

STATE OF CONNECTICUT



*AUDITORS' REPORT
BOARD OF REGENTS FOR HIGHER EDUCATION
SOUTHERN CONNECTICUT STATE UNIVERSTIY
FOR THE FISCAL YEARS ENDED JUNE 30, 2014, 2015 AND 2016*

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

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March 11, 2020

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the General Statutes, we have audited certain operations of Southern 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, 2014, 2015, and 2016.

The key findings are presented below:

Page 9	The university did not properly preapprove purchases in a consistent manner. Southern Connecticut State University should improve its internal controls over procurement by ensuring that it properly preapproves purchases and only pays vendors after it receives goods or services. (Recommendation 1)
Page 12	The university did not comply with its purchasing card policy or retain receipts to support such purchases. Southern Connecticut State University should improve compliance with its purchasing card policies and procedures. The university should ensure that purchasing cards are only used by assigned cardholders and should retain supporting receipts. The university should also consider requiring cardholders to submit supporting receipts to the purchasing card administrator when it reconciles monthly statements. (Recommendation 2)
Page 15	The university informed us that it did not formally test its IT disaster recovery plan during the audited years through the fiscal year ended June 30, 2018. Southern Connecticut State University should periodically test its information technology disaster recovery plan to ensure it can promptly recover systems and data following a disaster or other interruption. (Recommendation 3)

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**AUDITORS' REPORT
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FOR THE FISCAL YEARS ENDED JUNE 30, 2014, 2015 AND 2016**

We have audited certain operations of Southern Connecticut State University (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 fiscal years ended June 30, 2014, 2015 and 2016. 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 economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the university; and testing selected transactions. We obtained an understanding of internal controls

that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions, could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

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

The accompanying Résumé of Operations is presented for information purposes. This information was obtained from 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 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 Southern Connecticut State University.

COMMENTS

FOREWORD

Southern Connecticut State University in New Haven is one of the four higher education institutions that collectively make up the Connecticut State University component of the Connecticut State Colleges and Universities (CSCU) System. The other three are Central Connecticut State University in New Britain, Eastern Connecticut State University in Willimantic, and Western Connecticut State University in Danbury. The Board of Regents for Higher Education oversees the university and serves as the administrative office for CSCU. CSCU is 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. Mary Papazian was appointed university president effective, January 31, 2012, and continued to serve in that capacity for the remainder of the audited period and into the summer of

2016. The university's current president, Dr. Joe Bertolino, was appointed president, effective August 22, 2016.

Recent Legislation

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

- Public Act 14-98, effective July 1, 2014, authorized \$103.5 million in new bonding under the Connecticut State University 2020 infrastructure program (renamed the Connecticut State Colleges and Universities 2020 Program).
- Public Act 15-82, effective July 1, 2015, expanded in-state tuition benefits at Connecticut public higher education institutions to include certain students who attended a Connecticut high school for at least 2 years rather than the 4 years required by the previous law. The act also extended the in-state tuition benefit to certain nonimmigrant aliens.

Enrollment Statistics

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

	<u>Fall 2013</u>	<u>Spring 2014</u>	<u>Fall 2014</u>	<u>Spring 2015</u>	<u>Fall 2015</u>	<u>Spring 2016</u>
Full-Time Undergraduate	7,016	6,425	6,802	6,292	6,869	6,349
Full-Time Graduate	876	793	894	771	818	769
Total Full-Time	<u>7,892</u>	<u>7,218</u>	<u>7,696</u>	<u>7,063</u>	<u>7,687</u>	<u>7,118</u>
Part-Time Undergraduate	1,241	1,337	1,331	1,267	1,237	1,231
Part-Time Graduate	1,671	1,689	1,798	1,718	1,549	1,522
Total Part-Time	<u>2,912</u>	<u>3,026</u>	<u>3,129</u>	<u>2,985</u>	<u>2,786</u>	<u>2,753</u>
Total Enrollment	<u>10,804</u>	<u>10,244</u>	<u>10,825</u>	<u>10,048</u>	<u>10,473</u>	<u>9,871</u>

The average of the fall and spring semesters' total enrollment was 10,524, 10,437 and 10,172 during the 2013-2014, 2014-2015 and 2015-2016 fiscal years, respectively, compared to an average of 10,799 during the 2012-2013 fiscal year. Enrollment remained relatively stable with the total average number of enrolled students decreasing by 275 (2.6%) from fiscal year 2013 to 2014, 88 (0.8%) from fiscal year 2014 to 2015 and 265 (2.5%) from fiscal year 2015 to 2016.

RÉSUMÉ OF OPERATIONS

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

General Fund appropriations were not made to the university directly. Rather, appropriations for the entire CSCU System were made available to the CSCU System Office, which calculated the allocations and periodically transferred the funds to the university’s Operating Fund.

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:

	<u>2013-2014</u>		<u>2014-2015</u>		<u>2015-2016</u>	
	<u>Undergraduate</u>	<u>Graduate</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Undergraduate</u>	<u>Graduate</u>
In-State	\$ 4,510	\$ 5,617	\$ 4,600	\$ 5,729	\$ 4,968	\$ 6,188
Out-of-State	14,594	15,650	14,886	15,963	16,078	17,240
Regional	6,764	8,428	6,899	8,597	7,452	9,286

In accordance with Section 10a-67 of the General Statutes, the Board of Regents for Higher Education sets tuition amounts for nonresident students enrolled in the CSCU System through the New England Regional Student Program at an amount equal to one and one-half times the in-state rate.

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

	<u>2013-2014</u>		<u>2014-2015</u>		<u>2015-2016</u>	
	<u>University General Fee</u>	<u>University Fee</u>	<u>University General Fee</u>	<u>University Fee</u>	<u>University General Fee</u>	<u>University Fee</u>
In-State	\$ 3,271	\$ 1,030	\$ 3,336	\$ 1,051	\$ 3,622	\$ 840
Out-of-State	3,271	2,451	3,336	2,500	3,622	2,000
Regional	3,271	1,030	3,336	1,051	3,622	840

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 (double occupancy) and Food Service fees during the audited period:

Fee Description:	<u>2013 – 2014</u>	<u>2014 - 2015</u>	<u>2015 - 2016</u>
Housing	\$ 6,035	\$ 6,216	\$ 6,402
Food Service	4,925	5,073	5,174

