

STATE OF CONNECTICUT



*AUDITORS' REPORT
BOARD OF REGENTS FOR HIGHER EDUCATION
EASTERN CONNECTICUT STATE UNIVERSITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2018*

AUDITORS OF PUBLIC ACCOUNTS
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October 15, 2020
EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of Eastern Connecticut State University. The objectives of this review were to evaluate the university's internal controls, compliance with policies and procedures, as well as certain legal provisions, and management practices and operations for the fiscal years ended June 30, 2017 and 2018.

The key findings are presented below:

Page 8	The university did not compare quotes or prices from more than one vendor for multi-vendor state contracts. In another instance, the university received \$21,024 in services prior to the authorization of the purchase order. Eastern Connecticut State University should improve its compliance with purchasing policies and procedures. The university should compare prices prior to significant purchases. (Recommendation 1.)
Page 9	We noted several instances in which an employee who was not the assigned cardholder signed for the purchases and apparently used the card. We also noted an instance in which a purchase was split into two transactions to avoid exceeding the \$1,000 single purchase limit. Eastern Connecticut State University should follow its purchasing card policies and procedures to ensure authorized and proper use of purchasing cards. (Recommendation 2.)
Page 10	The university was not approving part-time work authorizations before the employee began working. In another instance, the university could not provide documentation to support a payment to a part-time faculty member. Eastern Connecticut State University should ensure that it documents the approval of part-time faculty appointments prior to the commencement of service. The university should also document that part-time faculty completed their assigned duties prior to paying them. (Recommendation 3.)
Page 11	The university has not updated its disaster recovery plan since 2011, and has not tested it since 2012. Eastern Connecticut State University should regularly review and test its disaster recovery plan. (Recommendation 4.)
Page 12	The university did not include a purchase of 400 computers in its listing of controllable assets. Eastern Connecticut State University should record all of its controllable equipment items in accordance with the State Property Control Manual and the CSUS Capital Asset Valuation Manual. (Recommendation 5.)

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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October 15, 2020

AUDITORS' REPORT BOARD OF REGENTS FOR HIGHER EDUCATION EASTERN CONNECTICUT STATE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2018

We have audited certain operations of Eastern Connecticut State University in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2017 and 2018. The objectives of our audit were to:

1. Evaluate the university's internal controls over significant management and financial functions;
2. Evaluate the university's compliance with policies and procedures internal to the university or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the 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 university; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

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

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

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

COMMENTS

FOREWORD

Eastern Connecticut State University, located in Willimantic, is one of the four higher education institutions that collectively make up the Connecticut State University System (CSUS). The other three are Central Connecticut State University in New Britain, Southern Connecticut State University in New Haven, and Western Connecticut State University in Danbury. During the audited period, the university was overseen by the Board of Regents for Higher Education, which serves as the administrative office for CSUS, the Connecticut Community College System, and Charter Oak State College. CSUS, part of the Connecticut State Colleges and Universities (CSCU) System and a constituent unit of the State of Connecticut's system of higher education, operated principally under the provisions contained in Sections 10a-87 through 10a-101 of the General Statutes.

Dr. Elsa Núñez served as university president during the audited period.

Recent Legislation

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

- **Public Act 16-93**, effective July 1, 2017, imposed new requirements on foundations established to support constituent units of higher education. They include requiring the foundations to refrain from prohibited acts under the Solicitation and Charitable Funds Act and to submit two annual reports to the executive authority of the supported constituent unit and the Attorney General.
- **Public Act 17-130**, effective July 1, 2017, limited the applicability of certain state contracting requirements for the board of regents and allowed the Connecticut State University System to implement programs to reduce textbook and educational resource costs.
- **Public Act 17-206**, effective July 1, 2017, required public service employers with more than 10 employees to provide information regarding certain student loan forgiveness programs.

Enrollment Statistics

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

	Fall 2016	Spring 2017	Fall 2017	Spring 2018
Full-time undergraduate	4,292	3,996	4,210	3,935
Full-time graduate	67	65	93	79
Total full-time	4,359	4,061	4,303	4,014
Part-time undergraduate	879	824	863	820
Part-time graduate	124	112	116	114
Total part-time	1,003	936	979	934
Total enrollment	5,362	4,997	5,282	4,948

The average of the fall and spring semesters' total enrollment was 5,180 and 5,115 during the 2016-2017 and 2017-2018 fiscal years, respectively, compared to an average of 5,148 during the 2015-2016 fiscal year. The average total enrollment wavered slightly during the audited years.

RÉSUMÉ OF OPERATIONS

During the audited period, university operations were primarily supported by appropriations from the state's General Fund and tuition and fees credited to the university's operating fund. In addition, the university received capital projects funds from state bond issues.

General Fund appropriations were not made to the university directly. Rather, General Fund appropriations for the entire CSCU System were distributed to the CSCU System Office, which periodically calculated and transferred funds to the university's operating fund, primarily for personal services and related fringe benefits.

Operating fund receipts consisted primarily of student tuition payments. Under the provisions of Section 10a-99 (a) of the General Statutes, tuition charges were set by the Board of Regents for

Higher Education. The following presents annual tuition charges for full-time students during the audited fiscal years:

Student Status:	<u>2016 - 2017</u>			<u>2017 - 2018</u>		
	<u>In-State</u>	<u>Out-of-State</u>	<u>Regional</u>	<u>In-State</u>	<u>Out-of-State</u>	<u>Regional</u>
Undergraduate	\$5,216	\$16,882	\$7,822	\$5,424	\$16,882	\$7,824
Graduate	6,497	18,102	9,747	6,757	18,102	9,750

Besides tuition, the university charged students other fees during the audited years, including a general fee and a state university fee. The following presents these fees, on an annual basis, during the audited fiscal years:

Fee Description:	<u>2016 - 2017</u>			<u>2017 - 2018</u>		
	<u>In-State</u>	<u>Out-of-State</u>	<u>Regional</u>	<u>In-State</u>	<u>Out-of-State</u>	<u>Regional</u>
General	\$4,219	\$4,219	\$4,219	\$4,404	\$4,404	\$4,404
State University	865	2,060	865	891	2,122	891

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

Fee Description:	<u>2016 - 2017</u>	<u>2017 - 2018</u>
Housing	\$ 7,172	\$ 7,460
Food Service	5,347	5,550

Operating Revenues

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

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

	<u>2015 - 2016</u>	<u>2016 - 2017</u>	<u>2017 - 2018</u>
Tuition and fees (net of scholarship allowances)	\$31,068,762	\$33,400,814	\$32,401,011
Federal grants and contracts	543,193	515,590	861,240
State and local grants and contracts	1,132,243	1,260,537	1,549,395
Non-governmental grants and contracts	68,458	473,713	438,817
Indirect cost recoveries	20,629	14,298	79,547
Auxiliary revenues	30,902,444	30,076,568	29,843,766
Other operating revenues	2,322,082	2,606,195	3,296,335
Total operating revenues	<u>\$66,057,811</u>	<u>\$68,347,715</u>	<u>\$68,470,111</u>

Operating revenues totaled \$68,347,715 and \$68,470,111 during the fiscal years ended June 30, 2017 and 2018, respectively, compared to \$66,057,811 during the fiscal year ended June 30,

2016. These revenues increased \$2,289,904 (3.5%) in fiscal year 2017 and increased \$122,396 (0.2%) in 2018.

The increase in operating revenues during the fiscal year ended June 30, 2017 can largely be attributed to an increase in tuition and fee revenues due to higher enrollment and a 5% increase in the tuition rate.

The slight increase in operating revenues during the fiscal year ended June 30, 2018 can be attributed to a 4% increase in the tuition rate offset by a decrease in enrollment along with the reclassification of student sickness insurance payments.

Operating Expenses

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

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

	<u>2015 - 2016</u>	<u>2016 - 2017</u>	<u>2017 - 2018</u>
Personal services and fringe benefits	\$ 92,384,137	\$ 93,957,364	\$ 94,248,133
Professional services and fees	4,481,614	3,007,538	2,457,457
Educational services and support	14,233,612	14,994,994	15,615,145
Travel expenses	917,054	841,385	877,064
Operation of facilities	7,243,739	7,792,547	7,419,981
Other operating supplies and expenses	3,493,033	4,336,781	3,670,649
Depreciation expense	13,382,070	13,868,993	14,551,697
Total operating revenues	<u>\$136,135,259</u>	<u>\$138,799,602</u>	<u>\$138,840,126</u>

Operating expenses totaled \$138,799,602 and \$138,840,126 during the fiscal years ended June 30, 2017 and 2018, respectively, compared to \$136,135,259 during the fiscal year ended June 30, 2016. These expenses increased \$2,664,343 (2.0%) during fiscal year 2017 and increased \$40,524 (0.03%) during fiscal year 2018.

The increase in operating expenses during the fiscal year ended June 30, 2017 was due mainly to an increase in the number of part-time employees and employees transferring to the State Employees Retirement System.

The slight increase in operating expenses during the fiscal year ended June 30, 2018 was mainly due to the reclassification of student sickness insurance payments and decreased bad debt expenses, offset by higher expenses for grants and financial aid.

Nonoperating Revenues

Nonoperating revenues are receipts from other than the sale or exchange of goods or services related to the university's primary functions of instruction, academic support, and student services. Nonoperating revenues include items such as the state's General Fund appropriation, private gifts and donations, investment income, and state-financed plant facilities revenues.

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

	<u>2015 - 2016</u>	<u>2016 - 2017</u>	<u>2017 - 2018</u>
State appropriations	\$56,494,414	\$53,044,355	\$49,803,080
Pell Grant revenue	6,357,772	6,291,149	7,080,943
Gifts	751,123	522,928	390,040
Investment income	138,946	310,489	670,674
Interest expense	(1,093)	-	-
Other nonoperating revenue	451,949	306,975	223,644
Transfers to the State of Connecticut	<u>(779,861)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>\$63,413,250</u>	<u>\$60,475,896</u>	<u>\$58,168,381</u>

Nonoperating revenues totaled \$60,478,896 and \$58,168,381 during the fiscal years ended June 30, 2017 and 2018, respectively, compared to \$63,413,250 during the fiscal year ended June 30, 2016. These revenues decreased \$2,937,354 (4.6%) during fiscal year 2017 and decreased \$2,307,515 (3.8%) during fiscal year 2018.

The decreases in nonoperating revenues during the fiscal years ended June 30, 2017 and 2018 was primarily due to a reduction in state appropriations.

Besides the operating and nonoperating revenues presented above, the university's financial statements presented revenues classified as state appropriations restricted for capital purposes totaling \$7,193,713 and \$21,330,131 for the fiscal years ended June 30, 2017 and 2018, respectively.

Eastern Connecticut State University Foundation, Inc.

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

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

Audits of the books and accounts of the foundation were performed by an independent certified public accounting firm for the fiscal years ended June 30, 2017 and 2018 in accordance with Section 4-37f subsection (8) of the General Statutes. The auditors expressed unqualified opinions

on the foundation's financial statements in both fiscal years. In addition, the foundation's auditors indicated compliance, in all material respects, with Sections 4-37e through 4-37k of the General Statutes.

The foundation's audited financial statements reported support and revenues totaling \$3,391,359 and \$3,081,709 during the fiscal years ended June 30, 2017 and 2018, respectively. Net assets were reported at \$18,169,939 and \$19,037,325 as of June 30, 2017 and 2018, respectively.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of Eastern Connecticut State University disclosed the following 10 findings and recommendations, of which 4 have been repeated from the previous audit:

Expenditures – Noncompliance with Procurement Policy

Criteria: Proper purchasing procedures require agencies to obtain more than one quote or compare pricing on multi-vendor contracts to ensure the university receives the best price and value for a purchase. The CSCU Procurement Manual specifically recommends that the purchaser compare available state contracts for best value in pricing and services when possible.

Proper internal controls over purchasing requires that commitment documents be properly authorized prior to the ordering of goods or services.

Condition: We examined 20 non-personal services expenditure transactions, totaling \$2,090,321, and found the following:

1. In 4 instances, totaling \$226,513, the university did not obtain and compare quotes from more than one vendor on the Department of Administrative Services multi-vendor awarded contract.
2. In another instance, the university received \$21,024 in services prior to the authorization of the purchase order. The transaction was authorized 22 business days after the receipt of the services.

Effect: Lack of price comparisons during the purchasing process decreases assurance that goods or services are obtained at best prices.

Internal control over purchasing is ineffective when goods or services are purchased and received prior to being properly authorized.

Cause: The university did not obtain multiple pricing quotes or properly document that it compared costs on multi-vendor awarded contracts.

In the instances noted, the university did not follow its internal control procedures regarding the prior approval of purchases.

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

Recommendation: Eastern Connecticut State University should improve its compliance with purchasing policies and procedures. The university should compare prices prior to significant purchases. (See Recommendation 1.)

Agency Response: “The university agrees with this finding. Our Purchasing Department has updated their internal procedures to require multiple quotes when using State Contracts awarded to multiple vendors unless the services are required to provide emergency services for the university. Procurement requests in excess of \$10,000 will not be processed unless multiple quotes have been attached to the request.”

Improper Use of Purchasing Card (P-Card)

Criteria: The Eastern Connecticut State University P-Card Purchasing Policies and Procedures Manual governs purchasing card (P-Card) transactions. The manual includes specific instructions restricting the use of P-Cards to the authorized cardholder. The manual also establishes a single transaction limit and restricts the splitting of a single item purchase to circumvent that limit.

Condition: We examined 9 monthly logs, with transactions totaling \$84,047, and found the following:

1. On one purchasing card statement, we found 6 instances, totaling \$2,332, in which an employee who was not the assigned cardholder signed for the purchases and apparently used the card.
2. We also found that a \$1,223 purchase was split into two transactions to circumvent the individual transaction limit of \$1,000.

Effect: Noncompliance with purchasing card policies increases the risk of improper, unauthorized purchases.

Cause: The university did not properly execute established internal control procedures over the use of purchasing cards.

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

Recommendation: Eastern Connecticut State University should follow its purchasing card policies and procedures to ensure authorized and proper use of purchasing cards. (See Recommendation 2.)

Agency Response: “The university agrees with this finding. The university notified the employee of their violation of our procedure in the single purchase of \$1,223, they were reminded of the \$1,000 limit and will follow the proper procedure for any future purchases. The university canceled the

P-Card that was issued to the individual employee and issued a department P-Card for use. The supervisor of the area is now responsible to verify all purchases prior to submitting the P-Card statement for payment.”

Part-Time Faculty Employment Authorization

Criteria: A part-time Faculty Assignment Authorization form should be completed and approved by the appropriate personnel or departments before services are provided. This would help to ensure that faculty and the university formally agree with the terms of the assignment.

Sound internal control requires the preparation of properly approved timesheets or equivalent documentation to provide assurance that the university paid employees for work they completed.

Condition: We examined 11 Faculty Assignment Authorization forms for 10 employees selected for testing during the audited period and noted 4 instances in which the form was not properly approved before the employee started working.

In another instance, the university paid a faculty member \$50.00 to attend a workshop, without obtaining documentation to support the employee’s attendance.

Effect: Internal controls over personnel functions are ineffective when Faculty Assignment Authorization forms are approved after services commenced.

There is decreased assurance that the employee attended the faculty development workshop, because the university did not document the employee’s attendance.

Cause: The university did not always adhere to established part-time faculty hiring policies and procedures.

It does not appear that the university has a procedure for documenting proof of attendance at faculty development workshops.

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

Recommendation: Eastern Connecticut State University should ensure that it documents the approval of part-time faculty appointments prior to the commencement of service. The university should also document that part-time faculty employees completed their assigned duties prior to paying them. (See Recommendation 3.)

Agency Response: “The university agrees with this finding. Our new Provost is working closely with the Deans to improve the process of requesting Part-Time Faculty to allow time for Human Resources to complete the hiring process prior to the start of their assignment.”

Information System Disaster Recovery Plan Not Updated or Tested

Background: Eastern Connecticut State University has migrated many of its critical business function systems to cloud-based technology in recent years. The university also has redesigned some of its network infrastructure.

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

Condition: The university has not updated its disaster recovery plan since 2011, and has not tested it since 2012.

Effect: The lack of an adequate disaster recovery plan could extend the time required to recover and resume critical infrastructure and application systems after a disaster or service interruption.

Cause: The university’s IT management informed us that its disaster recovery plan is under review for a rewrite to make it more applicable to the current IT systems.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years 2014 through 2016.

Recommendation: Eastern Connecticut State University should regularly review and test its disaster recovery plan. (See Recommendation 4.)

Agency Response: “The university agrees with this finding. Eastern has migrated major business functions such as Ellucian Banner, email, Blackboard (LMS), web services, MS active directory, storage and collaboration to the cloud environment. This transition from an Eastern based computing environment to the cloud environment resulted in a major change in the way disaster recovery is managed. Currently our cloud vendors are primarily responsible for recovery services using contracts issued by the CSCU System Office. Our Information Technology Security team is currently in the process of reviewing and rewriting Eastern’s disaster recovery process to reflect disaster recovery in the new cloud environment.”

Information Technology Systems (ITS) Controllable Equipment

- Criteria:* According to the State of Connecticut Property Control Manual, agencies should consider certain equipment items below the capitalization threshold (\$5,000 as of July 1, 2015) as controllable property. Agencies should identify and control these equipment items due to their sensitive, portable, and theft-prone nature.
- Condition:* We reviewed 400 computers as part of our examination of the ITS controllable inventory and found that the university did not include any of them on its controllable inventory listing.
- Effect:* Eastern Connecticut State University did not comply with the mandatory controllable asset policy in the property control manual. Internal controls are weakened.
- Cause:* Established controls were insufficient to prevent the condition from occurring.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* Eastern Connecticut State University should record all of its controllable equipment items in accordance with the State Property Control Manual and the CSUS Capital Asset Valuation Manual. (See Recommendation 5.)
- Agency Response:* “The university agrees with the finding that the computers were not in the version of the controllable inventory listing provided for audit. It should be understood the computers were accounted for by the university and never were missing. The University was in the process of converting to a new asset management / inventory solution (eEquip!) early in the summer of 2018. The computers were inventoried and entered into the new eEquip! system by members of the Facilities staff as part of the physical inventory process which was a component of the new system implementation. The new process which began with the implementation of eEquip!, transferred responsibility for the controllable Information Technology assets entered into eEquip! to our Facilities staff who now record the controllable asset when received at Shipping and Receiving.”

Noncompliance with Equipment Disposal Controls

- Criteria:* The Connecticut State University System procedures for the disposal of surplus property requires agencies to purge all data prior to disposing of computers and other electronic storage devices, or destroying their hard drives. The procedure states that, “Each computer and/or electronic

storage device so purged shall have affixed to it a “Purging of data and erasure of hard drives” form, completed and executed by an authorized System employee. The form along with other documentation relating to the surplussing [sic] and disposal of the equipment should be maintained on file.”

Good internal control procedures require a system for documenting that equipment slated for disposal via recycling actually went to the designated recycling company to ensure the item’s proper disposition.

Condition: We tested 20 equipment items that the university disposed of during the audited period, totaling \$98,812, and found the following:

1. We noted 2 instances, totaling \$6,958, in which the university lacked sufficient documentation to verify that it purged data and software from two computers prior to transferring them to the recycling company.
2. We also noted 2 instances, totaling \$3,157, in which the university lacked sufficient documentation to verify that the recycler picked up the equipment.

Effect: The university did not comply with certain requirements of the Connecticut State University System procedures for the disposal of surplus property. As a result, internal controls over equipment disposals were weakened.

If data and software are not purged from computers prior to disposal, there is a risk that confidential and other private information could be disclosed to outside parties.

Cause: Established control procedures were not performed as designed.

Prior Audit Finding: This finding has been previously reported in the last 2 audit reports covering fiscal years 2012 through 2016.

Recommendation: Eastern Connecticut State University should improve compliance with the policies and procedures set forth in the Connecticut State University System procedures for the disposal of surplus property. Specifically, the university should sufficiently document that it purged data or software from computers slated for disposal. It should also adequately document the actual transfer of recycled equipment. (See Recommendation 6.)

Agency Response: “The university agrees with this finding. The university implemented a procedure in FY 2019 where all computer equipment with hard drives is subject to a procedure that wipes the hard drive in accordance with

Board of Regents standards and automatically produces a certificate of data destruction on a secure network share. A hard copy of the certificate is attached to each computer being processed for destruction. No computer will be disposed if a certificate of data destruction is not physically attached.”

Records Retention – Banner Accounting System

Criteria: The Connecticut State Library, pursuant to Section 11-8(a) of the General Statutes, establishes records retention requirements for all state agencies. According to those requirements, computer utilization records must be retained for three years, or until audited, whichever is later.

Condition: We tested 10 former university employees’ termination dates in the Banner accounting system during the audited period. The university did not retain records of the correct termination dates when it disabled Banner user accounts. The university informed us that it reset all account termination dates to February 8, 2018, which is the date that the Banner system migrated to cloud-based servers.

Effect: The university did not comply with the state library’s records retention requirements. As a result, there was decreased assurance that the university promptly disabled former employees’ access to its systems.

Cause: It appears that the university did not have an adequate back-up system to ensure records retention when it transitioned to new information systems.

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

Recommendation: Eastern Connecticut State University should ensure that it retains adequate back-up records when transitioning to new information systems. (See Recommendation 7.)

Agency Response: “The university agrees with this finding. When the university converted the Banner Database from Eastern Connecticut State University to the Ellucian Cloud the creation date for all accounts was established as 2/8/2018. Any accounts that were locked prior to that date also were identified as 2/8/2018 and the history of the actual date was lost. For any future conversions a historical file will be preserved prior to the conversion.”

Late Termination of User Activity Accounts

Criteria: Eastern Connecticut State University’s policy on computer use restricts the use of computer resources to its actively enrolled students, current employees, and emeritus faculty.

The university's computer resources and facilities can only be used for legitimate and authorized academic, instructional, research, administrative, and public service purposes.

Condition: We reviewed user accounts for 6 university employees who ended their employment during the audited period. We found that the university did not promptly disable access to university computer resources for three employees. The 3 accounts were still active at the time of our review in February 2019. The university terminated network access for these accounts after we inquired about them.

Effect: Former employees continued to have access to the university's computer resources after ending their employment. It is highly unlikely that the former employees would have legitimate and authorized academic purposes for accessing the university's network. Any such access or use by former employees would violate the university's policy on acceptable computer use.

Cause: The university's Information Technology Systems (ITS) department did not promptly disable former employees' access to computer resources.

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

Recommendation: Eastern Connecticut State University should promptly disable its former employees' network accounts to university computer resources. (See Recommendation 8.)

Agency Response: "The university agrees with this finding. The university is working to improve the notification process to our Human Resources department when any employee of the university terminates their employment. The new procedure requires each department within the university to notify the Human Resources department upon the termination of any employee, who in turn will promptly notify Information Technology Services to terminate the user accounts."

Timeliness of Bank Deposits

Criteria: Section 4-32 of the General Statutes states, "Each State department, institution, board, commission or other State agency and each official and employee thereof, shall, within twenty-four hours of its receipt, account for and, if the total of the sums received amounts to five hundred dollars or more, pay the same to the Treasurer or deposit the same in the name of the State in depositories designated by the Treasurer under such regulation as the Treasurer prescribes."

Condition: We examined 20 receipt transactions, totaling \$141,531, received in departments outside the Bursar's Office during the audited period and found the following:

1. We noted 3 instances, totaling \$9,095, in which the university did not submit funds to the armored car delivery service for deposit in a timely manner. The deposits ranged from 1 to 4 business days late.
2. We also noted 3 instances, totaling \$41,991, for which there was insufficient documentation to ascertain the actual date the department received the funds. Therefore, we were unable to determine whether the department deposited the funds in a timely manner.

Effect: In some instances, the university did not comply or was unable to provide evidence that it complied with the prompt deposit requirements of Section 4-32 of the General Statutes. This exposed receipts to an increased risk of loss or theft.

Cause: Established controls were not carried out as designed.

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

Recommendation: Eastern Connecticut State University should ensure that it promptly deposits departmental receipts as required by Section 4-32 of the General Statutes. (See Recommendation 9.)

Agency Response: "The university agrees with this finding. Each academic year Student Affairs discusses the deposit requirement in their Early Bird Training and Club Council Meetings. In addition, all student clubs and organization are reminded of the requirement when registering an event as a fundraiser. The university will continue to stress the importance of compliance with General Statutes."

Unposted Earned Paid Sick Leave for Student Workers

Criteria: Section 31-57s of the General Statutes requires Connecticut employers to provide paid sick leave to certain service workers, including student workers employed by the university. Effective January 1, 2012, any employee who worked at least 680 hours is entitled to paid sick leave at the rate of 1 hour for every 40 hours worked.

Section 31-57u (c) of the Connecticut General Statutes, as interpreted by Department of Labor guidance, states that, "Upon separation from employment, the service worker does not lose any of the hours worked

toward the 680 hours of employment requirement,...but picks up where s/he left off regarding the 680 hours of employment requirement.”

It is a good business practice to promptly post earned paid sick leave to employee attendance and leave records so employees are aware of their earned time and are able to use it.

Condition: We examined the attendance and leave records of 9 student workers eligible to earn paid sick leave. Our review disclosed that the university did not post 8 of the 9 workers’ accrued earned sick leave to their attendance and leave records to Core-CT, the states accounting system.

Effect: Eastern Connecticut State University did not comply with Section 31-57s and Section 31-57u(c) of the General Statutes, because the university did not accrue and post student workers’ earned paid sick leave to employee attendance and leave records. In addition, omitted or delayed posting of earned sick leave could impede or prevent employees’ use of an earned benefit.

Cause: The university had insufficient procedures in place to ensure that it complied with this requirement. Specifically, the university does not review the records of hours worked toward sick leave eligibility as frequently as it should. Therefore, the university did not promptly post its student workers’ earned sick leave hours.

Prior Audit Finding: A similar finding has been previously reported in the last 2 audit reports covering fiscal years 2012 through 2016.

Recommendation: Eastern Connecticut State University should improve compliance with Sections 31-57s and 31-57u(c) of the General Statutes to ensure that it promptly reviews and posts student workers’ earned paid sick time to Core-CT employee attendance and leave records. (See Recommendation 10.)

Agency Response: “The university agrees with this finding. The university has developed a monthly report that will identify part time workers who meet the minimum requirements. The identified part time workers will have their records updated on a monthly basis. Once the minimum requirements are met and the record is updated in Core-CT the system will calculate the proper sick time accrual.”

RECOMMENDATIONS

Our prior audit report on Eastern Connecticut State University contained 6 recommendations. Two have been implemented or otherwise resolved and 4 have been repeated or restated with modifications during the current audit. The following is a summary of the action taken on the prior recommendations.

Status of Prior Audit Recommendations

- Eastern Connecticut State University should take steps to ensure that its information technology disaster recovery plan is updated and tested on a regular basis. **We did not note significant improvement in this area. Therefore, this recommendation will be repeated. (See Recommendation 4.)**
- Eastern Connecticut State University should develop a written policy defining measurable eligibility criteria for STEP/CAP program tuition and fee waivers. **Our current audit disclosed that the university complied with the recommendation. Therefore, this recommendation is not being repeated.**
- Eastern Connecticut State University should take steps to improve the accuracy and timeliness of student worker sick leave records. **Our current audit did not disclose significant improvement in this area. Therefore, this recommendation will be repeated. (See Recommendation 10.)**
- Eastern Connecticut State University should improve controls over equipment, especially equipment disposals, by complying with the policies and procedures set forth in the Connecticut State University System Procedures for the Disposal of Surplus Property and its Capital Asset Valuation Manual. In particular, the university should sufficiently document the purging of data and software from its disposed of computers. **Our current audit did not note significant improvement in this area. Therefore, this recommendation will be repeated. (See Recommendation 6.)**
- Eastern Connecticut State University should regularly review information system access privileges granted to employees to determine whether access is appropriate. The university should remove access privileges promptly upon an employee's separation from university employment. **Our current audit did not note significant improvement in this area. Therefore, this recommendation will be repeated in a revised form. (See Recommendation 8.)**
- Eastern Connecticut State University should enter into a formal, written agreement for the rental of its Groton campus facilities. **Our current audit disclosed improvement in this area. Therefore, this recommendation is not being repeated.**

Current Audit Recommendations

- 1. Eastern Connecticut State University should improve its compliance with purchasing policies and procedures. The university should compare prices prior to significant purchases.**

Comment:

The university did not compare quotes or prices from more than one vendor for multi-vendor state contracts. In another instance, the university received \$21,024 in services prior to the authorization of the purchase order.

- 2. Eastern Connecticut State University should follow its purchasing card policies and procedures to ensure authorized and proper use of purchasing cards.**

Comment:

We noted several instances in which an employee who was not the assigned cardholder signed for the purchases and apparently used the card. We also noted an instance in which a purchase was split into two transactions to avoid exceeding the \$1,000 single purchase limit.

- 3. Eastern Connecticut State University should ensure that it documents the approval of part-time faculty appointments prior to the commencement of service. The university should also document that part-time faculty completed their assigned duties prior to paying them.**

Comment:

The university was not approving part-time work authorizations before the employee began working. In another instance, the university could not provide documentation to support a payment to a part-time faculty member.

- 4. Eastern Connecticut State University should regularly review and test its disaster recovery plan.**

Comment:

The university has not updated its disaster recovery plan since 2011, and has not tested it since 2012.

- 5. Eastern Connecticut State University should record all of its controllable equipment items in accordance with the State Property Control Manual and the CSUS Capital Asset Valuation Manual.**

Comment:

We noted a purchase of 400 computers that the university did not include in its listing of controllable assets.

- 6. Eastern Connecticut State University should improve compliance with the policies and procedures set forth in the Connecticut State University System procedures for the disposal of surplus property. Specifically, the university should sufficiently document that it purged data or software from computers slated for disposal. It also should adequately document the actual transfer of recycled equipment.**

Comment:

The university did not sufficiently document that it purged data and software from 2 computers prior to transferring them to a recycler. We also noted instances in which the university lacked sufficient documentation to verify that the recycler picked up equipment.

- 7. Eastern Connecticut State University should ensure that it retains adequate back-up records when transitioning to new information systems.**

Comment:

We noted that the university did not retain information to identify the correct termination dates of former employees' user accounts in Banner.

- 8. Eastern Connecticut State University should promptly disable its former employees' network accounts to university computer resources.**

Comment:

The university did not promptly disable computer system user accounts for some former employees.

- 9. Eastern Connecticut State University should ensure that it promptly deposits departmental receipts as required by Section 4-32 of the General Statutes.**

Comment:

We could not verify receipt dates and could not, therefore, determine whether the university deposited the funds in a timely manner.

- 10. Eastern Connecticut State University should improve compliance with Sections 31-57s and 31-57u(c) of the General Statutes to ensure that it promptly reviews and posts student workers' earned paid sick time to Core-CT employee attendance and leave records.**

Comment:

The university did not promptly post accrued student workers' earned sick leave to their attendance and leave records in a timely manner.

ACKNOWLEDGMENTS

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

Andrew Collins
Derik Muller
Daniel Puklin
Marva Robinson
Jamie Swope

CONCLUSION

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



Marva N. Robinson

Associate Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor