primarily consisted of student tuition and fee payments. Under the provisions of Section 10a-77(a) of the General Statutes, the Board of Regents for Higher Education set tuition charges for the community colleges. The following summary presents tuition and student fee charges for full-time students during the audited period and prior fiscal year:



In March 2015, the Board of Regents for Higher Education approved a 4.9% tuition increase for all students during the 2015-2016 academic year. In March 2016, the Board of Regents approved a 3.3% tuition increase for the 2016-2017 academic year.

In accordance with Section 10a-67 of the General Statutes, tuition amounts for nonresident students enrolled in the community college system through the New England Board of Higher Education (NEBHE) Regional Student Program are set at an amount equal to one and one-half that of in-state tuition. In June 2016, the Board of Regents approved a pilot program allowing Asnuntuck Community College to charge in-state tuition rates to Massachusetts students beginning in fall 2016.

The community colleges charge tuition for part-time students on a prorated basis according to the student’s registered credit hours.

**Operating Revenues**

Operating revenues result from the sale or exchange of goods and services related to the system's educational and public service activities. Major sources of operating revenue include tuition and fees, federal grants, and state grants. The following summary illustrates operating revenue as presented in the system's financial statements for the audited period and prior fiscal year:

(\$ in thousands)	<b>Restated</b>		
	<b><u>2014-2015*</u></b>	<b><u>2015-2016</u></b>	<b><u>2016-2017</u></b>
Student Tuition and Fees (net of scholarship allowances)	\$ 95,994	\$ 97,929	\$ 97,770
Federal Grants and Contracts	18,570	20,839	17,985
State and Local Grants and Contracts	9,068	8,769	14,584
Private Grants and Contracts	2,918	3,454	4,235
Sales and Services of Education Departments	766	724	661
Other Operating Revenues	<u>4,155</u>	<u>4,254</u>	<u>4,522</u>
Total Operating Revenues	<u>\$ 131,471</u>	<u>\$ 135,969</u>	<u>\$ 139,757</u>

\* The system's audited financial statements for the fiscal year ended June 30, 2015 were restated to properly classify Pell Grant receipts as non-operating revenues instead of operating revenues.

Operating revenues increased by approximately 3.4% and 2.8% for the fiscal years ended June 30, 2016 and 2017, respectively. The increase during the fiscal year ended June 30, 2016 is primarily attributed to increases in student tuition and federal grant revenues. The increase during the fiscal year ended June 30, 2017 is primarily attributed to a 66% increase in state and local grants.

**Operating Expenses**

Operating expenses generally result from payments made for goods and services to assist in achieving the system's mission of instruction and public service. Operating expenses include employee compensation and benefits, services, supplies, utilities, and depreciation. The following summary presents operating expenses as presented in the system's financial statements for the audited period and prior fiscal year:

<u>(\$ in thousands)</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Instruction	\$ 226,543	\$ 213,347	\$ 233,569
Public Service	1,334	984	1,242
Academic Support	92,371	88,546	94,944
Library	11,325	10,908	11,966
Student Services	49,125	46,984	52,794
Scholarship Aid, Net	34,893	30,937	31,048
Institutional Support	78,666	72,951	79,973
Physical Plant	55,772	53,944	58,044
Depreciation	29,191	29,674	30,457
Prior Period Adjustment*	(44,844)	-	-
Total Operating Expenses	<u>\$ 534,376</u>	<u>\$ 548,275</u>	<u>\$ 594,037</u>

\* The audited financial statements for the fiscal year ended June 30, 2016 included a footnote to restate the June 30, 2015 ending net position, effectively increasing expenses for that period by \$44,844,000 to reflect required fringe benefit and pension costs associated with GASB 68.

Operating expenses increased by approximately 2.6% and 8.3% for the fiscal years ended June 30, 2016 and 2017, respectively. The increase during the fiscal year ended June 30, 2016 crossed all functions and categories of expense. The increase during the fiscal year ended June 30, 2017 is primarily attributed to additional fringe expenses related to recognizing pension expenses in accordance with GASB 68.

### **Non-operating Revenues**

Non-operating revenues are not derived from the sale or exchange of goods or services that relate to the college's primary functions of instruction, academic support, and student services. Non-operating revenues include items such as the state's General Fund appropriations and bonding, Pell Grants, private gifts and donations, and investment income. The following summary illustrates non-operating revenue as presented in the system's financial statements for the audited period and prior fiscal year:

<u>(\$ in thousands)</u>	<u>Restated</u> <u>2014-2015*</u>	<u>2015-2016</u>	<u>2016-2017</u>
State Appropriations - General Fund	\$ 287,196	\$ 300,639	\$ 283,937
State Appropriations - Bond Fund	53,746	114,349	34,887
Pell Grants	81,395	74,295	72,093
Other Non-operating Revenues (Expenses), Net	1,660	(101)	2,052
Total Non-operating Revenues	<u>\$ 423,997</u>	<u>\$ 489,182</u>	<u>\$ 392,969</u>

\* The system's audited financial statements for the fiscal year ended June 30, 2015 were restated to properly classify Pell Grant receipts as non-operating revenues instead of operating revenues, and correct amounts related to the adoption of GASB 68.

Non-operating revenues increased by approximately 15.4% in the fiscal year ended June 30, 2016 and decreased by approximately 19.7% in the fiscal year ended June 30, 2017. The increase during the fiscal year ended June 30, 2016 is primarily attributed to a \$60.6 million increase in state bond allocations. The decrease during the fiscal year ended June 30, 2017 is primarily attributed to a \$79.5 million decrease in state bond allocations and a \$16.7 million decrease in general fund appropriations.

### **Community College Foundations**

Individual foundations support each of the 12 community colleges. Each foundation is a private, nonprofit corporation established to raise funds in support of each college's activities.

Sections 4-37e through 4-37k of the General Statutes define and set requirements for such organizations. The requirements address the annual filing of an updated list of board members with the state agency for which the foundation was formed, financial recordkeeping 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.

An audit conducted by an independent certified public accountant noted exceptions related to compliance with certain statutory requirements at the foundations affiliated with Housatonic Community College. These matters are presented in the State Auditors' Findings and Recommendations section of this report.

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the Connecticut Community College System's records identified 32 areas requiring improvement.

### **Poorly Defined Organizational Structures and Coordination of Staff**

*Background:* The College of Technology Pathway Program is a Board of Regents for Higher Education initiative in response to the recommendations in a study completed in accordance with Public Act 92-126. The study recommended the implementation of a pathway program promoting awareness of engineering and technology careers and preparing students to work in Connecticut's business and industry. The College of Technology (COT) is a collaboration between the community colleges and partner universities. According to the Connecticut State Colleges and Universities' website, this collaboration provides career pathways for students to earn certificates, Associate and Bachelor of Science degrees in engineering and technology. COT is intended to reduce barriers to education by providing students a seamless transfer between the community colleges and four-year partner universities.

*Criteria:* The General Assembly created the Board of Regents for Higher Education on July 1, 2011. The Board of Regents is authorized to establish policies and guidelines for the community colleges to ensure the fullest possible use of available higher education resources. This includes coordinating services among the state universities, community colleges, and Charter Oak State College through the system's organizational structure. An organizational structure is a component of internal controls, which provides the framework for planning, executing, controlling, and monitoring entity-wide objectives. The establishment of an organizational structure includes considering key areas of authority and responsibility and appropriate lines of reporting.

*Condition:* We noted various concerns regarding the Connecticut State Colleges and University's (CSCU) organizational structure as it relates to the Board of Regents for Higher Education and the community college system.

**Board of Regents for Higher Education:** The Board of Regents for Higher Education allows colleges to release employees from their assigned duties to simultaneously perform other functions at another college. These arrangements are becoming increasingly common, designed as a way to save on personnel costs and share best practices. However, the Board of Regent's system office does not monitor the arrangements and does not require the colleges to document them in employee personnel files or update the Human Resources Management System and organization charts.

**Board of Regents for Higher Education and Tunxis Community**

**College:** A Tunxis Community College arrangement to release an employee from their full-time, tenured faculty duties caused the college to bear the full responsibility and administrative cost of the Board of Regent's College of Technology initiative. However, the COT mission benefits all Connecticut State Colleges and University campuses. We could not readily determine how much COT actually cost the CSCU campuses, because the accounting system does not separately code for COT.

In addition, Tunxis CC continues to list the COT executive director as a professor on its organizational chart. This arrangement has existed for more than 20 years. The employee did not report to the Dean of Administration as shown on the organizational chart, but reported directly to the Tunxis CC president. This arrangement resulted in Tunxis CC overstating the number of its teaching faculty.

**Board of Regents for Higher Education and Northwestern Connecticut**

**Community College:** Northwestern Connecticut Community College granted a part-time leave to its full-time Director of Information Technology. During the leave, the director temporarily worked at the Board of Regents 3 days per week as a Risk Management Officer. This appointment lasted over 2 years. Northwestern CC and the Board of Regents did not record the director's BOR assignment in the Core-CT Human Resources Management System and did not update their organizational charts.

*Effect:*

The community colleges may not be efficiently using their resources.

Poorly defined organizational structures that lack clear lines of authority make it more difficult to manage programs and their associated costs. The lack of a clear organizational structure prevented the Connecticut State Colleges and Universities from identifying the true cost of managing the College of Technology and resulted in its inability to detect excessive costs at Tunxis Community College. In addition, since the current COT director is a Tunxis employee who reports to the Tunxis CC president, the director does not have the authority to compel other community colleges and state universities to enter into and fulfill CSCU articulation agreements.

Northwestern Connecticut Community College and the Board of Regents may not have properly managed the arrangement.

*Cause:*

The Board of Regents for Higher Education is not sufficiently directing the community colleges to ensure the best use of available resources.

The Board of Regents does not have a mechanism to monitor employees assigned to work in other positions or colleges and has not taken sufficient

responsibility for the operation of the College of Technology’s mission, which has affected the entire system. The Connecticut State Colleges and Universities have not clearly defined or monitored the organizational structure and lines of authority over the College of Technology.

Northwestern Connecticut Community College did not properly record changes to the employee’s duties in Core-CT, and the Board of Regents did not record the changes in its organizational chart.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education should develop a clear organizational structure at its system office and colleges to ensure the most efficient use of resources. The Board of Regents should identify and monitor college employees released from their assigned duties to perform other functions. The system’s colleges should maintain current human resources records and organizational charts to properly manage their operations.

The Board of Regents for Higher Education should manage the College of Technology to ensure it is efficiently achieving its goals. (See Recommendation 1.)

*Agency Response:* Board of Regents for Higher Education, Tunxis Community College, and Northwestern Connecticut Community College: “The Board of Regents has already begun to undertake a significant reorganization under its Students First plan, under which the 12 separately accredited community colleges will merge into a single accredited college. This reorganization will address many of the administrative and human resources challenges that are implicated in this finding. In addition, the Board of Regents has undertaken a systemwide effort to ensure that “dual employment” and reassignments are documented with memoranda among the system office HR, sending and receiving institutions, and, if appropriate, collective bargaining agents.”

### **Obstacles to Enrollment at Multiple Community Colleges**

*Criteria:* The Board of Regents for Higher Education was created on July 1, 2011 to coordinate programs among the community colleges, and develop criteria to ensure program quality.

*Condition:* **Board of Regents for Higher Education:** The community college system has not coordinated its programs to readily support students who wish to attend multiple campuses. A Board of Regents’ study found 24% of graduates attended more than one community college, but also revealed only about 1% of them simultaneously attended more than one college. The college identified barriers to students attending multiple colleges including



there being over 30 steps for a student to enroll in a course at another community college. Furthermore, when students attend another college, their transcripts include only their earned credits (not a grade) for those classes.

We also noted the community colleges do not have standardized general education requirements. The colleges' requirements varied between 20 and 30 credits during the audited period. In addition, the Board of Regents has not required the colleges to standardize their curriculums. The previous board standardized the Nursing Program in 2008. It remains the only standardized program across the community colleges.

*Effect:* It is difficult for students to attend multiple community colleges and transfer between the colleges. The colleges' inconsistent education requirements could result in unequal educations.

*Cause:* The Board of Regents for Higher Education did not begin standardizing curriculums and simplifying the process for students to attend multiple community colleges until January 2018, as part of the Students First initiative.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education should fulfill its statutory purpose and mission to nurture student learning and achievement by minimizing obstacles to student success. The system office should expedite the curriculum standardization process across the community colleges to allow students to simultaneously attend multiple colleges. (See Recommendation 2.)

*Agency Response:* Board of Regents for Higher Education: "The challenges outlined in this finding are the result of students' need and desire to move seamlessly between separately accredited institutions. The accreditation standards of the New England Commission on Higher Education (NECHE) require that curricula be established by the individual accredited institutions and their faculties. Curricular and transfer challenges will be addressed through the merger of the twelve community colleges into a single state community college by 2023 as part of the Students First plan. In the meantime, the Board of Regents remains committed to improving processes and removing barriers to enrollment with the goal better supporting student success. As an example, in March 2020 a single application system will be launched for all community colleges. As part of the implementation, the BOR will also consider adjustments to existing policies to simplify and expedite the admissions process for incoming students."

## **Campus Security**

*Criteria:* The safety of students and faculty on campuses should be a top priority for the Board of Regents for Higher Education and the community colleges.

*Condition:* **Board of Regents for Higher Education:** In March 2014, the Board of Regents hired a security consulting firm to conduct a comprehensive campus safety assessment for each community college. The Board of Regents shared the assessment's deficiencies and recommendations with the administration at each college. While the colleges enacted some of these recommendations, they have not implemented others. We noted that campus security funding has decreased at some community colleges over the last few years.

*Effect:* Students and faculty at some community colleges may be less safe.

*Cause:* Budgetary constraints and the effort to keep education affordable caused the community colleges to reduce campus security costs.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education should ensure that community colleges implement security assessment recommendations. In addition, the Board of Regents should monitor each college's campus security to ensure student and faculty safety. (See Recommendation 3.)

*Agency Response:* **Board of Regents for Higher Education:** "In the spring of 2019, President Ojakian assembled a CSCU Public Safety Taskforce to review the current situation of the 17 campuses, consider opportunities to address gaps, and make recommendations for improvements related to personnel, facilities/property, technology and training. Our campuses vary in many ways including their geographic locations, residential and non-residential services, size of the employee and student populations, unique logistics with accessing each campus, etc. This variability has led to differences in how the campus is staffed and responds to emergency situations. The taskforce was led by SCSU Chief Joe Dooley, with representatives from the universities and colleges. The taskforce solicited feedback from leadership at each campus on their current conditions and needs for additional support. Members of the taskforce also met in person with representatives from the Faculty and Student Advisory Committees of the Board of Regents to gather input on their concerns related to campus security. Lastly, members reviewed past reports on the system's campus security. The Taskforce recommendations are proposed in phases recognizing that schools are in different places in terms of their readiness for crisis including current investments in infrastructure and armed personnel. In addition, the taskforce recognizes that given the state's fiscal debt diet, investments would be

prioritized and implemented with the availability of funding. This is a critical focus area for the colleges and universities this year and system office staff and the Community College Regional Presidents will be working with the campus leaders on reports due by the end of the calendar year.”

### **Workplace Violence Threat Assessments**

*Criteria:* The Department of Administrative Services Violence in the Workplace Policy and Procedures Manual outlines non-emergency response procedures for human resources employees. In potential workplace violence situations, one of the steps is convening a meeting of the threat assessment team to assess options and develop an action plan, if needed.

*Condition:* **Norwalk Community College and Board of Regents for Higher Education:** After a series of threatening actions, the college instructed a part-time lecturer to have no contact with a second employee. The Board of Regents tried to resolve the situation by removing the part-time lecturer from the faculty seniority pool. The college’s Director of Human Resources was aware of these events, yet they never contacted the threat assessment team.

*Effect:* Norwalk Community College did not sufficiently address a potential security risk.

*Cause:* The college chose not to convene the treat assessment team, but considered removing the lecturer from the faculty seniority pool.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* Norwalk Community College and the Board of Regents for Higher Education should sufficiently address workplace violence risks. Norwalk Community College should follow the Department of Administrative Services Violence in the Workplace Policy and Procedures Manual and convene its threat assessment team when appropriate. (See Recommendation 4.)

*Agency Response:* **Board of Regents for Higher Education and Norwalk Community College:** “The College has a designated Behavioral Intervention Team (BIT)/Threat Assessment Team charged by College Executive Management to assess incidents regarding behaviors of students and others on campus who may be at risk of doing harm to themselves or others. Included in, but not limited to, the list of behaviors are threats, aberrant or strange behavior, violent or perceived violent behavior, repeated threats of suicide or violence against others, etc. If there is a serious threat, the committee is to be called to meet within 72 hours. At the time of relevant incidents dealing with disagreement

on the part of this part-time lecturer with fellow union representatives; and/or College managers; and/or BOR managers, the College's Chief Operating Officer (then Director of Human Resources); Director of Security; and Chief Diversity Officer determined that the part-time lecturer's behaviors did not pose a threat or risk for workplace violence. Thus, no referral was made to the BIT/Threat Assessment Team. Persons occupying the positions cited are identified in the College's Security Protocol Plan as members of the BIT/Threat Assessment Team."

*Auditor's Concluding*

*Comment:* Our audit does not question the existence or adequacy of a threat assessment policy at Norwalk Community College. Our finding specifically questions the college's decision not to convene the threat assessment team after learning of an employee's threatening actions.

**Bargaining Unit Contracts**

*Background:* The Board of Regents for Higher Education negotiates collective bargaining contracts with the Congress of Connecticut Community Colleges, the American Federation of Teachers, and the American Federation of State, County, and Municipal Employees. These agreements govern the funding of set aside accounts for employee promotions, professional development, and grievances. The Board of Regents calculates each account's allocation based on a percentage of its prior year's payroll expense. Historically, the colleges carried forward unspent balances in these accounts at the end of each fiscal year. However, beginning with the fiscal year ended June 30, 2017, the Board of Regents began transferring unspent promotional and professional development allocations to the colleges' operating funds.

*Criteria:* The Board of Regents' annual calculation for employee promotion, professional development, and grievance set aside accounts for each unclassified bargaining unit should not result in unwarranted payments or burdensome accounting and reporting.

*Condition:* **Board of Regents for Higher Education's System Office:** The system office set aside excessive promotional and professional development resources. Bargaining unit agreements do not adequately explain how colleges should spend or account for this money.

- The system office carried forward unspent allocations and accumulated an \$11.2 million balance in fiscal year 2015. In October 2015, an independent public accountant determined that BOR miscalculations in fiscal years 2010 through 2015 caused \$7.1 million in excess allocations. As a result, the Board of Regents distributed the excess allocations to the community colleges' operating funds.

- The system office continued to spend these funds to reduce the fund balances. As a result, it paid college employees over \$3.3 million for furlough days and top step and professional development bonuses. These payments appear excessive compared to other state agencies.

*Effect:* The system office paid furlough days and bonuses to bargaining unit employees that appear unwarranted. Between 2010 and 2015, the system office underfunded the colleges' operating budgets by \$7.1 million, and only released these funds to the colleges in 2016. These resources could have been available to the colleges during those years to support their activities at that time.

*Cause:* The system office is unsure of how to properly handle and account for the funds set aside for specific purposes outlined in bargaining unit contracts.

*Prior Audit Finding:* This is the first report to include such a finding

*Recommendation:* The Board of Regents for Higher Education system office should reduce the complexity of its set aside allocation process specified in each bargaining unit contract. (See Recommendation 5.)

*Agency Response:* Board of Regents for Higher Education: "The Board or Regents agrees that the system of allocating various set asides is complex and that the system office may seek to address the complexity of this finding in future negotiations with the unclassified bargaining units. Nevertheless, the Board of Regents provides that the funding for these accounts was required as part of the negotiated collective bargaining agreements, which define the amounts, carry over and purpose of for which each of these accounts may be used. The distribution of the funds was in compliance with the bargained-for agreements and settlements with the respective unions."

*Auditors' Concluding*

*Comment:* While we agree that the funding for the promotion, professional development, and grievance set-aside accounts is required per the negotiated bargaining agreements, the system office overfunded these accounts, which resulted in the excessive balances. This error resulted in less money being available for each college's operating expenses in some years and lead to the availability of funds to make excessive payments to employees in an effort to decrease the account balances.

The bargaining unit contracts were vague as to what is considered a valid use of the funds. However, for the promotion and professional development accounts, the bargaining unit contracts contained the language "any funds not spent...shall revert back to the BOR." Based on this language, it appears as though BOR did not have to spend all of the funds, but could have

distributed the money to the community colleges' operating funds, as was previously done.

### **Compliance with the 2017 SEBAC Agreement**

*Background:* The Board of Regents for Higher Education negotiates collective bargaining contracts with the Congress of Connecticut Community Colleges, the American Federation of Teachers, and the American Federation of State, County, and Municipal Employees. These agreements govern the funding of set aside accounts for employee promotions, professional development, and grievances. The Board of Regents calculates each account's allocation based on a percentage of its prior year's payroll expense. Historically, the colleges carried forward unspent balances in these accounts at the end of each fiscal year. However, beginning with the fiscal year ended June 30, 2017, the Board of Regents began transferring unspent promotional and professional development allocations to the colleges' operating funds.

*Criteria:* The 2017 State Employee Bargaining Agent Coalition (SEBAC) agreement required unionized state employees to take 3 unpaid furlough days in fiscal year 2018 and give up salary or pay increases, including top step bonuses, in fiscal years 2017 and 2018.

*Condition:* **Board of Regents for Higher Education:** The Board of Regents did not comply with the 2017 SEBAC agreement when the system office used resources set aside for promotions and professional development to fund unwarranted payments to bargaining unit members.

- The colleges compensated bargaining unit members \$1,042,443 for 3 furlough days from the bargaining unit grievance funds.
- The colleges paid one-time professional development grant payments of \$900 for 4C members and \$2,500 for AFT/AFSCME members, as well as top step bonuses, effective July 1, 2016 and 2017. They charged the entire \$1,687,100 of professional development grants and 66% of the \$581,847 of top step bonuses to funds set aside for union grievances. The system office paid for the remaining 34% of the top step bonuses with college operating funds.

The system office provided us with documentation that it discussed these payments with the Office of Policy and Management prior to finalizing the union agreements.

*Effect:* The 2017 SEBAC Agreement granted job security to community college bargaining unit members. The colleges still provided \$3,311,390 in unwarranted payments to those employees, which appears to conflict with the intent of the 2017 SEBAC Agreement.

*Cause:* The Board of Regents for Higher Education’s system office agreed to these payments to hasten the union negotiation process. The system office also wanted to reduce the balance of funds set aside for union grievances, which had grown to approximately \$4.7 million as of June 30, 2017. In addition, the system office determined it was appropriate to grant furlough days without a loss of pay, like it did as part of the 2011 SEBAC Agreement.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education should not provide employees with unwarranted payments and benefits. The Board of Regents bargaining unit agreements should comply with SEBAC agreements. (See Recommendation 6.)

*Agency Response:* Board of Regents for Higher Education: “The Board of Regents states that the agreements with respective bargaining units were executed in accordance with the 2017 SEBAC framework, some of which included alternatives to the furlough provisions with the mutual agreement of labor and management. All of the alternatives were agreed to by the State’s Office of Labor Relations in OPM and by the SEBAC Executive Committee as compliant with the SEBAC 2017 requirements. Further, the Board of Regents provides that the funding for these accounts was required as part of the negotiated collective bargaining agreements, which define the amounts, carry over and purpose of for which each of these accounts may be used. The distribution of the funds was in compliance with the bargained-for agreements and settlements with the respective unions.”

*Auditors’ Concluding*

*Comment:* The 2017 SEBAC agreement did allow bargaining units to substitute accrual reductions, or other means, to produce equivalent savings for the 3 furlough days. While BOR produced equivalent savings by using union accounts to pay employees, the issuance of 3 paid vacation days did not seem appropriate. Other state employees were required to take 3 unpaid furlough days.

The 2017 SEBAC agreement did not include language permitting equivalent savings for top step bonuses or pay increases. The agreement clearly states that bargaining units seeking job security protections shall not receive any salary or payment increases, including top step bonuses, for fiscal years 2017 and 2018. The issuance of one-time and top step bonuses appears to have violated this provision.

Furthermore, the bargaining unit contracts do not specifically define what constitutes a valid use of union grievance funds. However, it seems illogical to connect paid days off and bonuses to grievances. Also, the union accounts

used to pay employees for the identified unwarranted payments were funded by state appropriations. These accounts were over-funded.

### **Excessive Travel Expenses**

*Criteria:* Employees traveling on college business must have their travel plans and costs preapproved to ensure the travel benefits the state at a reasonable price. Travelers must obtain cost-effective lodging, unless the employee is staying at the conference hotel. The colleges only pay for lodging when the employee travels more than 75 miles from home or receives a preapproved exemption.

Travelers must submit their actual expenses for reimbursement within 30 calendar days after the travel. If the actual costs exceed the authorized amount by 10% or more, the college must reauthorize the trip.

*Condition:* **Tunxis Community College:** During our test of the 25 largest recipients of other payments across audited colleges, we identified a Tunxis CC employee who received \$25,418 and \$56,585 in out-of-state travel reimbursements during the fiscal years ended June 30, 2016 and 2017, respectively. The college repeatedly violated the Board of Regents' travel policies and procedures for this employee's travel.

**Lodging:** Tunxis CC did not document that the college or the employee compared room rates to find the lowest priced hotel rooms. Our review revealed that this employee stayed in out-of-state hotels on 41 nights. For 20 of those nights, the employee stayed in hotel rooms that cost more than \$300 per night, including 8 nights in which the room cost more than \$400 (the most expensive being 2 nights at \$466 each night). This employee predominantly stayed at the same high-priced hotel chain and used a rewards card. The card accrued enough points to achieve the highest tier of the hotel's rewards program. Using the federal General Services Administration (GSA) rate as a benchmark, the cost the 20 nights exceeded the GSA rate by at least \$100 per night. The largest difference was \$292, incurred during a trip to Las Vegas. The employee spent \$400 to stay at a hotel on the Las Vegas Strip, but the conference was 4 miles away. None of the hotel stays in question were at the conference hotels.

**Revised Travel Authorizations:** Tunxis CC preapproved each of the 20 nights at a budgeted cost that was at least 10% lower than the actual cost. Yet, Tunxis CC reimbursed the employee without reauthorizing the trip.

**Delays in Requesting Reimbursements:** We noted 14 instances in which the same employee submitted travel reimbursement requests at least 6 months after the trip, including 2 reimbursement requests a year after the trip.



**Lodging less than 75 miles From the Employee’s Home:** Tunxis reimbursed the same employee for overnight lodging in Chicopee, Massachusetts. The hotel was less than 75 miles from the employee’s home and the college did not document that it approved an exception.

*Effect:* Tunxis Community College did not adhere to the Board of Regents’ policies and procedures, which resulted in excessive costs.

*Cause:* The employee and the college did not comply with the Board of Regents’ Travel Policies and Procedures Manual.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* Tunxis Community College should comply with the Board of Regents for Higher Education’s employee travel policies and procedures to ensure that all employee travel is necessary and cost-effective. (See Recommendation 7.)

*Agency Response:* Tunxis Community College: “Tunxis Community College acknowledges that the employee did not comply with certain requirements set forth in the Board of Regents’ Travel Policies and Procedures Manual. Tunxis Community College will work with this employee to design procedures allowing for stricter adherence to relevant Board of Regents’ policies as they pertain to lodging. The College notes, however, that this finding concerns lodging arrangements for only one employee who often travels as part of work done in concert with a federal grant funded through the National Science Foundation (NSF). All travel expenses paid by the college on behalf of the employee were reimbursed by the NSF in accordance with any and all rules as stipulated by the grant. As a result, none of the costs noted in the report were absorbed by the college or by extension, the state of Connecticut.”

*Auditor’s Concluding Comment:* The National Science Foundation limits travel reimbursements to the amounts allowed by the non-federal agency. As such, these travel costs were subject to state requirements.

### **Conflicts of Interest in Employment and Federal Grant Management**

*Background:* The principal investigator on a National Science Foundation (NSF) grant is responsible for the scientific or technical direction of the project. The principal investigator also serves as the NSF contact representative. The principal and co-principal investigators are jointly responsible for submission of project reports.

*Criteria:* Colleges should maintain and enforce an appropriate written policy on conflicts of interest. Federal grant recipients must identify conflicts of interest and manage, reduce, or eliminate them prior to spending award funds. State employees may not have a financial interest or engage in activities that are in substantial conflict with their state duties.

Colleges should hire the most qualified job applicants when they apply their established policies and procedures during the selection process.

*Condition:* **Tunxis Community College – Conflicts of Interest in Employment:** Tunxis Community College hired a part-time educational assistant during the same month the employee took a position at a business owned by the spouse of the employee's Tunxis supervisor. The Tunxis CC supervisor was responsible for hiring the employee, and it does not appear that the supervisor or employee disclosed the potential conflict of interest to college management. Therefore, the college was unaware of the conflict, which could have compromised the employee's work at Tunxis CC. This arrangement continued for approximately one year. The employee worked on separate, but similar, National Science Foundation Advanced Technological Education grants for both employers.

**Tunxis Community College – Conflicts of Interest in Managing Federal Grants:** Tunxis Community College agreed to serve as an intermediary when a private out-of-state university could not pay the federal grant's co-principal investigator without a DUNS number (universal number for businesses). Instead, the private university outsourced the services to Tunxis CC, which contracted with a nonprofit that ultimately paid the co-principal investigator. This arrangement made a Tunxis CC employee responsible for the co-principal investigator's work and compensation when the co-principal investigator was simultaneously responsible for monitoring the work and payments to Tunxis.

In addition, a letter that the co-principal prepared and signed addressed to the grant's principal investigator referred to Tunxis Community College in the heading. This gave the impression that the co-principal investigator worked for Tunxis. This individual is not an employee of Tunxis CC, the private university, or the non-profit. This confusing multilayered arrangement increased the risks for conflicts of interest and fraud.

*Context:* **Conflicts of Interest in Employment:** Including fringe benefits, the educational assistant cost the college \$23,650 during the audited period.

**Conflicts of Interest in Managing Federal Grants:** The college paid the nonprofit organization \$102,974 during the audited period. The nonprofit paid at least \$40,693 of this amount to the co-principal investigator.

*Effect:* The college’s failures to manage, reduce, or eliminate possible conflicts of interest increase the risk of misuse, abuse, and fraud.

*Cause:* The college does not have sufficient procedures to identify and manage conflicts of interest. The employee and supervisor did not report their potential conflicts of interest to management. The college designed a contractual arrangement with a private university to employ the co-principal investigator.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* Tunxis Community College should comply with state, Board of Regents for Higher Education, and federal conflicts of interest requirements. The college should promptly identify conflicts of interest and manage those conflicts to reduce the risks for misuse, abuse, and fraud. (See Recommendation 8.)

*Agency Response:* Tunxis Community College: “The College agrees that it should identify conflicts of interest and will engage in efforts to manage employment arrangements that could potentially be perceived as creating a conflict of interest regardless of whether said arrangement represents a violation of policy, regulation, etc. However, Tunxis Community College does not agree that the example cited in the report represents a violation of policy. Tunxis Community College also notes that both the salary and fringe benefit costs of the employee cited in the example were paid in full by a federal grant and therefore did not represent any costs to the college.

Tunxis Community College acknowledges the concern regarding the use of a multi-layered approach and how that may be perceived as problematic and/or confusing and will work to mitigate this concern as it pertains to similarly administered grants in the future. The college maintains that there was no wrongdoing in the administration of the grant itself. A memorandum of understanding (“MOU”) existed between Tunxis and the private university, which was signed by the President of Tunxis at that time. This MOU identified a Tunxis employee to monitor work and payments for the grant. Tunxis worked directly with the university’s finance and grants departments in order to ensure proper administration and the co-principal investigator had no authority to approve invoices sent to the private university. When the co-principal investigator added a business to the grant, Tunxis immediately identified it as a conflict of interest and notified the university that it would no longer continue any contractual relationship with the university or the co-principal investigator.”

*Auditors’ Concluding*

*Comment:* We cited this example to highlight an instance in which Tunxis CC failed to manage a conflict that arose during an employee’s hiring and subsequent

employment. A conflict of interest policy is not expected to cover every possible scenario. However, it is good business practice to take corrective action when a conflict or appearance of conflict arises.

### **Compliance with Union Agreements, Excessive Work Hours, and Rate of Pay**

*Background:*

The College of Technology Pathway Program is a Board of Regents for Higher Education initiative in response to the recommendations in a study completed in accordance with Public Act 92-126. The study recommended the implementation of a pathway program promoting awareness of engineering and technology careers and preparing students to work in Connecticut's business and industry. The College of Technology (COT) is a collaboration between the community colleges and partner universities. According to the Connecticut State Colleges and Universities' website, this collaboration provides career pathways for students to earn certificates, Associate and Bachelor of Science degrees in engineering and technology. COT is intended to reduce barriers to education by providing students a seamless transfer between the community colleges and four-year partner universities.

*Criteria:*

The collective bargaining agreement between the Board of Regents for Higher Education and the Congress of Connecticut Community Colleges established employment requirements of faculty and nonteaching professional staff. The standard schedule for nonteaching professional staff is 35 hours per week, which may include evening or weekends. However, these employees must receive at least 2 consecutive days off each week (including a Saturday or Sunday).

The agreement permits colleges to informally adjust work schedules that result in additional pay for duties that are outside the employee's regular work. Otherwise, when nonteaching staff continually work more than 35 hours per week, the colleges may only provide compensatory time on an hour for hour basis.

Only nonteaching professional staff accrue and use vacation time. They work 12 months per year and earn up to 22 days of vacation. Conversely, full-time faculty (as 10-month employees) earn and use vacation paid leave as part of each college's academic calendar.

*Condition:*

**Tunxis Community College:** The Tunxis Community College employment arrangement for the College of Technology's executive director did not comply with the union agreement.

Tunxis CC repeatedly granted the executive director a full release from tenured teaching duties. The college combined the released position with 2 part-time positions with the same job title (Executive Director of the

College of Technology). All 3 positions, one faculty and two administrative, are covered by the same union agreement.

This unusual arrangement required the employee to work year-round, 6 days and 45 hours per week. Therefore, the union agreement would not permit a single employee to fill the executive director's position. In addition, none of these 3 positions accrued vacation time, and their schedules never allowed for 2 consecutive days off per week.

The union agreement did not support payments for more than 35 hours per week unless those hours related to additional outside duties. At most, this employee was entitled to compensatory time for non-executive director duties. The state will pay this employee a higher pension benefit based on the six years at 45-hours per week, because the college did not grant the employee compensatory time.

Federal grants required the college to comply with state and federal requirements, and did not override union agreements. However, the college based the executive director's pay on a federal award that indicated the college may charge up to 9 additional hours per week at a budgeted rate. The employee spent part of the time on National Science Foundation grants while working in all 3 positions, but only charged 2 administrative positions to the federal grants.

The executive director also taught a course at Tunxis CC as a part-time lecturer. This dual employment arrangement, although fully documented and approved by the college, when combined with the 45-hour executive director position, exceeded the union agreement's maximum teaching threshold and was not permissible.

*Effect:* The college did not pay the employee the correct rate, did not allow the employee to accrue vacation leave, required the employee to work more hours than allowed by the union agreement, and will pay the employee a higher retirement benefit. Students may be negatively impacted when a part-time lecturer is already working 45 hours per week.

*Cause:* The college constructed the College of Technology's executive director position in violation of the terms of the union agreement.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* Tunxis Community College should reevaluate the College of Technology's executive director position to ensure compliance with collective bargaining agreements and state and federal laws and regulations. (See Recommendation 9.)

*Agency Response:* Tunxis Community College: “Tunxis Community College agrees that the employment agreement between the college and the employee contains provisions that exist outside of parameters as defined by the employee’s union contract. However, the college notes that these arrangements have been agreed upon and maintained with the union’s permission and consent for several years. The agreement between the college and the union is representative of a shared belief that the nature of the employee’s responsibilities, though nontraditional in terms of how they are comprised, are vital to both Tunxis Community College and the system at large.”

*Auditors’ Concluding*

*Comment:* We are not questioning the value of this employee’s efforts. However, the college should not assign tasks to tenured faculty that do not comply with state and federal laws and union agreements. We requested documentation of the union’s support of this arrangement from numerous system office and college employees, but none was provided to us.

**Failure to Prepare and Retain Adequate Records**

*Criteria:* The Connecticut State Library’s Public Records Administrator requires agencies to retain fiscal and personnel records for 3 years or until audited, whichever is later. For matters relating to threat assessments and workplace violence, the agency should retain records 5 years after the matter is resolved.

*Condition:* **Board of Regents for Higher Education and Tunxis Community College:** The Board of Regent’s system office and Tunxis Community College did not retain sufficient documentation to support a \$77,968 retroactive payment to an employee related to a grievance. We identified this payment while testing the 25 employees who received the largest payments categorized as “other” payments across all audited colleges.

The college could not provide us with documentation that an employee requested or the president approved an extension to the 30-day grievance filing deadline, over 2 years after the employee should have been aware of the potential underpayments.

The college’s initial review of the grievance concluded that the employee was not entitled to payment for work beyond 35 hours per week, but might be entitled to compensatory time. Despite this conclusion, the system office instructed Tunxis to pay the employee the requested amount. The system office did not provide us with documentation that management approved the payment or an explanation for their change in position. Management informed us that there was no stipulated agreement.

**Norwalk Community College:** Norwalk Community College security removed a part-time lecturer from campus. After this occurred, the college emailed the employee with instructions to avoid contacting a second employee, but did not include the email or any other documentation in the part-time lecturer's personnel file.

**Tunxis Community College:** We noted the following missing documentation at Tunxis Community College:

- Across all audited colleges, we tested all purchasing card (P-Card) transactions for the months of May 2016 and March 2017. Tunxis CC was unable to provide supporting documentation for any of its P-Card transactions for May 2016.
- We tested all 12 expenditures, totaling \$336,937, that Tunxis CC paid to a subcontractor. Tunxis CC was not able to provide supporting documentation for \$228,527 of those payments.
- We tested a sample of 8 out of 16 Follett Textbook Scholarship transactions, totaling \$1,648. Tunxis CC was unable to provide supporting documentation or an explanation for 2 transactions, totaling \$981.
- We tested 5 of 422 student activity expenditures, totaling \$13,164. Tunxis CC was unable to provide supporting documentation for one expenditure, a \$1,276 restaurant bill.
- Tunxis CC was unable to provide deposit slips for the 3 student activities we tested, totaling \$1,433.

**Asnuntuck Community College:** Asnuntuck Community College could not provide us with supporting documentation for 3 payments, totaling \$418, to an employee for miscellaneous earnings.

*Effect:*

The colleges have diminished the integrity of their internal control structure by not adequately safeguarding documentation. We could not determine whether:

- Tunxis Community College properly vetted and approved the retroactive payment to an employee.
- Tunxis and Asnuntuck community college's payments to employees, contractors, and vendors were proper.

In addition, it is more difficult for Norwalk to manage potential campus security risks without proper documentation in related personnel files.

*Cause:* Tunxis and Asnuntuck community colleges could not find the missing documentation. The system office did not comply with the union contract in dealing with an employee grievance. Norwalk Community College did not feel it was necessary to include information relating to a security incident in a personnel file, because the part-time lecturer was not performing work-related duties at the time of the incident.

*Prior Audit Finding:* Our prior audit also noted missing documentation at Tunxis Community College during the prior audited period.

*Recommendation:* The Board of Regents for Higher Education and Tunxis, Asnuntuck, and Norwalk Community Colleges should comply with the records retention requirements of the Connecticut State Library's Public Records Administrator. The Board of Regents should develop a system-wide documentation policy related to workplace violence incidents. (See Recommendation 10.)

*Agency Response:* Board of Regents for Higher Education, Norwalk Community College, Tunxis Community College, and Asnuntuck Community College: "The Board of Regents and cited Colleges agree that they should comply with the record retention requirements of the Public Records Administrator, and will work to ensure that records are properly retained in the future. The Board of Regents will consider developing a system-wide policy for documenting substantiated incidents involving workplace violence."

### **Dean's Discretion Holds**

*Background:* Colleges can place holds on student accounts in the Banner system, in cases of missing vaccinations, college debt, or academic probation. This prevents students from registering for additional courses until they address the reason for the hold. Banner has unique codes to identify the reason for the hold. At the beginning of a student's disciplinary process for possible violation of the Student Code of Conduct, the college places a dean's discretion hold on the student's account.

*Criteria:* Community colleges should retain documentation to support all administrative actions that prevent a student from enrolling.

The Federal Educational Rights and Privacy Act permits colleges to share information about students for admissions decisions.

*Condition:* **Housatonic Community College:** Housatonic Community College did not have complete disciplinary records to support a dean's discretion hold with an expiration date of December 31, 2099.



**Board of Regents for Higher Education:** We analyzed more than 1,900 students on a dean’s discretion hold across the community college system and found that the majority have a December 31, 2099 end date, the Banner system default date. However, the Student Code of Conduct only requires colleges to maintain disciplinary records for 5 years. While students can ask the dean to override an existing hold, it would be difficult for the dean to make an informed decision without supporting records.

Furthermore, the Board of Regents does not have policies for placing system-wide holds or sharing student disciplinary records among the community colleges and state universities.

*Effect:* The lack of disciplinary records to support dean’s discretion holds results in colleges having insufficient information to determine whether to override the hold.

The lack of system-wide student hold policies increases the likelihood that a community college or state university could unwittingly admit a student with a serious violation of another school’s code of conduct. These could include situations in which a college deems a student a threat to campus safety.

*Cause:* The colleges are using the default end date (December 31, 2099) for a dean’s discretion hold instead of recording an end date for a student’s hold in Banner. It is not clear how long the Board of Regents intended to impose these holds. However, BOR and college policies do not require colleges to retain documentation supporting the reasons for discretion holds longer than 5 years, even in cases in which the dean imposed a permanent hold.

Community colleges are unable to access each other’s dean’s discretion hold data in Banner.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education should require community colleges to maintain disciplinary records for students on active dean’s discretion holds.

The Board of Regents for Higher Education should establish policies and procedures to inform community colleges and state universities of students with violations of the student code of conduct at other colleges or state universities. This notification is critical when the misconduct involved campus safety. (See Recommendation 11.)

*Agency Response:* Board of Regents for Higher Education and Housatonic Community College: “There appears to be a discrepancy regarding the purpose of the

holds and retention of documentation. Unless a student is expelled, which is documented as a permanent record, students may be returned to a community college campus regardless of their history. The purpose of the hold is to block a student from receiving automatic access. Since community colleges are open enrollment, the hold prevents former students as well as certain prospective students who have been deemed safety threats from gaining automatic access to the community college environment. These holds keep with the mission of community college in that the holds do not permanently hinder someone's access to enrollment, either. Instead the hold serves as a notification system informing administrators that the prospective student's application warrants further attention. For instance, all persons on the sexual offender registry have "holds" on their names and must be individually assessed for fitness on a community college campus. Some may be determined not to be appropriate for the campus experience and be restricted to online courses, be given limited access (not near childcare areas), or be granted full access to the campus, on the condition that the student meet regularly with the Dean. The assessment process is based on the prospective student's current level of functioning and likelihood of success, not necessarily their behavior ten years ago when they first attempted community college. There are system wide protocols in place for addressing sexual offenders and other violent students. Of note, the Board or Regents intends to streamline this process by implementation of the Students First plan."

*Auditors' Concluding*

*Comment:*

If the dean's discretion holds are intended to notify college administrators that a student's application requires further pre-admission attention, then colleges will need to maintain and share their related records. Without these records, it is unclear how a college would be able to fully assess whether a student should be admitted.

**Student Accounts Receivable Holds and Overrides**

*Background:*

Colleges can place holds on student accounts in the Banner system, in cases of missing vaccinations, college debt, or academic probation. This prevents students from registering for additional courses until they address the reason for the hold. Banner has unique codes to identify the reason for the hold.

*Criteria:*

The Connecticut Community College System's Accounts Receivable Manual requires colleges to place a hold on past due student accounts. The hold prevents students from registering for classes until they have paid in full. Colleges can override the hold.

*Condition:*

**Board of Regents for Higher Education and All Community Colleges:**  
While colleges placed accounts receivable holds on students with college

debt, they still allowed many of them to register for classes at the student's college or another community college.

As of February 2018, there were over 44,900 student accounts receivable holds at the community colleges. This included nearly 1,300 students with account holds who enrolled at a community college. Over 120 of these students were on hold at 3 or more colleges.

We reviewed 9 of these nearly 1,300 students. The colleges allowed 5 of them to improperly enroll.

We found that multiple colleges sent the same 480 students to collections, and 93 of these students had their accounts written off.

*Context:* Our review of aged receivable reports identified 99 students who owed a combined \$174,595 (approximately \$1,760 per student) to multiple community colleges.

*Effect:* It is more likely that the college ultimately will have to send the accounts for collection, because they do not require students to pay their outstanding balances before allowing them to enroll.

*Cause:* Each community college separately performs the student accounts receivable process and places holds and overrides, without communicating with the other colleges. The system office does not conduct a central review of student accounts receivable.

In addition, community colleges override their accounts receivable holds in certain situations. This happens in cases in which the student has shown a good faith effort to pay present or past debt.

*Prior Audit Finding:* We presented a similar finding in our prior report at Gateway and Naugatuck Valley Community Colleges.

*Recommendation:* The Board of Regents for Higher Education's system office should assess overrides of student accounts receivable and develop better policies and procedures to ensure consistency in the override process.

Community colleges should only override student accounts receivable holds in accordance with the Connecticut Community College System's Accounts Receivable Manual. (See Recommendation 12.)

*Agency Response:* Board of Regents for Higher Education: "CSCU remains committed to student success and believes that small financial barriers should not result in a student's inability to continue with their education. As part of the community college enrollment management plan, the system office will consider common guidelines for the community colleges to follow

regarding acceptable balances that would allow continuous enrollment (e.g. less than \$250). In addition, the BOR has tasked the System Office to assess the current procedures for leveraging institutional aid for student enrollment, success and completion. An evaluation of student balances at the end of term will be considered in this evaluation. Finally, the System Office is currently implementing a common calendar for registration, billing and drop for non-payment to mitigate receivables at the end of term.”

## **Service Organizations**

*Background:* The Board of Regents for Higher Education’s system office contracted with Follett Higher Education Group, Inc. to operate the 12 community colleges’ bookstores. The contract required Follett to pay the colleges a commission and textbook scholarships based on 1.25% Follett’s gross revenues.

*Criteria:* Service Organization Control (SOC) reports ensure the effectiveness of internal controls at service organizations, like Follett, that maintain significant financial applications and processes. Those SOC reports should be prepared in accordance with Statement on Standards for Attestation Engagements No. 18 (SSAE 18) issued by the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board.

*Condition:* **Board of Regents for Higher Education’s System Office:** The system office did not obtain SOC reports from Follett despite relying on the company’s internal controls for the calculation of \$1,630,717 in commissions and \$189,992 in textbook scholarship funds in the 2017-2018 fiscal year. In addition, the system office and colleges did not verify that Follett provided them the correct amount of textbook scholarship funds.

*Effect:* Without SOC reports and verification of textbook scholarship funds, the system office and community colleges cannot be certain they received the correct amount of commissions and textbook scholarship funds.

*Cause:* The contract between the Board of Regents for Higher Education and Follett did not require SOC reports. The Board of Regents may not have considered the importance of these reports.

The system office believed the community colleges verified the amount of Follett scholarship funds, but our inquiries found that most colleges did not.

*Prior Audit Finding:* This is the first report to include such a finding

*Recommendation:* The Board of Regents for Higher Education’s system office should consider requiring Follett to obtain Service Organization Controls reports prepared in accordance with Statement on Standards for Attestation Engagements No. 18. The Board of Regents for Higher Education’s system office or the

community colleges should verify that Follett provided them the correct amount of commissions and textbook scholarships. (See Recommendation 13.)

*Agency Response:* Board of Regents for Higher Education: “The colleges rely on the funding provided through commissions and can anticipate commission based on historical sales volume. Due diligence is performed in monitoring the reports and funding received. While obtaining SOC reports may be considered best practice in some circumstances, it is not required under Connecticut General Statutes or required by the CSCU Procurement Manual. Thus, the reports were not required under the contract with Follett. Since the SOC reports verify Follett’s effectiveness of their accounting controls, the CSCU has requested and obtained Follett’s SOC reports and will continue to do so annually.”

### **Improper Use of Textbook Scholarship Funds**

*Criteria:* The contract with Follett Higher Education Group, Inc. for community college bookstore operations required Follett to pay the community colleges 1.25% of gross revenue quarterly for textbook scholarships. Follett paid those scholarships in the form of gift cards or on account.

*Condition:* Our review of Follett Textbook Scholarship Fund expenditures identified questionable use of the funds by some of the colleges, including:

Norwalk Community College: Norwalk Community College spent \$13,507 on caps and gowns for commencement.

Naugatuck Valley Community College: Naugatuck Valley Community College spent \$10,800 on 675 books for a student reading program sponsored by the offices of the President, Student Affairs, and the library. In addition, the college spent \$1,600 on bookstore gift cards, which it gave to students as rewards for performing at a campus event.

*Effect:* In some cases, the college did not use Follett textbook scholarship funds as intended.

*Cause:* The Board of Regents for Higher Education negotiated one bookstore contract for all community colleges, but did not provide guidance to the colleges on the proper use of the textbook scholarship funds.

*Prior Audit Finding:* We also reported the questionable use of textbook scholarship funds by Naugatuck Valley Community College in the last audit report.

*Recommendation:* The Board of Regents for Higher Education’s system office should provide guidance to the community colleges on the proper use of Follett textbook scholarship funds. (See Recommendation 14.)

*Agency Response:* Board of Regents for Higher Education: “CSCU agrees with this recommendation and will provide guidance on the proper use of these funds.

Norwalk Community College: “The cost of caps and gowns is now built into the Commencement budget in the operating fund.”

Naugatuck Valley Community College: “The College disagrees with this finding. The books purchased were used in the students’ curriculum, and therefore are considered to be textbooks. Regarding the purchase of Follett gift cards, since clarification on use was not provided, NVCC reached out to Follett management directly and received an email that stated Follett gift card purchases for students are an appropriate use of the textbook scholarship funds. Further, although Follett approved of this practice, the College has discontinued this practice to avoid future audit findings.”

*Auditors’ Concluding Comment:*

The Follett contract allowed the use of textbook scholarship funds to purchase gift cards. We were concerned that Naugatuck Valley Community College used these gift cards as a reward for student performers and participants in a campus event. It is not clear whether this is appropriate, because of the lack of guidance for the textbook scholarship funds. However, the issuance of the gift cards as a reward does not appear to meet the normal, need-based scholarship definition for textbooks and school supplies.

### **Delays in Managing Course Enrollment**

*Criteria:* Housatonic Community College’s enrollment policies and procedures require an instructor’s approval for students to change enrollment during the second week of the semester. The student must submit a properly-approved form to the registrar. When the college processes the change, the course roster automatically updates. The instructor should notify the registrar of any concerns with the updated roster.

*Condition:* **Housatonic Community College:** Housatonic Community College did not promptly address concerns regarding a student’s course enrollment change. When the college could not verify an instructor’s approval on a change form, it barred the student from attending the course until it could resolve the matter. The college barred the student 7 weeks after processing the student’s initial change request. Due to this delay, the college could not sufficiently investigate and resolve the matter.

*Effect:* The college did not resolve the matter and prevented the student from attending some of the sessions, causing the student to withdraw from the class.

- Cause:* The college did not promptly address the questionable approval.
- Prior Audit Finding:* This is the first report to include such a finding.
- Recommendation:* Housatonic Community College should improve policies and procedures related to course enrollment changes to minimize negative student impact. (See Recommendation 15.)
- Agency Response:* Housatonic Community College: “Housatonic Community College will explore measures to address this finding. The Dean of Student Affairs and Academic Affairs now meet routinely to discuss and review systematic policies, while enhancing internal campus procedures. The consistent and on-going communication between both areas has ensured continuity in the overall processes and turn-around time in addressing our student needs.”

**Excessive Paid Administrative Leave**

*Criteria:* Colleges should minimize the amount of time that employees are on paid administrative leave pending investigations.

*Condition:* **Board of Regents for Higher Education’s System Office and Asnuntuck, Manchester, Naugatuck, and Norwalk Community Colleges:** At least 6 state employee bargaining unit contracts limit the time an agency can place an employee on paid administrative leave to 60 days to allow time for an investigation. However, the community college union agreements do not limit paid administrative leaves. We reviewed the files for 30 out of 1,666 employees on paid administrative leave at 8 community colleges. Four of these employees were on leave for more than 60 days. The colleges paid these employees \$249,864 during their leaves and subsequently terminated all of them.

<b>College</b>	<b>Calendar Days on Paid Leave</b>	<b>Amount Paid</b>
Asnuntuck Community College	317 days	\$ 49,401
Manchester Community College	617 days	158,763
Naugatuck Valley Community College	122 days	26,276
Norwalk Community College	68 days	<u>15,424</u>
Total		<u>\$249,864</u>

Asnuntuck Community College took 70 calendar days to reach an agreement with an employee on paid administrative leave. The agreement required the employee to resign after 247 additional days on paid administrative leave. This was the exact service time the employee needed to reach 10 years and a vested right to a pension.

Manchester Community College placed an employee on paid administrative leave for 4 months before the employee agreed to retraining to teach more advanced courses. Approximately 3 months later, the employee decided not to retrain. As a result, the college terminated the employee and, per the bargaining unit contract, agreed to a 12-month payout. The 617 days of paid administrative leave appears unreasonable.

*Effect:* The Board of Regents for Higher Education’s system office and community colleges incurred excessive paid administrative leave costs.

The system office allowed an employee to remain on paid administrative leave to obtain 10 years of service and vest in the State Employee’s Retirement System, which includes retiree health insurance.

*Cause:* The Board of Regents for Higher Education’s human resources policies and bargaining unit contracts do not limit paid administrative leave. In addition, the Board of Regents lacks a paid administrative leave policy.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education’s system office should limit the duration of its employees’ paid administrative leave. The Board of Regents should promptly investigate personnel matters to avoid excess paid administrative leave costs. (See Recommendation 16.)

*Agency Response:* Board of Regents for Higher Education’s System Office, Asnuntuck Community College, Manchester Community College, Naugatuck Valley Community College, and Norwalk Community College: “The Board of Regents and cited Colleges will make best efforts, to the extent practicable within the confines of the collective bargaining agreements, to limit the amount of time an employee can receive paid administrative leave. The Board of Regents notes that the union agreements covering community colleges do not cap the length of time for paid administrative leave. Regardless, the Board of Regents will explore whether to implement an internal procedure to track and analyze the need for paid administrative leave pending investigation lasting more than 60 days.

The Board of Regents further states that it does not and cannot grant retirement benefits through separation agreements.”

*Auditors’ Concluding Comment:*

While the Board of Regents does not directly grant retirement benefits, structuring a separation agreement to ensure an employee vested indirectly granted the employee those benefits.



## Dual Employment Agreements

*Criteria:* Section 5-208a of the General Statutes bars state employees from holding multiple job assignments within the same state agency unless the appointing authority of such agency certifies that:

- The duties performed are not in conflict with the employee's primary responsibilities to the agency.
- The hours worked on each assignment are documented and reviewed to preclude duplicate payment.
- There is no conflict of interest between the services performed.

The Department of Administrative Services requires the agency head and employee to sign Form CT- HR-25 before the dual employment begins.

*Condition:* **Capital Community College:** We reviewed 5 employees who held multiple positions and noted that one employee with 2 dual employment forms signed those forms 6 days after the start of the contract period. The department head signed one of the forms 7 days after the contract period and did not sign or date the second form.

**Middlesex Community College:** We reviewed the dual employment forms for 10 employees and found that 3 employees held a primary position at UConn and a secondary position at Middlesex Community College. The college did not have agreements on file for these employees. We also found that the college did not complete the dual employment form for another employee until after the employment contract ended.

**Naugatuck Valley Community College:** Our review of 17 dual employment forms identified 13 instances in which Naugatuck Valley Community College signed the forms between 4 and 124 days late. We also found 11 instances in which the second employer signed the forms between 2 and 95 days late. The employee signed the forms late in 7 instances.

**Three Rivers Community College:** We reviewed 5 employees who held 12 positions. The required agreements for 3 positions were not on file. For the 9 forms on file, the college approved 4 of them between one and 6 days after the start of the contract period.

**Tunxis Community College:** Tunxis Community College did not have the appropriate dual employment paperwork on file for 2 of the 5 individuals tested.

**Board of Regents for Higher Education's System Office and Northwestern Connecticut Community College:** The system office and

Northwestern Community College did not prepare dual employment agreements for an employee who split time between the college and the system office.

**Northwestern Connecticut Community College:** Two of the 7 dual employment forms we reviewed were signed between 3 and 14 days late.

**Quinebaug Valley Community College:** For 5 Quinebaug Community College employees covered by 13 dual employment forms, either the employee or college signed 8 forms between 2 and 70 days after the dual employment started.

**Asnuntuck Community College:** Asnuntuck Community College did not obtain a signature from one of the 2 employees we tested.

*Effect:* Neither the colleges nor employees can be certain they have agreed to the same contractual terms when they have not properly approved dual employment agreements prior to the start of these services. In addition, they may not have sufficiently considered the employee’s duties, the potential for duplicate payments, and conflicts of interest.

*Cause:* Internal controls did not ensure the timely review and approval of dual employment agreements.

*Prior Audit Finding:* We included a similar finding in our prior report at Capital and Three Rivers Community Colleges.

*Recommendation:* The Board of Regents for Higher Education’s system office and community colleges should improve compliance with dual employment requirements and policies and procedures. The colleges should properly approve dual employment agreements before the start of dual employment arrangements. (See Recommendation 17.)

*Agency Response:* Board of Regents for Higher Education’s System Office, Northwestern Connecticut Community College, Capital Community College, Middlesex Community College, Naugatuck Valley Community College, Three Rivers Community College, Tunxis Community College and Asnuntuck Community College: “The Board of Regents and cited Colleges agree with this finding. CSCU has undertaken to improve compliance with dual employment requirements in the time since the audit period, and is also seeking to reduce the frequency of these arrangements.”

### **Adjunct Faculty – Contractual Agreements**

*Background:* The community colleges’ contract with adjunct faculty allows them to work as contractors for a single term. The adjunct faculty are paid in accordance

with their individual contracts. During the audited period, the community colleges paid \$87,237,216 to 4,030 part-time lecturers.

*Criteria:* It is good business practice to execute written contracts when entering into employment agreements for the performance of personal services. The colleges and instructors should sign contracts prior to the commencement of services.

*Condition:* **Capital Community College:** We sampled contracts for 5 adjunct faculty. In one case, the Capital Community College president signed the contract 2 days late. In another case, the president and the employee both signed the contract 7 days after the start of the contract period.

**Housatonic Community College:** We sampled contracts for 8 adjunct faculty. Three adjuncts signed their contracts between 3 weeks and 4 months after the start of the contract period.

**Naugatuck Valley Community College:** We sampled 65 contracts for 10 adjunct faculty. One adjunct did not sign 5 contracts and 9 signed 35 contracts between one and 16 days after the start of the contract period. In addition, the college signed 2 contracts 3 days and one month late.

*Effect:* Untimely approvals of employment contracts decrease the assurance that the employee and the college agreed to contract terms before providing services.

*Cause:* The colleges did not have adequate controls to prevent these instances of noncompliance.

*Prior Audit Finding:* We included a similar finding at Naugatuck Valley Community College in our prior audit report.

*Recommendation:* Capital, Housatonic, and Naugatuck Valley Community Colleges should strengthen their payroll and human resources internal controls to ensure all parties sign employment contracts prior to the start of the contract period. (See Recommendation 18.)

*Agency Response:* **Capital Community College:** “The College agrees with the findings. In these particular instances, the authorized signature authority was out of the office and unavailable to sign an employment contract in a timely manner. Going forward, the College will include an additional signer in the procedure. The College also requires that a department complete a late submittal form to explain why the personnel request form was submitted late as well as implementing procedures to prevent a late submittal in the future.”

Housatonic Community College: “Effective the Fall 2017 semester, Housatonic Community College implemented an automated tracking system for contracts and dual employment forms. The College will follow Board policy and has implemented a process to monitor the tracking system for contracts and agreements more closely to ensure that adjuncts are compensated after they fulfill their contractual obligations.”

Naugatuck Valley Community College: “College agrees with this finding and will continue to monitor and implement processes to reduce the occurrence of contracts being signed after the contract start date.”

**Adjunct Faculty – Evidence of Services Provided**

*Background:* The community colleges contract with adjunct faculty to work as contractors for a single term and pay them a flat rate. The colleges pay them in 8 equal installments throughout the semester per their individual contracts. During the audited period, the community colleges paid \$87,237,216 to 4,030 part-time lecturers.

*Criteria:* Sound internal controls and Section 3-117(b) of the General Statutes require the receipt of services before payment.

*Condition:* **Board of Regents for Higher Education’s System Office**: Beginning in the spring 2016 semester, the system office established procedures for colleges to certify that contracted faculty completed their duties. The procedures only require the Dean of Academic Affairs to certify a part-time lecturer’s report after the last payroll, but prior to the term end date. Therefore, the colleges cannot be assured that they received sufficient adjunct faculty services before they processed the 7 initial payments.

In addition to our concerns about the Board of Regents’ policy, we reviewed implementation at 11 community colleges during the spring 2017 semester.

<u>Community College</u>	<u># of Part-Time Lecturers</u>	<u>Amount</u>
Asnuntuck Community College	116	\$ 749,195
Capital Community College	177	1,212,796
Housatonic Community College	278	2,002,010
Manchester Community College	394	2,599,746
Middlesex Community College	180	1,228,229
Naugatuck Valley Community College	372	2,746,003
Northwestern Community College	79	562,147
Norwalk Community College	305	2,243,154
Quinebaug Valley Community College	96	639,612
Three Rivers Community College	241	1,936,597
Tunxis Community College	233	1,586,338
	<u>2,471</u>	<u>\$ 17,505,827</u>

**Capital Community College:** Capital Community College lacked procedures for communicating part-time lecturer absences to the Dean of Academic Affairs to form a basis for certifying the report.

**Asnuntuck and Norwalk Community Colleges:** Upon our request, Asnuntuck and Norwalk Community Colleges completed the certifications a year after the semester ended and after they paid adjunct faculty in full.

**Tunxis, Capital, Housatonic, and Naugatuck Valley Community Colleges:** The colleges completed the certifications 2, 3, 2 and 4 months after the semester ended, respectively, and after they paid adjunct faculty in full.

*Prior Audit Finding:* In our prior report, we recommended that the colleges improve controls over their payments to adjunct faculty to increase the assurance that faculty provided the services for which they were paid.

*Effect:* The lack of communication with the Deans of Academic Affairs and the delayed review of adjunct faculty payments decreased assurance that part-time lecturers provided the services for which the colleges paid them.

*Cause:* Internal controls over the certification of adjunct faculty services did not ensure that colleges only compensated part-time lecturers who completed their contractual obligations for the entire semester.

*Recommendation:* The Board of Regents and colleges should implement policies and procedures to ensure they compensate adjunct faculty only after they fulfill their contractual obligations. (See Recommendation 19.)

*Agency Response:* Board of Regents for Higher Education: “CSCU is undertaking a centralization of payroll as part of the Students First plan. That consolidation effort will include establishment of new or modified procedures for paying adjunct faculty and will require timely certification of work performed.”

Capital Community College: “The College agrees with the finding. Going forward, the College will be following the procedures set forth by the Board of Regents to certify that all part-time lecturers provided the services for which they were paid.”

Asnuntuck Community College: “The College agrees with the finding. Going forward, the College will be following the procedures set forth by the Board of Regents to certify that all part-time lecturers provided the services for which they were paid.”

Norwalk Community College: “The PTL Pay Report is now sorted and distributed to the Chairs for confirmation of PTL time, the Dean of

Academic Affairs reviews and signs off the report to ensure that the PTL's pay conforms to the time recorded for services rendered. Going forward, the College will be following the procedures set forth by the Board of Regents to certify that all part-time lecturers provided the services for which they were paid."

Tunxis Community College: "The College agrees with the finding. Going forward, the College will be following the procedures set forth by the Board of Regents to certify that all part-time lecturers provided the services for which they were paid."

Housatonic Community College: "Going forward, the College will be following the procedures set forth by the Board of Regents to certify that all part-time lecturers provided the services for which they were paid. The Dean of Academic Affairs in accordance to the union contractual obligations requires all faculty including PTL to submit or perform specific functions throughout the semester which increases assurances that faculty provided services. All academic departmental Supportive Staff, Department Chairs and the Dean of Academics work with all faculty on retrieving and storing such documents on the campus server as proof of services rendered and used in the confirmation of the PTL certifications. Such submissions or functions include: Syllabi are required to be submitted at the start of the 2nd week of the semester. Mid-semester faculty submit electronic mid-term grades and at the conclusion of the semester faculty submit final electronic grades and a copy of the final exam. PT and FT faculty are also evaluated according to the Human Resources evaluation schedule."

Naugatuck Valley Community College: "The College agrees with the finding and will follow the procedures set forth by the Board of Regents to certify that all part-time lecturers have provided the services for which they were paid."

### **Adjunct Faculty – Performance Evaluations of Adjunct Faculty in the Seniority Pool**

*Background:* The bargaining agreement between the Congress of Connecticut Community Colleges and the Board of Regents for Higher Education creates a seniority pool for adjunct faculty. Colleges give members of the pool priority when assigning classes. Colleges determine adjunct faculty eligibility for the pool based on whether they have taught at least 18 credits and received a satisfactory performance evaluation. A subsequent unsatisfactory evaluation results in immediate removal from the pool

*Criteria:* The Congress of Connecticut Community Colleges bargaining agreement provides for periodic evaluations of all unit members' "performance of professional responsibilities". This requires the colleges to consider multiple factors, such as attendance, availability to students outside of class,

teaching courses in accordance with the course descriptions, and maintaining student records. The evaluation may also consider student surveys. For standard appointments, the colleges perform lecturer evaluations during the first 2 appointment periods, and then once every 3 years, or more frequently if necessary.

Contracts with adjunct faculty require faculty to “comply with all college policies, procedures, and regulations.” Sound business practices for evaluating employee job performance address compliance with those policies and procedures, including employee conduct.

*Condition:*

**Norwalk Community College and the Board of Regents for Higher Education:** Norwalk Community College did not perform sufficient evaluations of adjunct faculty. The bargaining agreement established adjunct faculty evaluation criteria as the “quality of performance of professional responsibilities.” Norwalk Community College defined this as in-class performance, as such the college used classroom observation as the only method of evaluation.

For example, an adjunct faculty member remained in the seniority pool after various incidents raised safety concerns. A satisfactory evaluation of the adjunct faculty member completed 3 months after the incidents made no references to the inappropriate out-of-class behaviors. Therefore, Norwalk Community College did not remove the instructor from the seniority pool. The college indicated these matters occurred outside of class and thus the college did not consider them for pool membership.

*Prior Audit Finding:* This is the first report to include such a finding.

*Effect:* The limited scope of Norwalk Community College’s evaluations is insufficient to determine if adjunct faculty should continue in the seniority pool.

*Cause:* Norwalk Community College did not evaluate adjunct faculty to include factors outside of class.

*Recommendation:* Norwalk Community College and the Board of Regents for Higher Education should expand their criteria for evaluating adjunct faculty. (See Recommendation 20.)

*Agency Response:* **Board of Regents for Higher Education:** “The evaluation process noted in the contract for placement on the seniority list is contractually limited to classroom conduct only. Behavior outside the classroom, if it warrants discipline, is managed through the just cause and discipline elements of the contract not the classroom evaluation process. Significant issues of misconduct can impact the eligibility for placement on the list. This incident

did not rise to that level as determined the by HR and Security individuals involved.”

Norwalk Community College: “Norwalk Community College will follow the Board policy. College has also established a form for in class performance evaluations as a means of expanding the criteria for evaluating part-time lecturers.”

*Auditors’ Concluding*

*Comment:*

As noted, the bargaining agreement provides for periodic evaluations of all unit members’ “performance of professional responsibilities”. There is no specific limitation to classroom conduct. Adjunct faculty evaluations should not be limited to in-class observation but should also address compliance with all college policies, procedures, and regulations, including conduct outside the classroom. With a proper evaluation process, Norwalk Community College could have removed the adjunct faculty member from the pool in a more direct and open manner.

**Use of Core-CT Payroll and Human Resources Modules – Shared Employees**

*Criteria:*

Colleges should accurately record payroll expenditures and ensure consistent accounting throughout the community college system. Employee records in Core-CT should be complete and accurate.

*Condition:*

**Northwestern Connecticut Community College and the Board of Regents for Higher Education’s System Office**: From March 2016 through June 2018, the Director of Information Technology at Northwestern Connecticut Community College worked 2 days per week at the college and 3 days per week as a risk management officer at the system office. The college never entered this temporary appointment into Core-CT, which complicated its payroll calculations. We calculated the employee’s annualized 3-day system office salary to be more than \$207,000, which is \$17,000 higher than the maximum salary established for a full-time employee in the position.

**Asnuntuck and Tunxis Community Colleges**: Asnuntuck and Tunxis Community Colleges shared 9 employees during the audited period. Rather than setting them up with separate job records in Core-CT to allow for proper tracking of their time worked at each college, the colleges had the employees record compensatory time when they worked at the other college. As a result, the colleges inappropriately credited two employees with 143 hours of compensatory time in weeks they did not work a full schedule. This was due to altered schedules or the use of sick, vacation, personal, or compensatory leave. The colleges subsequently paid approximately \$7,441 for this unearned compensatory time.



*Effect:* When colleges do not properly record transactions in Core-CT, employee records and financial information are inaccurate. There is an increased risk that system controls may not prevent overpayments or payments to ineligible individuals.

We could not determine how much Northwestern Connecticut Community College overpaid the employee who was splitting time at the system office.

Tunxis and Asnuntuck Community Colleges paid for compensatory time when employees did not work a full week.

*Cause:* The colleges' employees are not properly using Core-CT.

In addition, the Board of Regents for Higher Education does not have a compensatory time policy for employees working for more than one college.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education should develop policies regarding the granting of compensatory time for employees splitting their time between community colleges. The Board of Regents should train employees on the proper use of Core-CT so the colleges accurately record employee information and payroll transactions. The Board of Regents should also establish employee sharing policies. (See Recommendation 21.)

*Agency Response:* Board of Regents for Higher Education, Northwestern Connecticut Community College, Asnuntuck Community College, and Tunxis Community College: "The Board of Regents has already begun to undertake a significant reorganization under its Students First plan, under which the 12 separately accredited community colleges will merge into a single accredited college. This reorganization includes consolidation of Payroll and Human Resources, and will include the establishment of system-wide procedures to ensure the accuracy of payroll information in CORE-CT. We are also expecting the use of "employee sharing" to be less prevalent under a single accredited college."

### **Use of Core-CT Payroll and Human Resources Modules and Management of Rehired Retirees**

*Background:* The community colleges employed more than 350 retired state employees from July 1, 2015 through June 30, 2017.

*Criteria:* Colleges should accurately record payroll expenditures and ensure consistent accounting throughout the community college system. The records in Core-CT for rehired retirees should be complete and accurate. The State Comptroller established Core-CT job code (1373VR) and

employee class (RR) to properly track rehired retirees. Governor Malloy issued an executive order to limit rehired retirees to no more than two 120-day periods and set compensation limits.

*Condition:*

**Board of Regents for Higher Education’s System Office and All Community Colleges:** Through analytical procedures and a sample of 18 rehired retirees, we found various concerns regarding rehired retiree payments and monitoring.

The Board of Regents’ rehired retiree policy for educational assistants does not align with the state’s limitations, because the Board of Regents does not restrict the length of educational assistants’ service.

The system office and colleges used the incorrect job code in Core-CT to record 526 instances of reemployment when rehiring 342 out of 345 retirees.. The colleges did not code 3 rehired retirees to the correct employee class. This makes it difficult to track compliance with state and bargaining unit requirements.

In 10 instances in our sample, the colleges compensated 8 of the rehired retirees more than what is allowed by the state.

The colleges reemployed 8 non-teaching retirees in our sample for more than two 120-day periods. The colleges reemployed these retirees between 4.5 and 12.5 years as of the date of our review. One of these employees worked more than 120 days in a year on two occasions.

The following table identifies the number of exceptions by college.

<b>Community College</b>	<b>Incorrect Job Code</b>	<b>Incorrect Employee Class</b>	<b>Excessive Rate of Pay</b>	<b>Years Worked &gt;2</b>	<b>Days Worked &gt;120</b>
Asnuntuck	21		2	2	
Capital	62		3	3	2
Gateway	77				
Housatonic	67		1	1	
Manchester	59		2	1	
Middlesex	26	1			
Naugatuck	59	1		1	
Northwestern	17				
Norwalk	18				
Quinebaug	10				
Board of Regents	1				
Three Rivers	38				
Tunxis	<u>71</u>	<u>1</u>	<u>2</u>	–	–
Total	<u>526</u>	<u>3</u>	<u>10</u>	<u>8</u>	<u>2</u>

*Effect:* The Board of Regents for Higher Education’s system office and community colleges failed to comply with established retiree rehiring requirements.

Employee records and financial information are inaccurate when colleges do not properly record transactions in Core-CT. There is an increased risk that controls may not prevent overpayments or payments to ineligible individuals.

*Cause:* The Board of Regents for Higher Education’s policy does not align with executive orders and the Office of Policy and Management’s retiree rehiring policy.

Rehired retiree coding errors in Core-CT by community colleges make it difficult to monitor rehired retirees.

*Prior Audit Finding:* This is the first report to include such a finding

*Recommendation:* The Board of Regents for Higher Education should align its rehiring retiree policy with executive orders and Office of Policy and Management policy. In addition, the Board of Regents should train employees on the proper use of Core-CT so colleges accurately record payroll and employment information. (See Recommendation 22.)

*Agency Response:* Board of Regents for Higher Education, Asnuntuck Community College, Capital Community College, Gateway Community College, Housatonic Community College, Manchester Community College, Middlesex Community College, Naugatuck Valley Community College, Northwestern Connecticut Community College, Norwalk Community College, Quinebaug Valley Community College, Three Rivers Community College, Tunxis Community College: “The Board of Regents and cited Colleges agree that they did not use accurate job code classifications in Core-CT for all of the system office and colleges rehired retirees, and that going forward they will take steps to ensure proper coding of these employees in Core-CT. The Board of Regents will review its policy for rehired retirees in conjunction with the College’s need for these appointments in certain circumstances.”

### **Use of Core-CT Payroll and Human Resources Modules-Variou Topics**

*Criteria:* Colleges should accurately record payroll expenditures and ensure consistent accounting throughout the community college system. Employee records in Core-CT should be complete and accurate.

*Condition:* Various tests and analytical procedures identified the following errors and inconsistencies in the colleges’ recording and coding of payroll expenditures in Core-CT.

**Naugatuck Valley Community College:**

- Naugatuck Valley Community College coded \$107,653 of tuition reimbursements as In-State Travel in Core-CT.
- The college incorrectly charged an employee on maternity leave 49 hours of sick time during winter break. In addition, the college generated a timesheet that incorrectly showed the employee worked 70 regular hours while out on family and medical leave.

**Manchester Community College:**

- Manchester Community College did not properly code an employee in Core-CT to reflect a 174-day sabbatical leave.
- The college coded 516 days of an employee's paid administrative leave as regular earnings.
- The college did not terminate an employee's record in Core-CT when the employee separated from the college in December 2017. The employee passed away 3 months later. After we inquired about the active personnel record, the college corrected it in December 2018.
- An employee who received his last paycheck during April 2015, was not terminated in Core-CT until we brought it to the college's attention in October 2018.

**Three Rivers and Asnuntuck Community Colleges:** Three Rivers Community College did not properly record the sabbatical leaves of 4 employees in Core-CT. Asnuntuck Community College did not properly record the leave for one employee.

**Norwalk Community College:** Norwalk Community College incorrectly entered the effective date of an employee's pay increase into Core-CT.

**Tunxis Community College:** Tunxis Community College incorrectly split an employee's position into 3 job records in Core-CT. All 3 records related to a single set of duties.

**Gateway Community College:** Gateway Community College did not terminate 3 deceased part-time lecturers' records in Core-CT after they separated from the college. In 2 cases, the employees stopped receiving payments between 15 and 24 months before they died. The third employee died shortly after the college issued the last paycheck. The college finally updated the 3 records after we brought these matters to its attention during

October 2018. This was between 2 and almost 4 years after the last paycheck.

*Effect:* Employee records and financial information are inaccurate when colleges do not properly record transactions in Core-CT. There is an increased risk that controls may not prevent overpayments or payments to ineligible individuals.

*Cause:* The colleges' employees are not using Core-CT properly.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education should train employees to properly use Core-CT so the colleges accurately record employee information and payroll transactions. (See Recommendation 23.)

*Agency Response:* Board of Regents for Higher Education, Naugatuck Valley Community College, Manchester Community College, Three Rivers Community College, Asnuntuck Community College, Norwalk Community College, Tunxis Community College, Gateway Community College: "The Board of Regents has already begun to undertake a significant reorganization under its Students First plan, under which the 12 separately accredited community colleges will merge into a single accredited college. This reorganization will address many of the administrative and human resources challenges that are implicated in this finding, including the establishment of a single set of procedures and comprehensive training program for the centralized payroll function."

### **Controls over Family Educational Rights and Privacy Act Compliance**

*Criteria:* The Family Educational Rights and Privacy Act (FERPA) is a complex and technical federal law. Since 2001, FERPA provided students the right to:

- Review their own record and request amendments. Colleges must respond to such requests within 45 days.
- Provide written consent for the release of certain information.
- Refuse the disclosure of directory information, such as the student's name and enrollment status.
- File a complaint with the U.S. Department of Education concerning a college's compliance with FERPA requirements.

*Condition:* **Board of Regents for Higher Education:** During March 2017, the Board of Regents approved updates to policy 2.2 regarding community colleges' FERPA compliance. Although the policy outlines FERPA requirements, the

Board of Regents does not require specific procedures and forms to help ensure that community colleges comply. The system office does not consider the policy a directive.

**Manchester Community College:** Manchester Community College took 90 days to respond to a request to review a student’s own record.

*Effect:* Due to the complexity of FERPA and the lack of specific guidance from the Board of Regents, there is an increased risk that community colleges may not fully comply with FERPA requirements.

*Cause:* The Board of Regents expects each community college to use its own forms and procedures to comply with FERPA.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* The Board of Regents for Higher Education should ensure the community colleges comply with the federal Family Educational Rights and Privacy Act by establishing specific policies, procedures, and standardized forms. (See Recommendation 24.)

*Agency Response:* Board of Regents for Higher Education and Manchester Community College: “The Board of Regents requires FERPA training for all employees in order to ensure compliance with federal requirements. In addition, the Vice President for Enrollment Management provides oversight to the community colleges on regulatory requirements. Additional training will be developed and delivered regarding student rights under FERPA and an institution’s responsibilities.”

### **Leave Accruals and Payments to Terminating Employees**

*Criteria:* Section 5-252 of the General Statutes provide for payments to terminating employees for accrued vacation time. Core-CT job aids provide guidance to colleges to determine the accurate payment of accrued leave. A Core-CT employee termination checklist requires the colleges to eliminate sick, vacation, personal leave, compensatory, and holiday balances on or before the employee’s last day.

Leave time should not accrue when an employee is on unpaid leave under the Family and Medical Leave Act (FMLA).

*Condition:* **Board of Regents for Higher Education’s System Office:** We identified one system office employee who accrued 88 hours of vacation time and 60 hours of sick time for 6.5 months after their termination. In addition, the college waited approximately 6 months before eliminating the employee’s personal leave balance. The system office also waited between 7 and 10 months before eliminating 3 other employees’ balances.

**Manchester Community College:** We identified 2 Manchester Community College employees who accrued 41 hours of vacation and 30 hours of sick time for one month after their termination. Additionally, one of these employees accrued 24 hours of personal leave time for one month after termination. The college waited between 2 weeks and 1.5 months to eliminate the 8 terminated employees' leave balances.

**Middlesex Community College:** We tested the accrual payouts to 5 Middlesex Community College employees who terminated from the college during the audited period. The college overpaid a retiring employee 7 hours (\$335) for accrued vacation leave.

**Northwestern Connecticut Community College:** We identified one Northwestern Community College employee who accrued 227 hours of vacation and 170 hours of sick time for 17 months after termination. In addition, the employee accrued 48 hours of personal leave time for 16 months after termination. The college eliminated 3 individuals' leave accruals between 1 and 17 months after their termination.

**Norwalk Community College:** Norwalk Community College took between 1 and 11 months to eliminate the 9 terminated employees' leave accruals.

**Naugatuck Valley Community College:** We identified 2 Naugatuck Valley Community College employees who accrued 159 hours of vacation and 136 hours of sick time for 6 and 7 months after their termination. A third employee accrued 88 hours of sick and 128 hours of vacation time while on unpaid family and medical leave. In addition, the college took between 1 and 12 months to eliminate the 5 terminated employees' leave accruals.

**Three Rivers Community College:** Three Rivers Community College took 7 months to eliminate the leave accruals for a terminated employee.

**Quinebaug Valley Community College:** We identified 4 Quinebaug Valley Community College employees who accrued 191 hours of vacation and 199 hours of sick time between 2.5 and 7 months after their termination. In addition, 2 of these employees accrued 43.5 hours of personal leave time one month after their termination.

**Asnuntuck Community College:** Asnuntuck Community College took 7 months to eliminate the leave accruals for a terminated employee.

*Effect:*

The system office and these community colleges did not comply with Core-CT employee termination instructions. A college overpaid an employee

\$335. There is a risk the college could compensate employees for accrued leave after their termination or while they are on family and medical leave.

*Cause:* The system office and colleges did not follow instructions for terminating employees.

*Prior Audit Finding:* This finding has been previously reported, for some community colleges, in the last 4 audit reports covering the fiscal years 2008 through 2015.

*Recommendation:* The Board of Regents for Higher Education and community colleges should ensure they complete the steps required to terminate employee leave balances in Core-CT and pay the correct amount to terminating employees. (See Recommendation 25.)

*Agency Response:* Board of Regents for Higher Education, Manchester Community College, Middlesex Community College, Northwestern Connecticut Community College, Norwalk Community College, Naugatuck Valley Community College, Three Rivers Community College, Quinebaug Valley Community College, Asnuntuck Community College: “CSCU agrees with this finding. Consolidation of payroll and HR under the Students First plan is underway and will allow for more systematic efforts to comply with these requirements.”

### **Drawdown of Grant Funds**

*Criteria:* Federal grant awards establish specific deadlines for colleges to seek reimbursement for their federal grant activities.

*Condition:* **Housatonic Community College:** We noted 3 instances in which Housatonic Community College did not draw down grant funds before the federal awards expired, resulting in \$20,148 of unreimbursed grant expenses.

**Three Rivers Community College:** We noted one instance in which Three Rivers Community College did not draw down federal grant funds before the award expired, resulting in \$5,518 of unreimbursed grant expenses.

*Effect:* The colleges lost \$25,666 of federal grant funds because they did not draw down the funds before the awards expired.

*Cause:* **Housatonic Community College:** Housatonic CC did not comply with federal guidelines imposed by the State Department of Education.

**Three Rivers Community College:** Three Rivers CC misunderstood a grant fund extension it received.

*Prior Audit Finding:* This is the first report to include such a finding.



*Recommendation:* Housatonic and Three Rivers Community Colleges should promptly draw down grant funds to avoid unreimbursed grant expenses. (See Recommendation 26.)

*Agency Response:* Housatonic Community College: “We are currently up-to-date on drawdowns and reporting. We are drawing downs funds monthly.”

Three Rivers Community College: “Three Rivers Community College makes all efforts to comply with grant drawdown deadlines and this single incident was a simple misunderstanding of an extension deadline.”

### **Competitive Quotations**

*Criteria:* Community college purchasing policies require colleges to obtain at least 3 competitive quotations for purchases between \$10,000 and \$50,000. Quotations may include written, telephone/oral, catalogue pricing, or facsimile, and must be documented in writing. Competitive bidding or negotiation is not required for purchases of \$10,000 or less.

*Condition:* Housatonic Community College: We reviewed 10 Housatonic Community College contracts and personal services agreements entered during fiscal year 2016. In one instance, there was no record of competitive quotations for an \$11,700 contract.

*Effect:* The college may not have paid the best price for the services.

*Cause:* The cause is unknown.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* Housatonic Community College should follow all purchasing rules and obtain competitive quotations and bids. (See Recommendation 27.)

*Agency Response:* Housatonic Community College: “The purchasing department and the college community have been made aware that there will be no exceptions to the State of CT procurement rules and regulations. The former president sent an email stating that there will be no exceptions to these rules.”

### **Personal Services Agreements (PSA)**

*Criteria:* The procurement of personal services includes the preparation of written personal services agreements (PSAs). If the contractor is a state employee, the college must prepare Department of Administrative Services form CT-HR-10. This form documents that the contracted duties do not conflict with the employee’s state responsibilities, work hours, or performed services. It also documents that the arrangement does not compromise confidential information. Before the contractor begins to provide services, the contractor

and the college must sign the personal services agreement and form CT-HR-10, if applicable.

Colleges should certify the receipt of services before making payments.

*Condition:* **Middlesex Community College:** We tested 10 Middlesex Community College payments to personal services contractors and noted that the college did not properly execute 3 of the 10 contracts. In 2 instances, the vendor rendered services before the parties fully executed the contracts. In a third instance, the college did not properly complete form CT-HR-10.

*Effect:* Services provided before the execution of an agreement could result in lack of clarity regarding the terms and conditions.

*Cause:* The college did not follow established internal control procedures over personal services agreements.

*Prior Audit Finding:* We presented a similar finding in the last audit report.

*Recommendation:* Middlesex Community College should improve internal controls over personal services agreements. The college should ensure that all personal services agreements are fully executed prior to the commencement of services. (See Recommendation 28.)

*Agency Response:* **Middlesex Community College:** The College continues to improve business practices to emphasize the importance of PSA rules and regulations. Moving forward we are templating contracts and improving communication with our campus colleagues to begin processes earlier to ensure full compliance.”

### **Commitment of Funds**

*Criteria:* Colleges must reserve funds before they incur an obligation to ensure that funds are available when payments are due. Individuals with commitment authority approve purchase orders to attest that funds are available.

*Condition:* **Norwalk Community College:** Our audit of 15 Norwalk Community College expenditures noted 3 instances in which the college encumbered funds between 25 days and 6 months after the contractor rendered the services.

*Effect:* Incurring an obligation without a valid commitment circumvents budgetary controls and increases the risk that the college will not have sufficient funding available at the time of payment.

*Cause:* The college attributed the delays in encumbering these obligations to an oversight by agency personnel.

*Prior Audit Finding:* A similar finding was reported in the last audit report.

*Recommendation:* Norwalk Community Colleges should improve internal controls over the commitment of funds. The college should promptly approve purchase orders to encumber funds to ensure they are available. (See Recommendation 29.)

*Agency Response:* Norwalk Community College: “The College acknowledges that from time to time especially in the area of facilities and maintenance, emergency repairs have necessitated the immediate rendering of services. Norwalk Community College purchasing procedures indicate that college departments should complete a purchase requisition for approval by department chairs, division deans, and the director of finance prior to the good/service being provided. The Director of Finance ensures funds are available for the purchase. The College will explore strengthening internal controls over this process by circulating reminder of purchasing procedures and conducting training with key expending departments.”

### **Internal Control Questionnaire**

*Criteria:* The Office of the State Comptroller requires all executive branch agencies to complete an annual internal control questionnaire by June 30<sup>th</sup> and to keep that assessment on file. The questionnaire contains six sections that are applicable to all state agencies.

*Condition:* Housatonic Community College: In October 2016, Housatonic Community College provided us with 4 of the 6 required sections of the State Comptroller’s Internal Control Questionnaire for the fiscal year ended June 30, 2016. The college provided the other 2 sections in November 2016 and January 2017. In addition, the college did not complete the Confirmation of Completion sheet in a timely manner, and did not sign or date any of the sections to indicate when they were completed and reviewed.

Three Rivers and Quinebaug Valley Community Colleges: Three Rivers and Quinebaug Valley Community Colleges did not complete the State Comptroller’s Internal Control Questionnaire for fiscal years 2016 or 2017.

*Effect:* The colleges may not have completely evaluated their internal controls.

*Cause:* Control over completion of the questionnaire was insufficient.

*Prior Audit Finding:* This is the first report to include such a finding.

*Recommendation:* Housatonic and Three Rivers Community Colleges should formally evaluate and document their internal controls every year. (See Recommendation 30.)

*Agency Response:* Housatonic Community College: “HCC has implemented procedures to make certain that the Internal Control Questionnaires and the Confirmation of Completion sheet are completed by June 15 of each fiscal year.”

Three Rivers Community College: “Three Rivers Community College completed an interim Internal Control Questionnaire effective December 31, 2018 to bring us up to date with the required self-evaluation. Despite reduced staffing levels, the college did not note any weaknesses or deficiencies as of that point in time. Three Rivers has established a procedure to complete the Internal Control Questionnaires and the Confirmation of Completion sheet by June 15 of each fiscal year.”

Quinebaug Valley Community College: “Quinebaug Valley Community College did have the Internal Audit Questionnaire filled out for FY16 but does not have a signed copy of the Confirmation of Completion Page. Quinebaug Valley Community College has implemented procedures to ensure that the Questionnaire and Confirmation of Completion Page are completed by June 30 of each fiscal year.”

### **Noncompliance with Foundation Statutory Requirements**

*Criteria:* Section 4-37f(8) of the General Statutes requires audit reports for foundations affiliated with state agencies to include an opinion that addresses the foundation’s conformance with Sections 4-37e through 4-37i of the General Statutes.

*Condition:* Housatonic Community College: The Independent Auditor’s Reports for the fiscal years ended June 30, 2015 and June 30, 2016 did not include an opinion to address the foundation’s operating procedures and conformance with the provisions of sections 4-37e to 4-37i.

*Effect:* Housatonic Community College: The foundation did not comply with these statutory requirements.

*Cause:* Housatonic Community College: It appears that the college was unaware of these requirements.

*Prior Audit Finding:* This is the first year we present this recommendation for Housatonic Community College.

*Recommendation:* Housatonic Community College should comply with the requirements of Section 4-37g(b) of the General Statutes. The college should ensure that its independent auditors opine on its conformance with sections 4-37e to 4-37i. (See Recommendation 31.)

*Agency Response:* Housatonic Community College: “The Foundation auditor completed the request to include the conformance of the operating procedures of the

foundation with the provisions of sections 4-37e to 4-37i in the FY16 audited financial statements for the HCC Foundation.”

**Asset Management**

*Criteria:* Section 4-33a requires all state agencies, including community colleges, to inform the Auditors of Public Accounts and State Comptroller of any unauthorized, illegal, or unsafe handling of state expenditures or breakdowns in the safekeeping of state resources using Form CO-853. This includes property that is deemed lost, missing, expired, spoiled, or damaged during a physical inventory.

*Condition:* **Middlesex Community College:** We selected 8 current Middlesex Community College items from the asset management system (Banner) for physical observation and noted that the college could not locate one item. The college did not report this item as missing on form CO-853.

During the college’s annual physical inventory for the fiscal year ended June 30, 2016, the college identified 173 missing assets. As of March 2017, the college had not performed a full review to locate these assets or report them as missing.

*Effect:* The college did not determine whether 127 of the 173 items were lost or stolen, and did not report such items to the Auditors of Public Accounts and the State Comptroller as required by section 4-33a of the General Statutes.

*Cause:* Internal controls over fixed assets were not adequate.

*Prior Audit Finding:* We made a similar recommendation in our prior audit report.

*Recommendation:* Middlesex Community College should promptly notify the Auditors of Public Accounts and the State Comptroller of lost, stolen, or missing assets. The college should also improve internal controls over fixed assets. (See Recommendation 32.)

*Agency Response:* **Middlesex Community College:** “The College utilizes contracted services to provide the annual physical inventory and agrees the files are to be reconciled. The College is understaffed in this area and agrees the reconciliation was not completed in a timely manner. The CO-853 forms have been filed for other missing items in the past so the staff have been reminded of the importance to filing of these forms for all assets. The FY17 inventory of assets is currently being reconciled and management is involved in ensuring compliance moving forward.”

**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 Community College System. As part of its audit work, the firm has made an annual study and evaluation of the colleges' internal controls to the extent deemed necessary to express an audit opinion on the financial statements. A Report to Management issued no recommendations pertaining to the internal controls of the Connecticut Community College System for the fiscal years ended June 30, 2016 and 2017.

## RECOMMENDATIONS

### *Status of Prior Audit Recommendations:*

As noted previously, our audit approach for the Connecticut Community College System involves treating the system as a single entity and performing audit site visits at a sample of colleges within the system. We disclose the results of our audit in one report covering the entire system. The following summarizes the recommendations presented in our most recent audit reports covering the sampled community colleges and the status of those recommendations. We will repeat 19 recommendations presented in our prior audit reports.

#### Asnuntuck Community College

- The Board of Regents for Higher Education should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, the Board of Regents should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed coursework. **This finding is repeated in a modified form. (See Recommendation 19.)**
- Asnuntuck Community College should improve internal controls over personal services agreements. In addition, the colleges should ensure that all established policies and procedures related to personal services agreements are followed. **This finding is not being repeated for Asnuntuck Community College.**
- Asnuntuck Community College should improve internal controls over purchasing. **This finding is not being repeated for Asnuntuck Community College.**
- Asnuntuck Community College should improve internal controls over the administration of student sick leave. **This finding is not being repeated for Asnuntuck Community College.**
- Asnuntuck Community College should improve internal controls over Workforce Development courses revenues. **This finding is not being repeated for Asnuntuck Community College.**

#### Board of Regents for Higher Education

- The Board of Regents for Higher Education should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, the Board of Regents should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed coursework. **This finding is being repeated. (See Recommendation 19)**
- The Board of Regents for Higher Education should improve internal controls over personal services agreements. **This finding is not being repeated for the Board of Regents.**

- The Board of Regents for Higher Education should ensure that the steps required to terminate employee leave balances in Core-CT are completed. **This finding is being repeated. (See Recommendation 25.)**
- The Board of Regents for Higher Education should improve internal controls over purchasing. **This finding is not being repeated for the Board of Regents.**
- The Board of Regents for Higher Education should ensure compliance with the Connecticut Community College System's Purchasing Card Policy and Procedure Manual. **This finding is not being repeated for the Board of Regents.**
- The Board of Regents for Higher Education should improve internal controls related to student activity trustee account purchasing. **This finding is not being repeated for the Board of Regents.**
- The Board of Regents for Higher Education should comply with the dual employment requirements of Section 5-208a of the General Statutes. **This finding is being repeated in modified form. (See Recommendation 17.)**
- The Board of Regents should improve internal controls over fixed assets. **This finding is not being repeated for the Board of Regents.**
- The Board of Regents for Higher Education should comply with the requirements of the Family Medical Leave Act. In addition, management of the Board of Regents should not override established payroll procedures. **This finding is not being repeated for the Board of Regents.**
- The Board of Regents for Higher Education should improve internal controls over timesheet approval. **This finding is not being repeated.**

Capital Community College:

- Capital Community College should ensure that all established policies and procedures related to personal services agreements are followed. **This finding is not being repeated for Capital Community College.**
- Capital Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require the supervisor's signature and transmittal to the payroll department, as a means of documenting services performed. Alternatively, Capital Community College should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed course work. **This finding is being repeated. (See Recommendation 19)**
- Capital Community College should improve internal controls over Student Activity Trustee Account purchasing. **This finding is not being repeated for Capital Community College.**



- Capital Community College should strengthen internal controls over payroll and human resources functions to ensure notices of appointment are signed by all parties prior to the start of the appointment period. **This finding is being repeated. (See Recommendation 18.)**
- Capital Community College should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes. **This finding is being repeated. (See Recommendation 17.)**
- Capital Community College should use its petty cash fund strictly for allowable purposes. **This finding is not being repeated for Capital Community College.**

Housatonic Community College:

- Housatonic Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require the supervisor's signature and transmittal to the payroll department, as a means of documenting services performed. Alternatively, Housatonic Community College should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed course work. **This finding is being repeated. (See Recommendation 19.)**
- Housatonic Community College should ensure that the steps required to eliminate employee leave balances in Core-CT are completed. **This finding is not being repeated for Housatonic Community College.**
- Housatonic Community College should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes. **This finding is not being repeated for Housatonic Community College.**
- Housatonic Community College should improve internal controls over timesheet approval. **This finding is not being repeated for Housatonic Community College.**

Manchester Community College:

- Manchester Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, Manchester Community College should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed coursework. We noted sufficient improvement. **This finding is not being repeated for Manchester Community College.**
- Manchester Community College should ensure that all established policies and procedures related to personal services agreements are followed. **This finding is not being repeated for Manchester Community College.**

- Manchester Community College should improve internal controls over purchasing. **This finding is not being repeated for Manchester Community College.**
- Manchester Community College should ensure compliance with the Connecticut Community College System's Purchasing Card Policy and Procedure Manual. **This finding is not being repeated for Manchester Community College.**
- Manchester Community College should improve procedures related to termination payments. In addition, Manchester Community College should correct the errors regarding termination payments made. **This finding is not being repeated for Manchester Community College.**

Middlesex Community College:

- Middlesex Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, Middlesex Community College should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed coursework. **We noted improvement and will not be repeating this finding for Middlesex Community College.**
- Middlesex Community College should ensure that all established policies and procedures related to personal services agreements are followed. **This finding is being repeated (See Recommendation 28).**
- Middlesex Community College should ensure that the steps required to terminate employee leave balances in Core-CT are completed. **This finding is not being repeated for Middlesex Community College.**
- Middlesex Community College should improve internal controls related to student activity trustee account purchasing. **This finding is not being repeated for Middlesex Community College.**
- Middlesex Community College should improve internal controls related to notices of appointment for part-time employees. **This finding is not being repeated for Middlesex Community College.**
- Middlesex Community College should improve internal controls over fixed assets. **This finding is being repeated in modified form. (See Recommendation 32.)**
- Middlesex Community College should identify all current and former employees affected by the Core-CT implementation error prior to May 2005 and make the necessary corrections. **This finding is not being repeated for Middlesex Community College.**

Naugatuck Valley Community College:

- Naugatuck Valley Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, Naugatuck Valley Community College should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed coursework. **This finding is being repeated. (See Recommendation 19.)**
- Naugatuck Valley Community College should ensure that all established policies and procedures related to personal services agreements are followed. **This finding is not being repeated for Naugatuck Valley Community College.**
- Naugatuck Valley Community College should comply with the dual employment requirements of Section 5-208a of the General Statutes. **This finding is being repeated. (See Recommendation 17.)**
- Naugatuck Valley Community College should improve internal controls related to notices of appointment for part-time employees. **This finding is being repeated. (See Recommendation 18.)**
- Naugatuck Valley Community College should ensure compliance with the statutory requirements related to foundations affiliated with state agencies. In addition, the college should seek reimbursement for expenses incurred on behalf of its foundation. **This finding is not being repeated for Naugatuck Valley Community College.**
- Naugatuck Valley Community College should comply with the community colleges' student accounts receivable procedures. **This finding is being repeated in modified form. (See Recommendation 12.)**
- Naugatuck Valley Community College should comply with the OSC State of Connecticut Payroll Manual and not provide monetary awards to specific groups of employees in the future. **This finding is not being repeated for Naugatuck Valley Community College.**
- Naugatuck Valley Community College should discontinue the practice of paying for student scholarships using unrestricted operating funds. In addition, the college should reimburse the unrestricted operating fund using resources from the Parking Fines fund for the total amount of expenditures transferred during the audited period. **This finding is not being repeated for Naugatuck Valley Community College.**
- Naugatuck Valley Community College should use Follett textbook scholarship receipts for textbook scholarships as indicated in the contract. **This finding is being repeated. (See Recommendation 14.)**

Northwestern Connecticut Community College:

- Northwestern Connecticut Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, Northwestern Connecticut Community College should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed coursework. **This finding is not being repeated for Northwestern Connecticut Community College.**
- Northwestern Connecticut Community College should ensure that all established policies and procedures related to personal services agreements are followed. **This finding is not being repeated for Northwestern Connecticut Community College.**
- Northwestern Connecticut Community College should ensure that the steps required to terminate employee leave balances in Core-CT are completed. **This finding is being repeated. (See Recommendation 25.)**
- Northwestern Connecticut Community College should improve internal controls over purchasing. **This finding is not being repeated for Northwestern Connecticut Community College.**
- Northwestern Connecticut Community College should ensure compliance with the Connecticut Community College System's Purchasing Card Policy and Procedure Manual. **This finding is not being repeated for Northwestern Connecticut Community College.**
- Northwestern Connecticut Community College should improve procedures related to termination payments. In addition, Northwestern Connecticut Community College should correct the errors regarding termination payments. **This finding is not being repeated for Northwestern Connecticut Community College.**
- Northwestern Connecticut Community College should ensure compliance with the statutory requirements related to foundations affiliated with state agencies. **This finding is not being repeated for Northwestern Connecticut Community College.**
- Northwestern Connecticut Community College should take steps to ensure that its software inventory is complete. **This finding is not being repeated for Northwestern Connecticut Community College.**

Norwalk Community College:

- Norwalk Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, Norwalk Community College should implement a system that requires, for each

term, independent documented certification that part-time lecturers completed their appointed coursework. **This finding is being repeated. (See Recommendation 19.)**

- Norwalk Community College should improve internal controls over purchasing. **This finding is being repeated (See Recommendation 29).**
- Norwalk Community College should ensure compliance with the Connecticut Community College System's Purchasing Card Policy and Procedure Manual. **This finding is not being repeated for Norwalk Community College.**

Quinebaug Valley Community College:

- Quinebaug Valley Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, Quinebaug Valley Community College should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed coursework. **This finding is not being repeated for Quinebaug Valley Community College.**
- Quinebaug Valley Community College should ensure compliance with the Connecticut Community College System's Purchasing Card Policy and Procedure Manual. **This finding is not being repeated for Quinebaug Valley Community College.**
- Quinebaug Valley Community College should comply with the dual employment requirements of Section 5-208a of the General Statutes. **This finding is being repeated. (See Recommendation 17.)**
- Quinebaug Valley Community College should improve internal controls over the administration of student sick leave. **This finding is not being repeated for Quinebaug Valley Community College.**
- Quinebaug Valley Community College should improve internal controls related to notices of appointment for part-time employees. **This finding is not being repeated for Quinebaug Valley Community College.**
- Quinebaug Valley Community College should improve its bank deposit procedures to comply with the prompt deposit requirements of Section 4-32 of the General Statutes. **This finding is not being repeated for Quinebaug Valley Community College.**

Three Rivers Community College:

- Three Rivers Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, Three Rivers Community College should implement a system that requires, for

each term, independent documented certification that part-time lecturers completed their appointed coursework. **This finding is not being repeated for Three Rivers Community College.**

- Three Rivers Community College should ensure that all established policies and procedures related to personal services agreements are followed. **This finding is not being repeated. for Three Rivers Community College**
- Three Rivers Community College should ensure compliance with the Connecticut Community College System's Purchasing Card Policy and Procedure Manual. **This finding is not being repeated for Three Rivers Community College.**
- Three Rivers Community College should improve internal controls related to student activity trustee account purchasing. **This finding is not being repeated for Three Rivers Community College.**
- Three Rivers Community College should comply with the dual employment requirements of Section 5-208a of the General Statutes. **This finding is being repeated. (See Recommendation 17.)**
- Three Rivers Community College should perform payroll reconciliations between Banner and Core-CT in a timely manner. **This finding is not being repeated for Three Rivers Community College.**

Tunxis Community College:

- Tunxis Community College should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require their supervisors' approval and transmittal to the payroll department as a means of documenting services performed. Alternatively, Tunxis Community College should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed coursework. **This finding is being repeated. (See Recommendation 19.)**
- Tunxis Community College should ensure that all established policies and procedures related to personal services agreements are followed. **This finding is not being repeated for Tunxis Community College.**
- Tunxis Community College should ensure that the steps required to terminate employee leave balances in Core-CT are completed. **This finding is not being repeated for Tunxis Community College.**
- Tunxis Community College should improve internal controls related to student activity trustee account purchasing. **This finding is not being repeated for Tunxis Community College.**
- Tunxis Community College should improve internal controls over Workforce Development courses revenues. **This finding is not being repeated for Tunxis Community College.**

- The Tunxis Community College Business Office should close out receipts and complete deposit procedures in a manner that ensures compliance with the waiver received from the Office of the State Treasurer. **This finding is not being repeated for Tunxis Community College.**
- Tunxis Community College should comply with the requirements of the General Statutes related to the deposit of student activity trustee account receipts. **This finding is not being repeated for Tunxis Community College.**

*Current Audit Recommendations:*

1. **The Board of Regents for Higher Education should develop a clear organizational structure at its system office and colleges to ensure the most efficient use of resources. The Board of Regents should identify and monitor college employees released from their assigned duties to perform other functions. The system's colleges should maintain current human resources records and organizational charts to properly manage their operations.**

**The Board of Regents for Higher Education should manage the College of Technology to ensure it is efficiently achieving its goals.**

Comment:

The Board of Regent's system office does not monitor the arrangements to release employees from their assigned duties to perform other functions and does not require the colleges to document the arrangements in employee personnel files or update the Human Resources Management System and organizational charts. For example, when Tunxis Community College did not record the release of an employee from faculty duties to act as the executive director of the College of Technology, the college overstated its teaching costs and understated the costs to manage the College of Technology. Similarly, Northwestern Community College and the Board of Regents did not record the director's BOR assignment in the Core-CT Human Resources Management System and did not update their organizational charts.

- 2. The Board of Regents for Higher Education should fulfill its statutory purpose and mission to nurture student learning and achievement by minimizing obstacles to student success. The system office should expedite the curriculum standardization process across the community colleges to allow students to simultaneously attend multiple colleges. The Board of Regents for Higher Education should fulfill its statutory purpose and mission to nurture student learning and achievement by minimizing obstacles to student success. The system office should expedite the curriculum standardization process across the community colleges to allow students to simultaneously attend multiple colleges.**

Comment:

The community college system does not readily support students who wish to attend multiple campuses. Inconsistent general education and graduation requirements prevent students from transferring between colleges or attending multiple campuses. In addition, the process to enroll at more than one college is cumbersome.

- 3. The Board of Regents for Higher Education should ensure that community colleges implement security assessment recommendations. In addition, the Board of Regents should monitor each college's campus security to ensure student and faculty safety.**

Comment:

The system office did not provide guidance to the colleges for the implementation of a consultant's campus security recommendations. Colleges did not implement all of these recommendations and campus security spending decreased for some campuses during the audited period.

- 4. Norwalk Community College and the Board of Regents for Higher Education should sufficiently address workplace violence risks. Norwalk Community College should follow the Department of Administrative Services Violence in the Workplace Policy and Procedures Manual and convene its threat assessment team when appropriate.**

Comment:

Norwalk Community College did not sufficiently address workplace threats and did not contact the college's threat assessment team.

- 5. The Board of Regents for Higher Education system office should reduce the complexity of its set aside allocation process specified in each bargaining unit contract.**

Comment:

The system office reserves funds to satisfy the requirements established by union agreements. Accounting for these funds is cumbersome and subject to burdensome union inquiry. An independent public accountant determined that, between fiscal years 2010 and



2015, the system office made calculation errors that caused \$7.1 million more than was required by the union agreements to be set aside. Although the agreements appear to permit the system office to return unspent funds to the colleges' operating funds, they chose to spend \$3.3 million of the excess balance for paid furlough days and employee bonuses.

- 6. The Board of Regents for Higher Education should not provide employees with unwarranted payments and benefits. The Board of Regents bargaining unit agreements should comply with SEBAC agreements.**

Comment:

The system office provided community college employees with benefits that do not appear to comply with the spirit of the 2017 SEBAC agreement. Employees were reimbursed over \$1.0 million for 3 furlough days and received \$2.3 million in bonuses. SEBAC members who were not part of the community college system did not receive similar payments.

- 7. Tunxis Community College should comply with the Board of Regents for Higher Education's employee travel policies and procedures to ensure that all employee travel is necessary and cost-effective.**

Comment:

Tunxis Community College reimbursed an employee \$25,418 and \$56,585 for extensive out-of-state travel expenses during the fiscal years ended June 30, 2016 and 2017, respectively. Nearly half of the reviewed reimbursements were for nightly room rates that exceeded the college's budgeted amounts, yet the college did not investigate the cause of the overage before reimbursing the employee. In many cases, the employee waited 6 months to one year after the trip to request reimbursement.

- 8. Tunxis Community College should comply with state, Board of Regents for Higher Education, and federal conflicts of interest requirements. The college should promptly identify conflicts of interest and manage those conflicts to reduce the risks for misuse, abuse, and fraud.**

Comment:

Tunxis Community College did not sufficiently manage two potential conflicts of interest. Over the course of a year, a part-time Tunxis Community College employee also worked for a second employer. The second employer and the employee's Tunxis CC supervisor were married, and the employee worked on National Science Foundation (NSF) grants for both of them. In a second instance, Tunxis Community College served as an intermediary so that the co-principal of a separate NSF grant could be paid as a contractor of that grant.

- 9. Tunxis Community College should reevaluate the College of Technology’s executive director position to ensure compliance with collective bargaining agreements and state and federal laws and regulations.**

Comment:

The college’s employment arrangement for the Executive Director of the College of Technology did not comply with the union agreement. This unusual arrangement required the employee to work 3 positions, 6 days and 45 hours per week. The employee worked year round and did not earn vacation benefits. The college did not base the rate of pay for 2 of the positions on the employee’s regular rate, but on the amount requested in a federal grant application. The employee also taught a course as a part-time lecturer.

- 10. The Board of Regents for Higher Education and Tunxis, Asnuntuck, and Norwalk Community Colleges should comply with the records retention requirements of the Connecticut State Library’s Public Records Administrator. The Board of Regents should develop a system-wide documentation policy related to workplace violence incidents.**

Comment:

We could not determine whether some Tunxis and Asnuntuck Community Colleges payments to employees, contractors, and vendors were proper.

- The Board of Regent’s system office and Tunxis Community College did not retain sufficient documentation to support a \$77,968 retroactive payment to an employee related to a grievance. The system office provided us with documentation that concluded the employee was not eligible for the payment, but ultimately the system office instructed Tunxis CC to pay the employee. Management informed us that there was no stipulated agreement or documentation to support the reversal.
- Tunxis Community College did not provide support for \$228,527 out of a total \$336,937 it paid to a single subcontractor.
- Documentation for purchasing card transactions and textbook scholarships was missing at Tunxis Community College.
- Tunxis and Asnuntuck Community Colleges were missing documentation relating to student activity receipts.

Norwalk Community College did not place emails relevant to a campus security threat in a part-time lecturer’s personnel file.

- 11. The Board of Regents for Higher Education should require community colleges to maintain disciplinary records for students on active dean’s discretion holds.**

**The Board of Regents for Higher Education should establish policies and procedures to inform community colleges and state universities of students with violations of the student code of conduct at other colleges or state universities. This notification is critical when the misconduct involved campus safety.**

Comment:

The Board of Regents does not have policies for placing system-wide holds or sharing student disciplinary records among the community colleges and state universities. Therefore, a student on such a hold could immediately enroll at a different campus without the college or university being aware of the existence of the hold. In addition, when colleges place Dean’s discretion holds on students’ accounts they predominantly expire December 31, 2099, but colleges must only retain documentation to support the hold for 5 years. Without this documentation, the colleges cannot make informed decisions if a student asks them to override the hold.

- 12. The Board of Regents for Higher Education’s system office should assess overrides of student accounts receivable and develop better policies and procedures to ensure consistency in the override process.**

**Community colleges should only override student accounts receivable holds in accordance with the Connecticut Community College System’s Accounts Receivable Manual.**

Comment:

The Board of Regents for Higher Education and community colleges permitted 1,300 out of 44,900 students with accounts receivable holds to register for classes. Over 120 of these students were on hold at 3 or more colleges.

- 13. The Board of Regents for Higher Education’s system office should consider requiring Follett to obtain Service Organization Controls reports prepared in accordance with Statement on Standards for Attestation Engagements No. 18. The Board of Regents for Higher Education’s system office or the community colleges should verify that Follett provided them the correct amount of commissions and textbook scholarships.**

Comment:

The system office did not obtain SOC reports from Follett, despite relying on the company’s internal controls for the calculation of \$1,630,717 in commissions and \$189,992 in textbook scholarship funds in the 2017-2018 fiscal year. In addition, the system office and colleges did not verify that Follett provided them the correct amount of textbook scholarships.

**14. The Board of Regents for Higher Education’s system office should provide guidance to the community colleges on the proper use of Follett textbook scholarship funds.**

Comment:

The Board of Regents for Higher Education negotiated a single bookstore contract for all colleges but did not provide guidance on the proper use of Follett textbook scholarship funds. We found that Norwalk Community College spent \$13,507 on caps and gowns. Naugatuck Valley Community College gave students gift cards as a reward and spent \$10,800 on books for all students to participate in a reading program.

**15. Housatonic Community College should improve policies and procedures related to course enrollment changes to minimize negative student impact.**

Comment:

Housatonic Community College did not promptly address concerns regarding a student’s course enrollment change. When the college could not verify an instructor’s approval on a change form, it barred the student from attending the course until it could resolve the matter. The college barred the student 7 weeks after processing the student’s initial change request.

**16. The Board of Regents for Higher Education’s system office should limit the duration of its employees’ paid administrative leave. The Board of Regents should promptly investigate personnel matters to avoid excess paid administrative leave costs.**

Comment:

At least 6 state employee bargaining unit contracts limit the time an agency can place an employee on paid administrative leave to 60 days to allow time for an investigation. However, the community college union agreements do not limit paid administrative leaves. As a result, 4 of the 30 employees in our sample were on paid administrative leave for more than 60 days. The colleges paid these employees \$249,864 during their leaves and subsequently terminated all of them. There were 1,666 employees on paid administrative leave during the audited period.

Asnuntuck Community College took 70 calendar days to reach an agreement with an employee on paid administrative leave. The agreement required the employee to resign after 247 additional days on paid administrative leave. This was the exact service time the employee needed to reach 10 year and a vested right to a pension.

Manchester Community College paid a faculty member an additional 12-month payout after being on paid administrative leave for 7 months.

- 17. The Board of Regents for Higher Education’s system office and community colleges should improve compliance with dual employment requirements and policies and procedures. The colleges should properly approve dual employment agreements before the start of the dual employment arrangement.**

Comment:

Capital, Middlesex, Naugatuck Valley, Three Rivers, Tunxis, Northwestern Connecticut, Quinebaug Valley, and Asnuntuck Community Colleges did not have proper approvals of dual employment agreements. Neither the colleges nor employees can be certain they agreed to the same contractual terms when they have not properly approved dual employment agreements prior to the start of these services. In addition, they may not have sufficiently considered the employee’s duties, the potential for duplicate payments, and conflicts of interest.

- 18. Capital, Housatonic, and Naugatuck Valley Community Colleges should strengthen their payroll and human resources internal controls to ensure all parties sign employment contracts prior to the start of the contract period.**

Comment:

Capital, Naugatuck Valley, and Housatonic Community Colleges did not promptly approve adjunct faculty agreements. These colleges had decreased assurance that the employee and college agreed to contract terms before providing services

- 19. The Board of Regents and colleges should implement policies and procedures to ensure they compensate adjunct faculty only after they fulfill their contractual obligations.**

Comment:

The Board of Regents for Higher Education’s policies and procedures over the certification of adjunct faculty services did not ensure the colleges only compensated part-time lecturers who fulfilled their contractual obligations throughout the semester. We noted a lack of communication with the Dean of Academic Affairs and delayed reviews of adjunct faculty payments at Asnuntuck, Capital, Housatonic, and Naugatuck Valley, Norwalk, and Tunxis Community Colleges.

- 20. Norwalk Community College and the Board of Regents for Higher Education should expand their criteria for evaluating part-time lecturers.**

Comment:

Norwalk Community College bases adjunct faculty participation in the college’s seniority pool on narrow evaluation criteria that is limited to a single classroom observation and excludes other factors. We found that the college did not remove an individual from the pool after various incidents outside the classroom raised safety concerns.

- 21. The Board of Regents for Higher Education should develop policies regarding the granting of compensatory time for employees splitting their time between community colleges. The Board of Regents should train employees on the proper use of Core-CT so the colleges accurately record employee information and payroll transactions. The Board of Regents also should establish employee sharing policies.**

Comment:

The Board of Regents for Higher Education and Northwestern Connecticut, Asnuntuck, and Tunxis Community Colleges did not sufficiently track and pay employees they shared between campuses. We could not determine how much Northwestern Connecticut Community College overpaid an employee who split time at the system office because the arrangement was never properly entered in the Human Resources Management System, and the agreement did not clearly state a rate of pay for the new position. Tunxis and Asnuntuck Community Colleges tried to use compensatory time to account for their shared employees' efforts, but this caused them to pay compensatory time when employees did not work a full week.

- 22. The Board of Regents for Higher Education should align its rehiring retiree policy with executive orders and Office of Policy and Management policy. In addition, the Board of Regents should train employees on the proper use of Core-CT so colleges accurately record payroll and employment information.**

Comment:

The Board of Regents' rehired retiree policy for educational assistants does not align with the state's limitations, because the Board of Regents does not restrict the length of educational assistants' service.

The system office and colleges did not use the proper Core-CT job code when recording 526 instances of reemployment when rehiring 342 out of 345 rehired retirees. The colleges did not code 3 rehired retirees to the correct employee class.

- 23. The Board of Regents for Higher Education should train employees to properly use Core-CT so the colleges accurately record employee information and payroll transactions.**

Comment:

Asnuntuck, Gateway, Manchester, Naugatuck Valley, Norwalk, Three Rivers, and Tunxis Community Colleges did not properly record transactions in Core-CT, causing inaccuracies in employee records and financial information. This increased the risk that controls may not prevent overpayments or payments to ineligible individuals.

- 24. The Board of Regents for Higher Education should ensure the community colleges comply with the federal Family Educational Rights and Privacy Act by establishing specific policies, procedures, and standardized forms.**

Comment:

During March 2017, the Board of Regents approved updates to policy 2.2 regarding community colleges' FERPA compliance. Although the policy outlines FERPA requirements, the Board of Regents does not require specific procedures and forms to help ensure that community colleges comply. The system office does not consider the policy a directive.

Manchester Community College took 90 days to respond to a request to review a student's own record.

- 25. The Board of Regents for Higher Education and community colleges should ensure they complete the steps required to terminate employee leave balances in Core-CT and pay the correct amount to terminating employees.**

Comment:

The Board of Regents for Higher Education and Asnuntuck, Manchester, Middlesex, Naugatuck Valley, Northwestern Connecticut, Norwalk, and Quinebaug Valley Community Colleges did not comply with Core-CT instructions for terminating employees, thereby allowing their employees to continue accruing leave time after termination.

- 26. Middlesex Community College overpaid a terminating employee \$335. Housatonic and Three Rivers Community Colleges should promptly draw down grant funds to avoid unreimbursed grant expenses.**

Comment:

Housatonic and Three Rivers Community Colleges lost \$25,666 in federal grant funds because they did not draw the funds before the awards expired.

- 27. Housatonic Community College should follow all purchasing rules and obtain competitive quotations and bids.**

Comment:

We reviewed 10 Housatonic Community College contracts and personal services agreements entered during fiscal year 2016. In one instance, there was no record of competitive quotations for an \$11,700 contract.

- 28. Middlesex Community College should improve internal controls over personal services agreements. The college should ensure that all personal services agreements are fully executed prior to the commencement of services.**

Comment:

We tested 10 Middlesex Community College payments to personal services contractors and noted that the college did not properly execute 3 of the 10 contracts. In 2 instances, the vendor rendered services before the parties fully executed the contracts. In a third instance, the college did not properly complete form CT-HR-10.

- 29. Norwalk Community College should improve internal controls over the commitment of funds. The college should promptly approve purchase orders to encumber funds to ensure they are available.**

Comment:

Our audit of 15 Norwalk Community College expenditures noted 3 instances in which the college encumbered funds between 25 days and 6 months after the contractor rendered the services.

- 30. Housatonic and Three Rivers Community Colleges should formally evaluate and document their internal controls every year.**

Comment:

Three Rivers and Quinebaug Valley Community Colleges did not perform an assessment of their internal controls for the fiscal years ended June 30, 2016 and 2017. Housatonic Community College performed only a partial assessment of their internal controls for the fiscal year ended June 30, 2016.

- 31. Housatonic Community College should comply with the requirements of Section 4-37g(b) of the General Statutes. The college should ensure that its independent auditors opine on its conformance with sections 4-37e to 4-37i.**

Comment:

The Independent Auditor's Reports for Housatonic Community College Foundation for the fiscal years ended June 30, 2015, and June 30, 2016 did not address the foundation's conformance with the provisions of sections 4-37e to 4-37i of the General Statutes.



- 32. Middlesex Community College should promptly notify the Auditors of Public Accounts and the State Comptroller of lost, stolen, or missing assets. The college should also improve internal controls over fixed assets.**

Comment:

Middlesex Community College identified 173 missing assets during its 2016 physical inventory. The college had not performed a full review of these assets or report them as missing at the time of our field work in March 2017. Our testing identified an additional missing item.

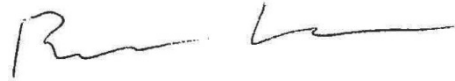
**ACKNOWLEDGMENT**

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

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**CONCLUSION**

We wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut Community College System during the course of our examination.



Ramona Weingart  
Principal Auditor

Approved:



John C. Geragosian  
State Auditor



Robert J. Kane  
State Auditor