Operating Revenues

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

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

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Tuition and Fees (net of scholarship allowances)	\$ 76,414,065	\$ 77,316,043	\$77,873,319	\$79,770,521
Federal Grants and Contracts	14,362,559	14,221,123	14,755,265	2,214,938
State and Local Grants and Contracts	4,061,403	4,211,124	5,195,430	5,570,633
Non-Governmental Grants and Contracts	1,872,935	2,158,397	2,349,389	2,626,111
Indirect Cost Recoveries	224,196	246,542	148,911	127,455
Auxiliary Revenues	24,788,281	25,722,227	25,793,442	31,597,212
Other Operating Revenues	11,838,903	5,795,550	5,733,102	7,330,178
 Total Operating Revenues	 <u>\$133,562,342</u>	 <u>\$129,671,006</u>	 <u>\$131,848,858</u>	 <u>\$129,237,048</u>

Operating revenues totaled \$129,671,006, \$131,848,858 and \$129,237,048 during the fiscal years ended June 30, 2014, 2015, and 2016, respectively, compared to \$133,562,342 during the fiscal year ended June 30, 2013. These revenues decreased \$3,891,336 (2.9%) in fiscal year 2014, increased \$2,177,852 (1.7%) in fiscal year 2015, and decreased \$2,611,810 (2.0%) in fiscal year 2016.

The decrease in operating revenues during the fiscal year ended June 30, 2014 can be primarily attributed to a decrease in Connecticut Health and Education Facilities Authority (CHEFA) bond fund receipts (reflected in the Other Operating Revenues category).

The increase in operating revenues during the fiscal year ended June 30, 2015 was, in large part, due to an increase in federal and state grant funds received by the university. Most notably, during the 2015 fiscal year, the university received an increase in state Minority Teacher Incentive Program and federal Pell Grant program funds.

The decrease in operating revenues during the fiscal year ended June 30, 2016 was largely due to a reclassification of federal Pell Grant program funds. The Connecticut State Universities started classifying Pell Grant receipts as nonoperating revenues rather than operating revenues (reflected in the Federal Grants and Contracts category). The significant increase in the auxiliary revenues category in the 2016 fiscal year was due to a reclassification of student health insurance receipts. Beginning in the 2016 fiscal year, the university started classifying these receipts as auxiliary revenues. In previous years, the university classified these receipts as tuition and fee revenues.

Operating Expenses

Operating expenses 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.

We present the operating expenses in the university's audited financial statements for the audited period and the previous fiscal year below:

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Personal Services and Fringe Benefits	\$133,418,433	\$144,008,605	\$159,348,687	\$162,908,142
Professional Services and Fees	7,850,049	8,442,785	8,451,905	9,618,999
Educational Services and Support	29,116,697	30,226,571	31,915,174	32,724,226
Travel Expenses	1,657,381	1,780,822	1,863,069	2,020,543
Operation of Facilities	10,080,142	10,460,587	10,742,606	10,959,642
Other Operating Supplies and Expenses	5,183,256	4,285,101	5,485,348	9,784,831
Depreciation Expense	18,002,730	16,231,865	18,953,226	20,142,512
Amortization Expense	37,320	33,087	49,032	61,338
Total Operating Revenues	<u>\$205,346,008</u>	<u>\$215,469,423</u>	<u>\$236,809,047</u>	<u>\$248,220,233</u>

Operating expenses totaled \$215,469,423, \$236,809,047 and \$248,220,233 during the fiscal years ended June 30, 2014, June 30, 2015 and 2016, respectively, compared to \$205,346,008 during the fiscal year ended June 30, 2013. These expenses increased \$10,123,415 (4.9%) during fiscal year 2014, \$21,339,624 (9.9%) during fiscal year 2015, and \$11,411,186 (4.8%) during fiscal year 2016.

The increase during the fiscal year ended June 30, 2014 was due, in part, to an increase in the employer contribution rate for the State Employees Retirement System (SERS) pension plan and employee pay raises in accordance with collective bargaining agreements.

The increase during the fiscal year ended June 30, 2015 was due, in part, to employee pay raises, in accordance with collective bargaining agreements and increased costs associated with employees transferring from the Alternate Retirement Plan (ARP) pension plan to the costlier SERS pension plan.

The increase during the fiscal year ended June 30, 2016 was due, in part, to employee pay raises, in accordance with collective bargaining agreements. In addition, fringe benefit costs rose as a result of employees transferring from the Alternate Retirement Plan (ARP) pension plan to the costlier SERS pension plan. An increase in costs associated with the university's share of employee medical insurance premiums also contributed to increased operating expenses. The significant increase in the other operating supplies and expenses category in the 2016 fiscal year was due, in large part, to a reclassification of student health insurance expenses. Beginning in the 2016 fiscal year, the university started classifying these expenses as other operating supplies and expenses. In previous years, the university classified these expenses as professional services and fees.

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>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
State Appropriations	\$65,841,375	\$78,328,881	\$85,474,454	\$88,053,771
Pell Grant Revenue	-	-	-	13,100,085
Gifts	202,704	443,521	312,707	415,957
Investment Income	133,790	121,511	133,640	264,041
State Financed Plant Facilities	34,036,441	-	7,343,433	955,205
Other Nonoperating Revenue	611,777	614,038	652,034	643,751
Transfers to the State of Connecticut	-	-	-	(1,138,432)
Total Nonoperating Revenues	<u>\$100,826,087</u>	<u>\$79,507,951</u>	<u>\$93,916,268</u>	<u>\$102,294,378</u>

Nonoperating revenues totaled \$79,507,951, \$93,916,268 and \$102,294,378 during the fiscal years ended June 30, 2014, 2015 and 2016, respectively, compared to \$100,826,087 during the fiscal year ended June 30, 2013. These revenues decreased \$21,318,136 (21.1%) in fiscal year 2014, increased \$14,408,317 (18.1%) in fiscal year 2015, and increased \$8,378,110 (8.9%) in fiscal year 2016.

The decrease from fiscal year 2013 to 2014 resulted primarily from a decrease in state-financed plant facilities receipts, which was offset by an increase in state appropriations. The increase from fiscal year 2014 to 2015 was due mostly to an increase in state-financed plant facilities receipts and state appropriations. The increase from fiscal year 2015 to 2016 was largely the result of a change in classification of federal Pell Grant program receipts. In fiscal year 2015, the university classified these receipts as operating revenues. Starting in fiscal year 2016, the university classified these receipts as nonoperating revenues. This increase was partially offset by a decrease in state-financed plant facilities receipts and transfers to the State of Connecticut in accordance with Connecticut Public Act 16-1. Effective March 30, 2016, section 7 of the act authorized the Office of Policy and Management to approve the transfer of up to \$4,100,000 from the Connecticut State University Operating Fund to the General Fund for the 2016 fiscal year.

Southern Connecticut State University Foundation, Inc.

The Southern 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, 2014, 2015, and 2016, in accordance with Section 4-37f (8) of the General Statutes. The auditors expressed unqualified opinions on the

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

The audit of the foundation's financial statements reported support and revenues totaling \$8,450,724, \$4,657,732, and \$6,122,439 during the fiscal years ended June 30, 2014, 2015, and 2016, respectively. Net assets were reported as \$25,745,490, \$27,310,131, and \$29,418,445 as of June 30, 2014, 2015, and 2016, respectively.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Purchasing of Professional Services and Other Procurement

Criteria: It is a good business practice to ensure that purchases are approved by authorized employees before goods or services are ordered. In addition, purchases should be supported by vendor invoices or receipts and payments to vendors should be made only after goods or services are received.

The Connecticut State University System's Travel Policies and Procedures Manual sets forth travel expenditure requirements. These policies require that before each trip, the athletic director or a designee identifies "all University employees and team members who will constitute the team travel party on that trip. This list must be approved by the Director of Athletics prior to the trip."

Condition: We tested 39 purchases, totaling \$661,549, during the period under review. Our testing disclosed the following:

- 1) We noted 3 instances, totaling \$36,071, in which the university could not provide documented evidence that it approved the purchase of library periodical subscriptions before they were ordered.
- 2) We noted 2 instances, totaling \$3,397, in which the university initiated a purchase before obtaining documented approval through a purchase requisition and/or a purchase order.
- 3) We noted one instance, totaling \$4,350, in which the university approved a purchase after a portion of the purchased services were already provided.
- 4) We noted one instance, totaling \$550, in which the university did not pay a vendor on time. The payment was more than 7 months late.

Our examination of 23 payments for professional services, which totaled \$199,763, disclosed the following:

1. We noted 6 instances in which the university incurred an expenditure before obtaining documented approval of the purchase.

2. We noted one instance in which the university purchased professional services. However, the services provided, according to supporting documentation, did not match the terms of the personal service agreement. There was no evidence that the university amended the agreement.
3. We noted one instance in which the university paid a contractor prior to the completion of services.
4. We noted one instance in which the university paid a contractor for services, even though there was no documentation on file certifying that the university received the services.

Our test of 15 travel-related expenditures totaling \$100,969 during the audited years disclosed the following:

1. We noted 5 instances in which the university did not complete an athletics team travel roster for a particular trip. Instead, the university used a blanket team travel roster for the entire sports season.
2. We noted 2 instances in which the university provided travel advance funds to an employee, but either did not complete a travel advance form or the employee did not sign the travel advance form.
3. We noted one instance in which the university provided a travel advance to an employee, but the employee did not return the unspent funds on time. The funds were returned more than 3 months after the trip.
4. We noted one instance in which the university completed a travel expenditure authorization form after it incurred the expenditure.

Effect: The lack of documented prior approval of purchases increases the risk of unauthorized or otherwise improper purchases.

Cause: In some instances, the university did not carry out established controls as designed.

Recommendation: Southern Connecticut State University should improve its internal controls over procurement by ensuring that it properly preapproves purchases and only pays vendors after it receives goods or services. (See Recommendation 1.)

Agency Response:

“The university agrees with the audit assessment of library purchases without purchase orders for repeating periodical subscriptions. This has been a long standing practice in purchasing for collections management. The university will change the practice to conform with other purchases in the use of purchase orders.

The university agrees with the audit assessment of purchases initiated by other departments or contracted services begun before the purchase requisition had been approved and the purchase order completed. While none of these was paid until the requisite paperwork had been completed and approvals obtained, both should have happened before the purchase transaction was initiated. The late payment on the invoice was also related to actions outside the Finance department that resulted in the late receipt of the invoice which was then promptly paid. Purchasing will work with departments who submit late paperwork to make sure there is no confusion on the proper process. Likewise, Accounts Payable will remind departments submitting late invoices of the University’s responsibility for prompt payment. However, Accounts Payable will not hold up already delinquent invoices for a late payment submission justification. Accounts Payable will contact departments who have made purchases or begun to receive contracted services before the purchase order has been completed. Accounts Payable will expand the use of late justifications to cover this problem. Lastly, twice a year, Purchasing will send out a summary process reminder to departments to refresh everyone’s memory as to the purchasing and payment sequence.

The university agrees with the audit assessment of personal service agreements but notes that no payments were actually made until the documents were finalized. Going forward, Purchasing will work with departments who submit late paperwork to make sure there is no confusion on the proper process and will, in those instances, obtain a late justification which will be filed with the personal services agreement. Additionally, twice a year, Purchasing will send out a summary process reminder to departments to refresh everyone’s memory as to the procurement and payment sequence. Monthly service agreements will have payment schedules set so that there is sufficient time between the service period and the payment date to allow the department to certify that services have been rendered according to the contract. Accounts payable will ensure that all payment vouchers for service agreements contain contemporaneous signatures as documentation of services rendered.

The university agrees with the audit assessment that athletic travel needs to include documentation of the actual team members and athletics personnel who will constitute the team travel party on that trip.

Accounts payable will ensure that documentation for each trip will include this information.

The university agrees with the audit assessment that a Travel Advance Agreement was omitted and another was not signed. Providing the Travel Advance Agreement is a routine procedure that is facilitated by giving Travel Advance checks to the Travel Office for distribution. Both of these checks were released to the travelers by a staff member other than the Travel Office because the staff person responsible for travel was out sick. Therefore, it is likely this oversight occurred because the Agreement was not with the check. This requirement will be reviewed with the AP staff to ensure compliance is maintained in the absence of the travel staff person.

The university agrees with the audit assessment that a reconciliation for an international trip was submitted late. There are a number of reasons why this may happen for an international trip, for example questions, errors, p-card statements, etc. For all trips, the Travel Office routinely sends reminders to travelers about their reconciliation deadline and works with travelers to resolve questions.

The university agrees with the audit assessment that a travel expenditure authorization form was completed after the university incurred the expenditure. The university will work with all requesters and campus leadership to remind everyone of the importance of pre-approval of travel.

With regard to each the three groups of comments in this section, the university, in conjunction with the CSCU system is engaged in implementing a system of electronic content management followed by electronic workflows. The electronic workflow will streamline approvals, enable us to see where a document may be “hung” for some reason, allow us to intervene more quickly with contractual issues, and simplify the overall process.”

Purchasing Card (P-Card) Expenditures Control Weaknesses

Criteria:

The Southern Connecticut State University Purchasing Card (P-Card) Program Policies and Procedures provide guidelines for the use of university purchasing cards. The policies state that the authorized use of the purchasing card shall be limited to the person whose name appears on the card.

The State Library's records retention requirements state that receipts related to bills and purchasing cards must be retained for 3 years or until audited, whichever is later.

It is a good business practice to keep purchasing card receipts in a central location (with the P-Card administrator) rather than in multiple locations (with cardholders) to help ensure their retention for audit purposes.

Condition:

We examined P-Card purchases associated with 24 cardholders during the audited period and noted the following:

1. Our audit disclosed 12 instances in which a purchase was made by an individual other than the employee assigned to the card.
2. Our audit disclosed 5 instances in which the cardholder did not retain a receipt for a purchase.
3. Our audit disclosed 5 instances in which a cardholder purchased items that were not permitted per the university's policy.
4. Our audit disclosed one instance in which the university did not obtain or retain sufficient supporting documentation for us to determine whether the purchase complied with university purchasing card policies.
5. Our audit disclosed 3 instances in which an employee purchased non-emergency items from an office supply store. University purchasing card policy limits purchases at these stores to emergencies only.
6. Our audit disclosed 3 instances in which the university paid sales tax on a purchase even though the university is exempt from paying this tax.
7. Our audit disclosed one instance in which the university did not have supporting documentation on file for an employee's P-Card purchases for the month we tested (February 2016). In addition, the university informed us that it was missing receipts and other supporting documentation for this employee's purchases for a four-year period. Furthermore, the university did not perform a purchasing card audit of this employee's activity in a timely manner. The university audited this employee's P-Card transactions at least 2 years later than its standard timeframe for P-Card audits, which the university informed us was every 1 to 2 years.

8. Our audit disclosed that the university does not keep supporting documentation for purchasing card expenditures in a central location. Instead, the university relies on cardholders to retain all supporting documentation, including receipts, related to their P-Card purchases.

Effect: There was insufficient supporting documentation to ensure that purchases complied with university P-Card policies. In some instances, the university made unallowed purchases.

Cause: The university did not carry out established controls as designed.

Recommendation: Southern Connecticut State University should improve its compliance with its purchasing card policies and procedures. The university should ensure that purchasing cards are only used by assigned cardholders and should retain supporting receipts. The university should also consider requiring cardholders to submit supporting receipts to the purchasing card administrator when it reconciles monthly statements. (See Recommendation 2.)

Agency Response: “The university acknowledges the findings noted above. The comments below address the particulars of each.

1. Unfortunately, many purchases are made using the card on file which is something we can’t control for at the front end. The compensating control at the back end is that p-card reconciliations identify individual transactions, uncovering any purchasing errors. What the University works to avoid is the physical use of one card by more than one person. This is done through training and reminders.
2. The missing receipts were due to a pilot procedure where receipts were scanned over to the p-card administrator after the audit was completed. The trial didn’t work and has been discontinued.
3. Residence Life and Student Life are the exceptions when it comes to purchasing food items including coffee. Because the funding for these areas comes from student funds and not State Funds, there is more flexibility in their purchases as these food items are used for student-supported events. That said, the handbook did not specifically say that coffee could be purchased by Residence Life. We will make this change to the handbook.
4. The missing receipts were due to a pilot procedure where receipts were scanned over to the p-card administrator after the audit was completed. The trial didn’t work and has been discontinued.

5. Cardholders will sometimes purchase items that are not available to them on the normal Staples Advantage State of Connecticut site. These would be allowed purchases that do not fall under the emergency purchase designation. We will adjust the handbook description to include items not available on Staples Advantage.
6. Although our State tax ID number is on all p-cards, many vendors want to actually see the tax exempt certificate. In one case sited, the sales tax was charged by Amazon. Often Amazon purchases are with third party vendors that do not recognize our tax exempt status.
7. We will review our capacity to audit each p-card every two years given the volume and the staffing. A revised control procedure may need to be created. We will add the p-card administrator to the notice list for employment departures.
8. The university acknowledges the assessment but disputes the practicality of using a central storage system. Most cardholders keep their files for future budget planning. We do not have the storage capacity for centralized storage.”

Information Technology Disaster Recovery Plan Not Tested

<i>Criteria:</i>	Agencies should establish information technology disaster recovery and business continuity plans to help minimize the risks of negative impact in the event of a service interruption. These plans should be updated regularly and routinely tested to ensure systems and data can be promptly recovered following a disaster or other interruption.
<i>Condition:</i>	The university informed us that it did not formally test its IT disaster recovery plan during the audited years through the fiscal year ended June 30, 2018.
<i>Effect:</i>	Without periodic testing, there is decreased assurance that a disaster recovery plan will produce its intended results.
<i>Cause:</i>	The university informed us that employee turnover in the IT department contributed to this condition.
<i>Recommendation:</i>	Southern Connecticut State University should periodically test its information technology disaster recovery plan to ensure it can promptly

recover systems and data following a disaster or other interruption. (See Recommendation 3.)

Agency Response:

“The university agrees with the importance of disaster recovery planning. A plan was developed in 2010 and updated in 2014. That plan was not tested. In April 2016, Southern implemented a new disaster recovery plan. At the time it was labelled “Interim” until testing could be performed. The university has found real life field testing coupled with emergency management plan simulations to be an effective alternative to costly, externally run, disaster simulation testing. Thus the plan has been tested and updated since its implementation, through 2019.

The dynamic IT environment continues to change. Many systems, especially critical systems such as the ERP, LMS, and email, are now cloud-based and have proven resilient, especially to the recent multiple campus power outages. The network’s new design has also proven resilient to outages and disruptions. Post event evaluations take place when a significant incident occurs, including root cause analysis and a review of both the effectiveness of the disaster recovery plan and IT personnel actions. IT utilizes a variety of self-designed small tests, heuristics, and future facing research to minimize system risk from a variety of disasters while learning from actual incidents and from peer experiences.”

Auditors’ Concluding Comments:

At the time of our review, the university’s IT department informed us that it had not formally tested its IT disaster recovery plan during the audited years through the fiscal year ended June 30, 2018. We also reported this issue in our prior audit report covering the fiscal years ended June 30, 2012 and 2013.

Student Activity Trustee Account Expenditures Control Weaknesses

Criteria:

A system of sound internal controls requires that contracts for the purchase of services be approved prior to the commencement of services.

The Connecticut State University Procurement Manual provides that, with certain exceptions, “the Office of the Attorney General must review and approve as to form all contracts executed by CSUS....”

Section 4-52 of the General Statutes defines a trustee account as an account operated in any state educational institution for the benefit of the students.

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

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

Condition: Our audit of 25 non-payroll expenditure transactions charged to student activity trustee accounts disclosed the following:

- 1) We noted 2 instances, totaling \$40,377 (\$20,275 of which was charged to a student activity account), in which the university contracted for the purchase of services, but obtained documented approval only after receiving some of the services.

In one of these instances, amounting to \$32,981, the related contract lacked the required signatures of the university representative and the Office of the Attorney General.

- 2) We noted one instance, totaling \$3,290, in which the university purchased student activity services without the student organization’s approval on file.

Effect: There was an increased risk that improper, unauthorized expenditures could be charged to student activity accounts.

Cause: The university did not carry out established controls as designed.

Recommendation: Southern Connecticut State University should improve controls over student activity account expenditures by ensuring that such purchases are properly approved before they are initiated. (See Recommendation 4.)

Agency Response: “The university has worked to improve internal controls over Student Activities expense processing. The timing issues noted are difficult to control in a highly decentralized and student-centered environment. That said, the university, in conjunction with the CSCU system, is engaged in implementing a system of electronic content management followed by electronic workflows. The electronic workflow will streamline approvals, enable us to see where a document may be “hung”

for some reason, allow us to intervene more quickly with contractual issues, and simplify the overall process.

The university acknowledges the two instances of late approval for purchases. Purchasing will work with departments who submit late paperwork to make sure there is no confusion on the proper process. Twice a year, Purchasing will send out a summary process reminder to departments to refresh everyone's memory as to the purchasing and payment sequence.

The process of student organization payment processing was adjusted in fall 2015 to include required documentation of student organization approval. The finding related to this control was from spring 2015 before the change in procedure.”

Safety Shoe Allowance Paid to Ineligible Employees

Criteria: The Administrative and Residual (P-5) union collective bargaining agreement provides that an annual \$100 shoe allowance shall be paid to union members who are required to wear safety shoes on a daily basis.

Condition: We examined payroll expenditures to 6 Administrative and Residual union employees during the audited years. We noted that the university paid all 6 employees shoe allowances during the 2015 and 2016 fiscal years. However, based on their positions, it appears that none of these employees were eligible for a safety shoe allowance.

Effect: The university erroneously paid \$1,200 in safety shoe allowances to 6 employees who were ineligible for such payments.

Cause: The university misinterpreted the State Comptroller's instructions for safety shoe allowance payments.

Recommendation: Southern Connecticut State University should take steps to ensure that only eligible employees receive safety shoe allowances. The university also should review previous safety shoe allowance payments and attempt to recoup any ineligible payments. (See Recommendation 5.)

Agency Response: “The university agrees with this assessment. In August 2018 the Payroll Department began the process of recouping the incorrect payments which were made in FY14, FY15, and FY16. That process has been completed. The management of the safety shoe allowance has been clarified and now only those who are required to wear them daily receive the allowance.”

Information Technology System Access Control Weaknesses

Background: The CSCU System uses an enterprise administrative information system (Banner) to maintain its accounting and student academic records. The CSCU System is considered a limited scope agency in relation to Connecticut state government's centralized financial and administrative information system (Core-CT), which it uses primarily to process payroll and human resources data.

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

Sound internal controls over information systems require that system access granted to employees be promptly terminated upon the employee's separation from employment.

Condition: At the time of our review, the university concurrently gave 3 human resources department employees Core-CT roles that allowed them to independently add people to the payroll and process payments to them.

While the university informed us that it had compensating controls in place to offset the risk of the potential lack of segregation of duties, it did not adequately document these control procedures. The university's payroll department, which is organizationally independent of the human resources department, performs biweekly audits of changes in employee pay. These audits are intended to ensure that payroll changes are reasonable, valid, correct, and authorized. However, the university does not sufficiently document these reviews. The audit does not certify that an examination was performed. In addition, the university does not document supervisory reviews of these audits.

Furthermore, we noted the following:

- We examined 23 Banner system user accounts for employees who separated from university employment during the audited period. Our testing disclosed 3 instances in which the university did not promptly terminate the user account upon separation. In these instances, employee user accounts remained active for a month to more than 5 months after the employees' departure.

- We examined 23 active directory system user accounts for employees who separated from university employment during the audited period. Our testing disclosed 15 instances in which the university deactivated user accounts, but did not record the deactivation dates because the university did not have a system to record these dates. We also noted one instance in which the university did not deactivate a separated employee's account, which remained open at the time of our review.

Effect:

There is decreased assurance that compensating control procedures are being carried out to offset the risk posed by the potential lack of segregation of payroll and human resources functions.

The failure to promptly deactivate employee access to information systems upon separation from employment exposes data to an increased risk of unauthorized use, corruption, or destruction.

Due to insufficient records, we could not determine whether the university promptly terminated separated employees' access to its active directory system accounts.

Cause:

We do not know why the university did not sufficiently document its payroll department biweekly audits of payroll changes.

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

Recommendation:

Southern Connecticut State University should promptly deactivate employee information system access upon separation from university employment. The university also should maintain sufficient records of this deactivation, including the date of deactivation. In addition, the university should sufficiently document payroll department audits of payroll changes to ensure that the changes are valid, authorized, and correct. (See Recommendation 6.)

Agency Response:

"The university agrees with the importance of segregation of duties. Since the audit period the university has reduced the number of Human Resources staff with payroll specialist access from three to two. There is a very strong business case for why those two require information from Core-CT that is available within the payroll specialist role. The university is actively working to find another, query-based, role that will provide that same information, which is needed for the work of the Human Resources Department, but doesn't include payroll specialist access.

The university agrees with the late access removal findings. One was related to an emeriti status question. The university will develop new procedures to ensure timely banner access termination while retaining the email access for emeriti professors. One was related to a part-time faculty member. The issue of continuing employment with occasional breaks makes this a complicated issue. The university will work to revise procedures for addressing banner access during semester employment breaks for part-time employees. The third occurred because of Banner and Core-CT payroll processing time lags. In order to do the final payout for a retiring professor, the employment record could not be terminated until after the final payment was made. Termination of the employment record is what triggers termination of Banner access. While the removal of access was timely against this sequence of events, it was not timely against the original retirement date. We will consult with our system colleagues to determine how to better handle access termination given the timing of payroll processing in Core-CT.

With regard to Active Directory during the audit period, the university agrees with the assessment. The provisioning and de-provisioning of accounts has undergone continuous improvements and automation since before this audit. Currently, Microsoft Identity Manager (MIM) automatically handles account provisioning (adds)/de-provisioning (deletes) in Active Directory. Timeliness of activating an automatic trigger rests with the functional owner of that process. In many cases, the automated process is triggered by HR entering specific data (start date/last day worked) in Banner. In order for IT to document terminations more easily, an automated help desk ticket of the change was added.”

Weaknesses in Controls over Part-time, Non-teaching Employees

Background:

The Connecticut State University American Association of University Professors (AAUP) collective bargaining agreement with the Board of Regents for Higher Education classifies affiliated employees as teaching employees or non-teaching employees. Non-teaching employees include counselors, librarians, and athletic trainers.

Criteria:

The university should maintain sufficient documentation to provide assurance that employees are paid for work they performed.

In addition, good internal controls require that management properly approve new employees before they begin working.

Condition: We reviewed 15 part-time faculty appointments during the audited period and noted the following:

1. Our audit disclosed 2 instances in which the university did not maintain formal documentation that a part-time, non-teaching employee performed the required job duties.
2. Our audit disclosed 2 instances in which the university executed an appointment form for a part-time, non-teaching employee after the employee started working.

Effect: Without sufficient documentation to support work performed by employees, there is decreased assurance that they completed the job responsibilities for which they were paid.

Due to the untimely execution of appointment forms, there was a lack of documented assurance that employees were authorized to work.

Cause Existing controls were not sufficient to prevent this condition.

The university informed us that it approved one employee's appointment late because the employee was grant-funded and the department chair was not sure how to process the paperwork.

Recommendation: Southern Connecticut State University should improve controls over part-time, non-teaching appointments. The university should approve appointment forms before newly hired employees begin working. In addition, the university should implement controls to document that part-time, nonteaching employees have completed the duties for which they are being paid. (See Recommendation 7.)

Agency Response: "The university acknowledges the late paperwork on two, non-teaching, part-time employees. The Office of Human Resources issues Lecturer Appointment Procedures and does training on an annual basis which includes the deadlines for each semester. One of the two instances involved hiring under a grant. The university's sponsored research office now takes a very active role in the administrative management of grants which will also help to ensure compliance with hiring regulations and paperwork.

The university acknowledges the lack of contemporaneous documentation of the work of the two non-teaching lecturer appointments reviewed. The university will develop a system for contemporaneous documentation that the work is being performed."

Late Deposits of Student Activity Account Receipts and Other Receipts

<i>Criteria:</i>	Section 4-32 of the General Statutes generally requires that each state agency receiving \$500 or more deposit these funds into the bank within 24 hours. Student organizations must promptly forward collected funds to the Bursar's Office for deposit.
<i>Condition:</i>	We examined 60 student organization event receipt transactions and noted 7 delayed deposits. The delayed deposits were 1 to 6 work days late and consisted of 5 receipts from student activity events and 2 from departments other than the Bursar's Office.
<i>Effect:</i>	The university did not fully comply with Section 4-32 of the General Statutes, which exposed funds to an increased risk of loss or theft.
<i>Cause:</i>	Student organizations did not always submit student event receipts to the Bursar's Office in a timely manner.
<i>Recommendation:</i>	Southern Connecticut State University should strengthen internal controls over student activity account receipts by promptly depositing these funds, as required by Section 4-32 of the General Statutes. (See Recommendation 8.)
<i>Agency Response:</i>	"We agree with this assessment. We will strengthen internal controls over receipts, especially student activity account receipts, by depositing these funds in a timely manner as required by Section 4-32 of the General Statutes. We will continue to send email reminders bi-annually to all departments and student organizations who are responsible for collecting and depositing funds. This email reminds them of their fiduciary obligation to deposit funds in a timely manner and the options they have to deposit the funds. We will also follow up with departments and student organizations who have had late deposit infractions in the past to urge them to deposit funds upon receipt, and troubleshoot any issues which may be preventing them from depositing the funds. Upon review of the daily deposit each day, the Associate Bursar will also send written correspondence to any departments and student organizations with a late deposit citing their infraction and requesting justification for the late deposit."

Revenue-Generating Contract Control Weaknesses

<i>Criteria:</i>	It is a good business practice to ensure that contracts are approved before they are carried out to provide assurance that the parties agree with all of the terms.
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Revenue contract language related to payment due dates should be consistent to ensure that the parties understand when payments are due.

It is also a good business practice to monitor revenue contracts to ensure that the terms are being carried out as stipulated in the contracts.

Condition:

Our examination of 4 revenue-generating contracts and 10 facility usage agreements in place during the audited period disclosed the following:

1. We noted that each facilities usage agreement contained conflicting due dates for deposits. The contracts included boilerplate language that required deposits at signing. However, in another section, the university set a different due date for each contract.
2. We noted one instance in which the parties to a food services vending machine contract approved the agreement after the start date of services. All parties signed the contract between 14 and 35 business days late.

In addition, the food vending machine company paid the university a 30% commission rate for ice cream sales while the agreement called for 25%.

We also noted that the contract requires that the food service company pay the university a \$44,000 annual commission guarantee. However, according to records the university provided, the company only paid \$42,460 in the 2014 fiscal year (\$1,540 less than the guarantee). In the 2015 fiscal year, the company only paid \$41,649 (\$2,351 less than the guarantee).

Effect:

The companies did not comply with the terms of a revenue-generating contract, which led to them paying incorrect commissions and guarantees to the university.

There was decreased assurance that users paid facility usage agreement deposits to the university in a timely manner.

The delay in the execution of the food vending machine contract decreased assurance that the parties agreed with its terms for part of the contract period.

Cause:

The university did not sufficiently monitor revenue-generating agreements for compliance.

The university's controls were not sufficient to prevent these conditions.

Recommendation: Southern Connecticut State University should strengthen its monitoring of revenue-generating agreements to ensure compliance with their terms. In addition, the university should pursue collection of food service vending contract underpayments. The university also should ensure that its facility usage agreement deposit due dates are consistent. (See Recommendation 9.)

Agency Response: “With regard to the conflicting payment schedules for Facilities Use Agreements, the university acknowledges the conflicting dates. However, this Facilities Use Agreement was a template agreement form approved by the State of Connecticut Office of the Attorney General. The university could not change the wording on the agreement. As of March 2019, the OAG has provided us with a revised template with removes the ambiguous verbiage.

With regard to the Berkshire Foods Receipts and Revenues, the university acknowledges that the agreement was signed after the start date listed in the agreement. This was due to a backlog of work at the start of the new fiscal year. The university will prioritize agreements according to start dates to avoid this in the future. While the commission rate in the agreement was 25%, the vendor paid at a 30% rate. Upon inquiry, the vendor responded that the 30% rate was correct. After multiple telephone calls and an email exchange, the university stopped trying to convince the vendor to pay at the lower rate. In the future, should a vendor insist on overpaying the university, we will memorialize the higher rate in a contract amendment. Lastly, due to technology problems in the university Card Office, the university could not confirm sales amounts. Therefore, the university could not hold the vendor to the commission guarantee. These technology problems have subsequently been remedied.”

Inaccurate Student Worker Paid Sick Leave Records

Criteria: Section 31-57s of the General Statutes requires all state employers to provide paid sick leave to certain service workers at a rate of 1 hour per 40 hours of work, effective January 1, 2012. These employees can use earned sick leave when they reach their 680th hour of employment.

Condition: We examined the sick leave records for 10 student workers during the audited period and noted 3 exceptions.

In one instance, the university did not retain a student’s sick leave records due to a break in employment. The university informed us that it was their policy to delete student worker sick leave records after a

break in service of a semester or more. Accordingly, the university did not properly carry forward records of hours worked prior to a break in service.

In 2 instances, the university did not correctly record the number of hours that a student worker worked toward the 680-hour requirement for using earned sick leave. The university understated the number of hours that 2 employees worked by 20 and 24 hours, respectively.

Effect: The university may have inadvertently impeded student worker use of paid sick leave.

Cause: The university misinterpreted sick leave requirements for employees with a break in service. The university took the position that employees with a break in service should start at zero hours worked when rehired rather than counting hours worked prior to their break in service. However, the General Statutes do not stipulate that hours worked toward the 680-hour employment requirement lapse after a break in service.

The university overlooked the hours worked that it recorded using its old Core-CT department code, which was updated with a new code when the Board of Regents for Higher Education began overseeing the Connecticut State Universities.

Recommendation: Southern Connecticut State University should improve its recordkeeping of the number of hours students worked toward the requirement to qualify for paid sick leave. (See Recommendation 10.)

Agency Response: “The university agrees with these assessments. The Payroll department has adjusted recordkeeping of the number of hours worked toward the threshold requirement for student workers, when there is a break in service. Regarding hours recorded under the old Core-CT department code, Payroll will review CSU85000 (old) as well as BOR85000 (current) to determine hours worked.”

Other Audit Examination

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

A summary of the recommendations pertaining to Southern Connecticut State University in the reports to management for the audited years follows:

Fiscal Year 2013-2014:

- Management should ensure that P-card audits are performed timely to deter and detect misuse of fraudulent spending.
- Management should implement and enforce a policy to allow for segregation of duties with respect to journal entries so that employees do not have the ability to approve a journal entry they have created and posted.
- Management should consider enhancing the network security settings to force periodic password changes.
- Management should implement a formalized process to ensure that all contractors and temporary employees have their access to systems and applications disabled in a timely manner.

Fiscal Year 2014-2015:

- Management should ensure that P-card audits are performed timely to deter and detect misuse of fraudulent spending.
- Management should consider enhancing the network security settings to force periodic password changes.
- Management should implement a formalized process to ensure that all contractors and temporary employees have their access to systems and applications disabled in a timely manner.

Fiscal Year 2015-2016:

- Prior year recommendations were not repeated, and there were no new recommendations pertaining to Southern Connecticut State University.

RECOMMENDATIONS

Our prior audit report on the university contained 15 recommendations for improving operations, 7 of which are being repeated or restated with modifications in the current audit report. The current audit report presents 10 recommendations, including 3 new recommendations.

Status of Prior Audit Recommendations:

- Southern Connecticut State University should improve controls over employee attendance and leave records to ensure that leave time accruals are discontinued and leave time balances are eliminated upon an employee's separation from university employment. The university should also take steps to improve compliance with the compensatory time requirements set by the SUOAF collective bargaining agreement. **Our current audit disclosed improvement in this area. The recommendation is not being repeated.**
- Southern Connecticut State University should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes by promptly documenting, through signed certifications, that an employee holding multiple state positions is free of any conflicts of interest or conflicts in schedules. **Our current audit disclosed no audit findings in this area. The recommendation is not being repeated.**
- Southern Connecticut State University should ensure that personnel costs charged to federal programs are charged at a rate of pay that does not exceed the employee's base rate of pay to adhere to the requirements of Title 2 Code of Federal Regulations Section 200.430(h)(2). Furthermore, the university should work with its grantor to determine whether any of the questioned payroll costs noted during the audit should be repaid. **During our Statewide Single Audits of federal research and development program expenditures for the fiscal years ended June 30, 2014, 2015, and 2016, we noted no excessive personnel costs charged to the university's federal programs. Therefore, the recommendation is not being repeated.**
- Southern Connecticut State University should monitor its active, non-permanent employee records more frequently to identify employees who are no longer active. The university should deactivate Core-CT records of inactive employees. **We noted improvement in this area during the current audited period. The recommendation is not being repeated.**
- Southern Connecticut State University should pursue recovery of the overpayment to its former interim president while he was on sabbatical. **Our current audit disclosed that the university recovered the overpayment to its former interim president. The recommendation is not being repeated.**

- Southern Connecticut State University should improve internal controls over its purchasing operations by ensuring that it complies with the Connecticut State University System purchasing and travel policies. **Our current audit disclosed that improvement is needed in this area. Therefore, the recommendation is being repeated with modification. (See Recommendation 1.)**
- Southern Connecticut State University should strengthen controls over the use of purchasing cards by taking steps to ensure it complies with established purchasing card policies and procedures. **We did not note improvement in this area during the audited period. The recommendation is being repeated. (See Recommendation 2.)**
- Southern Connecticut State University should improve controls over revenue-generating agreements by monitoring and enforcing the terms of these agreements to better ensure prompt payment of commissions and other revenues due to the university. **Our current audit disclosed that improvement is needed with respect to compliance with revenue contract terms and consistency when crafting contract provisions. Therefore, the recommendation is being repeated with modification. (See Recommendation 9.)**
- Southern Connecticut State University should strengthen internal controls over student event receipts by complying with the prompt deposit requirements of Section 4-32 of the General Statutes. In addition, the university should take steps to ensure that student organizations submit fundraising requests to the Office of Student Life in a timely manner. **Our current audit disclosed that some student event receipts and other receipts were not deposited in a timely manner. Therefore, the recommendation is being repeated with modification. (See Recommendation 8.)**
- Southern Connecticut State University should improve controls over student accounts receivable by retaining related records, such as copies of collection letters sent, for the time period required by the Connecticut State Library. The university should also take steps to ensure that it obtains signed student agreements for all student payment plans. **Improvement was noted in this area. The recommendation is not being repeated.**
- Southern Connecticut State University should improve controls over student activity account expenditures by following its own procedures detailed in the Policies Governing Clubs and Organizations Manual. The university should maintain minutes of student organization meetings and payment request forms signed by student organization officers to support student activity purchases. In addition, the university should take steps to ensure that proper approvals are in place before student account purchases are initiated. **We noted similar conditions during our current audit. The recommendation is being repeated with modification. (See Recommendation 4.)**
- Southern Connecticut State University should comply with the testing requirements of its disaster recovery plan, which states that the plan be tested on an annual basis. The results of these tests should be documented. **Our current audit disclosed that sufficient improvement has not been made in this area. The recommendation is being repeated with modification. (See Recommendation 3.)**

- Southern Connecticut State University should promptly deactivate information system access upon an employee's separation from university employment. In addition, the university should document Payroll Department audits of payroll changes made to ensure that such changes are valid, authorized, and correct. The university should also comply with the Board of Regents' information security requirements with respect to data breaches and promptly report such breaches to the Auditors of Public Accounts and State Comptroller in accordance with Section 4-33a of the General Statutes. **During our current audit, we did not note sufficient improvement in this area. There were no data breaches noted during the audited period. The recommendation is being repeated with modification. (See Recommendation 6.)**
- Southern Connecticut State University should continue its efforts to resolve the conflict between its email policy and the State of Connecticut's Acceptable Use of State Systems Policy, which prohibits the distribution of union information via the state email system. **Our current audit disclosed that this issue has been resolved. The recommendation is not being repeated.**
- Southern Connecticut State University should ensure that property loss reports are filed promptly with the Auditors of Public Accounts and the Office of the State Comptroller. **Our current audit disclosed improvement in this area. The recommendation is not being repeated.**

Current Audit Recommendations:

- 1. Southern Connecticut State University should improve its internal controls over procurement by ensuring that it properly preapproves purchases and only pays vendors after it receives goods or services.**

Comment:

The university initiated purchases of goods or services before obtaining documented approval. In one instance, the university paid a contractor for services before the services were completed.

- 2. Southern Connecticut State University should improve compliance with its purchasing card policies and procedures. The university should ensure that purchasing cards are used only by assigned cardholders and should retain supporting receipts. The university also should consider requiring cardholders to submit supporting receipts to the purchasing card administrator when they reconcile monthly statements.**

Comment:

Our audit disclosed that purchases were made by employees other than the assigned cardholder. The university did not retain supporting purchasing card receipts. Purchasing cardholders purchased items that were not permitted by the university's purchasing card policy.

- 3. Southern Connecticut State University should periodically test its information technology disaster recovery plan to ensure it can promptly recover systems and data following a disaster or other interruption.**

Comment:

The university informed us that it did not formally test its IT disaster recovery plan during the audited years through the fiscal year ended June 30, 2018.

- 4. Southern Connecticut State University should improve controls over student activity account expenditures by ensuring that such purchases are properly approved before they are initiated.**

Comment:

We noted student activity account purchases of services for which documented approval was obtained after some or all of the related services were rendered. In one instance, a purchase of services was charged to a student activity account without student organization approval on file.

- 5. Southern Connecticut State University should take steps to ensure that only eligible employees receive safety shoe allowances. The university also should review previous safety shoe allowance payments and attempt to recoup any ineligible payments.**

Comment:

We examined payroll expenditures to 6 Administrative and Residual employees during the audited years. We noted that the university paid all 6 employees shoe allowances during the 2015 and 2016 fiscal years. However, based on their positions, it appears that none of these employees were eligible for a safety shoe allowance.

- 6. Southern Connecticut State University should promptly deactivate employees' information system access upon separation from university employment. The university also should maintain sufficient records of this deactivation, including the date of deactivation. In addition, the university should sufficiently document payroll department audits of payroll changes to ensure that the changes are valid, authorized, and correct.**

Comment:

At the time of our review, the university concurrently gave 3 human resources department employees Core-CT roles that allowed them to independently add people to the payroll and process payments to them. Furthermore, the university did not sufficiently document related compensating control procedures.

- 7. Southern Connecticut State University should improve controls over part-time, nonteaching appointments. The university should approve appointment forms before newly hired employees begin working. In addition, the university should implement controls to document that part-time, nonteaching employees have completed the duties for which they are being paid.**

Comment:

Part-time, nonteaching appointments were approved after the employee started working. At times, there were no timesheets or equivalent documentation to support the work performed by these employees.

- 8. Southern Connecticut State University should strengthen internal controls over student activity account receipts by promptly depositing these funds, as required by Section 4-32 of the General Statutes.**

Comment:

We examined 60 student organization event receipt transactions and noted 7 delayed deposits. The delayed deposits were 1 to 6 work days late and consisted of 5 receipts from student activity events and 2 from departments other than the Bursar's Office.

- 9. Southern Connecticut State University should strengthen its monitoring of revenue-generating agreements to ensure compliance with their terms. In addition, the university should pursue collection of food service vending contract underpayments. The university also should ensure that its facility usage agreement deposit due dates are consistent.**

Comment:

The university's food service vending machine contractor did not follow some of the terms of its contract with the university. Most notably, university records indicate that the contractor underpaid the required annual commission guarantee amounts.

- 10. Southern Connecticut State University should improve its recordkeeping of the number of hours students worked toward the requirement to qualify for paid sick leave.**

Comment:

The university did not retain records of hours worked for certain student workers with a break in service. In addition, the university did not correctly record the number of student worker hours worked toward the 680-hours required for earning paid sick leave.

ACKNOWLEDGEMENT

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

Amanda Butwell
Teresa Perkins
Daniel Puklin
Michael Stemmler

CONCLUSION

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



Daniel Puklin
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor