

STATE OF CONNECTICUT



*AUDITORS' REPORT
BOARD OF REGENTS FOR HIGHER EDUCATION
WESTERN CONNECTICUT STATE UNIVERSITY
FISCAL YEARS ENDED JUNE 30, 2020 AND 2021*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

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EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of Western Connecticut State University (WCSU) for the fiscal years ended June 30, 2020 and 2021. Our audit identified internal control deficiencies, instances of noncompliance with laws, regulations, and policies, and a need for improvement in practices and procedures that warrant the attention of management. The significant findings and recommendations are presented below:

<p><u>Page 8</u></p>	<p>We noted instances in which the university did not document a price comparison or other evaluation of goods and services for purchases made from vendors on Department of Administrative Services multiple award or consortium contracts. In some instances, the university did not approve purchases prior to ordering and receiving goods and did not support purchases with properly approved purchase documents. In one instance, the university did not document its justification for selecting a sole source vendor. The university could not provide documents to support its selection of a particular vendor from submitted requests for proposals. Western Connecticut State University should improve compliance with its internal controls and purchasing procedures by properly authorizing an expenditure before placing an order. Western Connecticut State University should document vendor selection, including submitted requests for proposals, sole source vendor justifications, and price comparisons of the Department of Administrative Services multi-vendor and consortium contracts in accordance with the Connecticut State Colleges and Universities Procurement Manual. (Recommendation 1)</p>
<p><u>Page 10</u></p>	<p>Several purchasing cardholders did not comply with the university’s purchasing card policy. We noted the use of a card by unauthorized users, improper and untimely reconciliation of monthly purchasing card statements, improper payment of Connecticut sales tax, and lack of documentation supporting a purchase. One cardholder made several prohibited donations to non-profits with whom the cardholder has a potential conflict of interest. The university asserted that the donations were sponsorships, but did not provide sufficient supporting documentation. WCSU should promptly review and reconcile purchasing card monthly statements and ensure authorized and proper use of purchasing cards assigned to departments and individuals in compliance with the WCSU Purchasing Card Policy Manual and the State Comptroller’s Purchasing Card Cardholder Work Rules. The university should follow its ordering process guidelines and secure sales tax exemptions prior to placing an order to avoid paying Connecticut sales tax. Western Connecticut State University should review purchasing card usage to ensure that cardholders do not make payments in violation of conflict-of-interest rules as defined by Section 1-85 of the General Statutes. (Recommendation 2)</p>
<p><u>Page 15</u></p>	<p>The university could not provide us with adequate documentation to verify that it sanitized and disposed of seven electronic storage devices. The university removed storage devices from equipment but did not purge the data from them for more than a year after the equipment's disposal. WCSU should promptly sanitize electronic storage devices slated for disposal and adequately document their sanitization and disposal. (Recommendation 5)</p>

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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October 6, 2022

AUDITORS' REPORT

We have audited certain operations of Western 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 fiscal years ended June 30, 2020 and 2021. The objectives of our audit were to evaluate:

1. The university's internal controls over significant management and financial functions;
2. The university's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. 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, as well as certain external parties, and testing selected transactions. Our testing was not designed to project to a population unless specifically stated. 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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

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 department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, and procedures; and
3. A need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of Western Connecticut State University.

COMMENTS

FOREWORD

Western Connecticut State University in Danbury 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 Eastern Connecticut State University in Willimantic, Central Connecticut State University in New Britain, and Southern Connecticut State University in New Haven. The Board of Regents for Higher Education, which serves as the administrative office for CSCU, oversees the university. The Connecticut State University System, a constituent unit of the State of Connecticut's system of public higher education, operates principally under the provisions contained in Sections 10a-87 through 10a-101 of the General Statutes.

Dr. John B. Clark served as president of the university throughout the audited period.

Significant Legislation

The General Assembly enacted the following notable legislative change affecting the university during the audited period:

- **Public Act 19-172**, effective October 1, 2019, allowed the spouses and unemancipated children of service members residing in the state to maintain their in-state student classification if the service member is transferred out of state on military orders after the student has been accepted for matriculation in a degree-granting program.

RÉSUMÉ OF OPERATIONS

During the audited period, the university’s operations were primarily supported by appropriations from the state’s General Fund and tuition and fees credited to the university’s operating fund. The university also received COVID-19 federal emergency grant funds and capital projects funds from state bond issues.

The university did not directly receive General Fund appropriations. 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, the Board of Regents for Higher Education sets tuition charges. The following presents annual tuition charges for full-time students during the audited fiscal years:

Student Status	2019 – 2020			2020 – 2021		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
Undergraduate	\$5,924	\$17,726	\$8,216	\$6,162	\$18,436	\$ 9,244
Graduate	\$7,378	\$19,008	\$10,238	\$7,674	\$19,768	\$11,512

Tuition for all in-state and out-of-state students increased by 4% from fiscal year 2020 to fiscal year 2021. Tuition for regional students increased by 13% for undergraduate and by 12% for graduate students from fiscal year 2020 to fiscal year 2021.

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	2019 – 2020			2020 – 2021		
	In-State	Out-of-State	Regional	In-State	Out-of-State	Regional
General	\$4,263	\$4,263	\$4,263	\$4,434	\$4,434	\$4,434
State University Student	\$918	\$2,076	\$918	\$946	\$2,076	\$946
	\$199	\$199	\$199	\$199	\$199	\$199

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	2019 – 2020	2020 – 2021
Housing	\$7,749	\$8,020
Food Service	\$5,658	\$5,856

Enrollment Statistics

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

Enrollment	Fall 2019	Spring 2020	Fall 2020	Spring 2021
Full-time undergraduate	4,078	3,736	3,849	3,341
Full-time graduate	67	89	68	95
Total full-time	4,145	3,825	3,917	3,436
Part-time undergraduate	904	910	791	845
Part-time graduate	582	532	538	500
Total part-time	1,486	1,442	1,329	1,345
Total Enrollment	5,631	5,267	5,246	4,781

The average enrollment was 5,449 and 5,014 during the 2019-2020 and 2020-2021 fiscal years, respectively, compared to 5,467 during the 2018-2019 fiscal year. Average student enrollment declined by 18 (0.33 %) from fiscal year 2018-2019 to fiscal year 2019-2020 and by 435 (7.99 %) from fiscal year 2019-2020 to fiscal year 2020-2021.

Operating Revenues

Operating revenues are derived from the sale or exchange of goods and services related 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:

Operating Revenue Description	Fiscal Year Ended June 30,		
	2019	2020	2021
Tuition and Fees (net of scholarship allowances)	\$ 50,351,178	\$ 51,628,593	\$ 50,675,859
Federal Grants and Contracts	1,349,790	1,105,756	2,041,084
State and Local Grants and Contracts	1,229,639	1,456,708	1,923,181
Non-governmental Grants and Contracts	0	57,664	57,351
Indirect Cost Recoveries	9,465	0	25,950
Auxiliary Revenues	20,397,906	18,289,404	13,211,127
Other Operating Revenues	921,945	1,074,850	830,014
Total Operating Revenues	\$74,259,923	\$73,612,975	\$ 68,764,566

Operating revenues totaled \$73,612,975 and \$68,764,566 during the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$74,259,923 during the fiscal year ended June 30, 2019. These amounts decreased \$646,948 (0.9%) in fiscal year 2020 and \$4,848,409 (7%) in fiscal year 2021.

The decreases in operating revenues during the fiscal years ended June 30, 2020 and 2021 were primarily due to reductions in auxiliary revenues resulting from campus closure in response to the COVID-19 pandemic. The decrease in auxiliary revenues was partially offset by additional tuition and fee revenues resulting from increased rates for tuition and fees during the fiscal year ended June 30, 2020. The decrease during the fiscal year ended June 30, 2021 was offset by an increase in federal and state grants and contracts.

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.

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

Operating Expenses Description	Fiscal Year Ended June 30,		
	2019	2020	2021
Personal Service and Fringe Benefits	\$95,217,661	\$104,219,337	\$ 102,902,208
Professional Services and Fees	3,189,303	3,718,201	2,977,694
Educational Services and Support	20,690,742	20,937,585	22,018,882
Travel Expenses	1,160,952	652,715	90,662
Operation of Facilities	9,106,292	10,043,321	6,961,210
Other Operating Supplies and Expenses	5,432,063	5,058,252	4,648,741
Depreciation Expense	12,491,988	13,250,912	12,562,346
Amortization Expense	19,202	6,850	1,531
Total Operating Expenses	\$147,308,203	\$157,887,173	\$152,163,274

Operating expenses totaled \$157,887,173 and \$152,163,274 during the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$147,308,203 during the fiscal year ended June 30, 2019. These expenses increased \$10,578,970 (7%) during fiscal year 2020 and decreased \$5,723,899 (4%) during fiscal year 2021.

The growth in operating expenses during the fiscal year ended June 30, 2020 is primarily attributable to increases in salaries and benefits (\$9,001,676). The decrease in operating expenses during the fiscal year ended June 30, 2021 is primarily due to a reduction in expenses for operation of facilities (\$3,082,111) and salaries and fringe benefits (\$1,317,129). There was also a decrease in all other categories of operating expenses except for educational services and support that increased by \$1,081,297, thereby offsetting the decrease in the 2021 fiscal year.

Nonoperating Revenues

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

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

Nonoperating Revenue Description	Fiscal Year Ended June 30,		
	2019	2020	2021
State Appropriations	\$51,332,823	\$51,971,203	\$ 54,423,997
Pell Grant Revenue	7,739,050	7,492,005	7,047,359
Federal Emergency Grant Revenue	0	3,965,874	12,150,423
Gifts	122,832	62,257	3,214
Investment Income	800,134	463,232	22,481
Capital Expenditures from System Office	667,929	1,920,537	1,687,971
Other Nonoperating Revenue	630,393	433,758	68,579
Total Nonoperating Revenues	\$61,293,161	\$66,308,866	\$75,404,024

Nonoperating revenues totaled \$66,308,866 and \$75,404,024 during the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$61,293,161 during the fiscal year ended June 30, 2019. These revenues increased \$5,015,705 (8%) in the 2020 fiscal year and by \$9,095,158 (14%) in the 2021 fiscal year.

The increase in nonoperating revenues during the fiscal year ended June 30, 2020 and 2021 is attributed to a federal COVID-19 emergency grant and additional capital projects financed by the system office.

In addition to the operating and nonoperating revenues presented above, the university's financial statements presented revenues classified as state appropriations restricted for capital purposes totaling \$17,567,293 and \$3,740,336 for the fiscal years ended June 30, 2020 and 2021, respectively.

Western Connecticut State University Foundation, Inc.

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

Sections 4-37e through 4-37k of the General Statutes define and set requirements for such organizations that support state agencies. The requirements address the annual filings of an updated list of board members with the state agency for which the foundation was established; financial 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, 2020 and 2021, in accordance with Section 4-37f(8) of the General Statutes. The auditors expressed unqualified opinions on the foundation's financial statements for both fiscal years. In addition, the foundation's audit reports disclosed no reportable instances of noncompliance with Sections 4-37e through 4-37i of the General Statutes.

The foundation's financial statements reported revenues totaling \$5,454,098 and \$6,220,271 during the fiscal years ended June 30, 2020 and 2021, respectively. Net assets totaled \$26,315,379 and \$29,830,518 as of June 30, 2020 and 2021, respectively.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of Western Connecticut State University disclosed the following 16 recommendations, of which nine have been repeated from the previous audit:

Procurement Control Weaknesses

Criteria: The university's internal controls require the creation of a purchase requisition to initiate certain purchases. They also require an approved purchase order by the appropriate official prior to executing the purchase.

The Department of Administrative Services (DAS) encourages state agencies to obtain at least three quotations when purchasing from vendors on a DAS multi-vendor awarded contract. The Connecticut State Colleges and Universities (CSCU) Procurement Manual encourages state universities to compare those multi-vendor contracts for the best value in pricing and services.

The CSCU Procurement Manual requires the use of request for proposals (RFP) when making competitive purchases in which price is not the sole criterion. The university must review vendor proposals and document the reason for the selected vendor. The university must also research and verify that a vendor selected without a competitive bid is the only acceptable vendor available to provide the required goods or services. The highest-ranking fiscal official must approve the sole source purchase.

Condition: We examined 25 non-payroll expenditure transactions, totaling \$2,279,185 and the accompanying purchase orders totaling \$5,278,523, made during the audited period and found the following:

1. In five instances, totaling \$1,453,346, purchase orders were not approved by an appropriate official. In two instances, totaling \$134,810, goods were ordered and received prior to the creation and approval of a purchase order. The university could not provide a purchasing requisition and a purchase order to support a \$93,280 purchase.
2. In five instances, totaling \$586,298, the university did not document a price comparison or other evaluation of goods and services for purchases made from vendors on DAS multiple award or consortium contracts. The university did not document its selection of one vendor from submitted requests for proposals.

3. The university did not provide adequate documentation to support its sole source justification for selecting a certain vendor for a \$79,730 purchase.

Context: Our audit population consisted of non-payroll expenditures, totaling \$23,423,390 and \$24,245,347, during fiscal years ended June 30, 2020 and 2021, respectively.

Effect: Internal controls over purchasing are ineffective when goods and services are ordered and received prior to being properly approved.

Without adequate documentation of its price comparison, competitive bids, and justification for vendor selections, there is decreased assurance that the university properly awarded contracts and obtained goods and services at the best price.

Cause: The university informed us that it is not mandated to maintain records to document that it compared prices for a purchase when it uses an existing DAS or purchasing consortium contract awarded to multiple vendors.

It appears that the university's internal control procedures were insufficient to prevent these issues from occurring.

Prior Audit Finding: This finding has been previously reported, in part, in the last two audit reports covering the fiscal years ended June 30, 2015 through 2019.

Recommendation: Western Connecticut State University should improve compliance with its internal controls and purchasing procedures by properly authorizing an expenditure before placing an order.

Western Connecticut State University should document vendor selection, including submitted requests for proposals, sole source vendor justifications, and price comparisons of the Department of Administrative Services multi-vendor and consortium contracts in accordance with the Connecticut State Colleges and Universities Procurement Manual. (See Recommendation 1.)

Agency Response: "With regards to the instances where Purchase Orders were not signed by appropriate officials in previous audits, new processes have been put in place effective 8/31/21, which include the following: **1)** The Purchasing department has enforced and distributed a Procurement Crosswalk dated 8/31/21 which depicts the signing authority, unauthorized purchases, and methods and thresholds for procurements and contracting. **2)** In addition, proper receipt of documentation has been obtained effective 8/31/21 to ensure document efficiency and

compliance. 3) With regards to price comparison, Purchasing has addressed this effective 8/31/21 with the requesting departments that often utilize DAS multi-vendor agreements. Additional supporting documentation has been retained effective 8/31/21. 4) With regards to sole source justification, Purchasing obtains appropriate documentation to substantiate sole-source providers in compliance with the CSCU Procurement Manual pursuant to section 2.4. Otherwise, competitive solicitations are enforced. With regards to other issues noted, Purchasing shall implement an escalation process effective 6/3/22 to ensure appropriate requisitions are received in advance of engaging a vendor and or good which includes: 1. Monthly canned emails to remind requesting departments of Purchasing's requirements; 2. P-card privileges will be removed in compliance with Section XII of the P-card manual; 3. Purchases Orders shall not be released if unauthorized personnel continue to sign contracts. WCSU is extremely mindful of cost savings and ensures best prices will be achieved. A newly documented process has been adopted by Purchasing ensuring competitive procurement practices are adhered to in order to justify vendor selection processes which includes a flow chart and checklist with a description of the competitive process to reflect how the process is carried out. Effective 8/31/21, records of the DAS contracts continue to be referenced on Purchase Orders and copies of the agreements are now being filed as well. Records such as required quotations for multivendor agreements have been implemented based on the contractual obligations of the DAS agreements. Depending on the contract requirements, appropriate action has been enforced effective 8/31/21 such as with Multi-Vendors agreements. If the contract requires solicitation of quotations from multiple vendors, then Purchasing will obtain the required documentation to ensure adherence with the agreement."

Noncompliance with Purchasing Card Policies

Criteria:

The Office of the State Comptroller's Purchasing Card Cardholder Work Rules and the Western Connecticut State University Purchasing Card Policy Manual govern purchasing card (P-Card) transactions. They contain specific instructions, including restricting the use of P-Cards to the authorized cardholder and prohibiting the use of P-Cards for donations, gifts, and other specified purchases. Also, P-Card purchases for student organizations require a properly approved form and the organization's authorization.

The manual requires cardholders to maintain documents supporting the legitimate business use of P-Cards. Cardholders are also required to promptly reconcile monthly statements.

The university is exempt from the Connecticut sales tax. University policy requires cardholders to ensure that Connecticut sales tax is not charged, dispute sales tax charges incorrectly billed to the account, and make a diligent effort to promptly obtain a sales tax credit.

Section 1-85 of the General Statutes specifies that a state employee has a conflict of interest if “a business with which he is associated will derive a direct monetary gain or suffer a direct monetary loss, as the case may be, by reason of his official activity.”

Condition:

We examined \$46,913 in P-Card purchases made by six individuals and three departments, covering three months during the audited period. Our tests disclosed the following:

1. In 11 instances, totaling \$35,348, the cardholder did not sign, date, or promptly complete the reconciliation of P-Cards to purchases.
2. In two instances, totaling \$3,937, someone other than the assigned cardholder made a purchase.
3. In eight instances, the university paid \$112.74 in sales tax on three P-Cards despite its tax-exempt status.
4. In seven instances, totaling \$6,046.36, P-Card purchases lacked sufficient support that they were properly requested, reviewed, authorized, approved, executed, or documented in accordance with purchasing guidelines.

We also examined all purchases by one cardholder and noted 11 payments, totaling \$9,050, for donations to non-profit organizations. The university did not provide sufficient evidence to support its assertion that the payments were sponsorships. In addition, six payments, totaling \$4,800, present a potential conflict of interest. The cardholder had a decision-making role over these payments while serving as a member of the organizations’ board or advisory council.

Context:

The university’s P-Card purchases totaled \$1,611,203 in fiscal year 2020 and \$1,605,217 in fiscal year 2021.

Effect:

There is less assurance that purchases were made for a legitimate state purpose and in full compliance with purchasing card policies without adequate documentation of purchases, proper oversight, and timely reconciliation of P-Card statements.

The university incurs unnecessary expenses when cardholders fail to secure sales tax exemptions on purchases.

The state's interest may not be best served when there is a potential conflict of interest between the P-Card cardholder authorizing a payment and the payee.

Cause: The university did not properly execute established internal control procedures over the use of purchasing cards. Cardholders overlooked the university's guidelines to secure sales tax exemptions prior to placing an order.

The university informed us that a staffing shortage caused the late reconciliations of monthly statements.

Prior Audit Finding: This finding has been previously reported, in part, in the last five audit reports covering the fiscal years ended June 30, 2009 through 2019.

Recommendation: Western Connecticut State University should promptly review and reconcile purchasing card monthly statements and ensure authorized and proper use of purchasing cards assigned to departments and individuals in compliance with the Western Connecticut State University Purchasing Card Policy Manual and the State Comptroller's Purchasing Card Cardholder Work Rules.

Western Connecticut State University should follow its ordering process guidelines and secure sales tax exemptions prior to placing an order to avoid paying Connecticut sales tax.

Western Connecticut State University should review purchasing card usage to ensure that cardholders do not make payments in violation of conflict-of-interest rules as defined by Section 1-85 of the General Statutes. (See Recommendation 2.)

Agency Response: "WCSU agrees with this finding. The P-Card Manual addresses tax exemption requirements, proper use of P-cards including signing and compliance of purchases made. P-cardholders are bound to the policies of the P-card Manual (recently updated on 2-7-22) upon completion and signature of a P-card application. P-cardholders have accepted the responsibility of the policies and requirements within the P-card Manual by signing and agreeing to the terms of the P-card application. Furthermore, P-cardholders that need to be consistently advised of the repeated offenses will have P-card privileges suspended as per Section XII of the P-card Manual. With regards to the cardholder making payments to non-profits, the individual in question obtained sponsorships that show WCSU's support in the community. This particular cardholder worked in the Office of Institutional Advancement. The P-card policy states that the Office of Institutional Advancement is permitted payments for sponsorships. The cardholder

will be instructed to provided better documentation that spells out the intent of these types of sponsorships.”

Improper Procurement Documents for Capital Project

Criteria: The Connecticut State Colleges and Universities (CSCU) Procurement Manual requires the university to use a standard contract when procuring certain goods and services.

Condition: We reviewed the procurement documents of four capital projects administered by the university during the audited period. In one instance, the university did not use a contract to document its agreement with a vendor. The university instead used a purchase order to procure a \$1,570,597 building improvement project.

Context: The university expended \$3,297,729 for its four administered projects as of June 30, 2021.

Effect: When the university does not use the proper procurement instrument, there is increased risk of a misunderstanding between the parties regarding costs and other contractual terms.

Cause: The internal controls in place were not sufficient to ensure compliance with procurement policies and procedures.

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

Recommendation: Western Connecticut State University should improve its internal controls over procurement by executing standard contracts for capital projects. (See Recommendation 3.)

Agency Response: “WCSU agrees with this finding. Effective February 2021, Construction contracts have been issued to vendors for signature to ensure limited risk and liability is imposed to the State and University for Capital Improvement projects.”

Deposit Control Weaknesses – Collections Outside Bursar’s Office

Criteria: Section 4-32 of the General Statutes generally requires state agencies to deposit funds within 24 hours of receipt.

The Office of the State Treasurer granted Western Connecticut State University a one-day waiver for the deposit of receipts collected by armored car. In addition, due to the impact of the COVID-19 pandemic, the Treasurer granted the Connecticut State Colleges & Universities System a two-week waiver for the deposit of all receipts from March 12, 2020 through June 30, 2021.

Condition: We examined 20 receipt transactions, consisting of \$59,316 in checks and \$9,320 in cash, collected outside of the bursar's office during the audited period and found the following:

1. For 18 receipts, totaling \$56,768 in checks and \$9,320 in cash, the university did not record when departments received the funds. Thus, we were unable to determine whether they were deposited promptly.
2. For one receipt, the university deposited a \$1,000 check 47 days late.

Context: The university collected receipts originating outside of the bursar's office, totaling \$3,844,316 in fiscal year 2020 and \$4,009,451 in fiscal year 2021.

Effect: Without documentation to verify when the university collected funds, the university is unable to ensure that it complied with statutory deposit requirements and State Treasurer waivers.

Not promptly depositing receipts in accordance with the General Statutes and State Treasurer guidelines increases the risk of loss or theft.

Cause: The controls in place were insufficient to prevent these conditions.

Prior Audit Finding: This finding has been previously reported, in part, in the last two audit reports covering the fiscal years ended June 30, 2015 through 2019.

Recommendation: Western Connecticut State University should record the dates funds are collected and submitted to the bursar's office to provide assurance that the university complies with statutory deposit requirements. The university should promptly deposit all receipts in accordance with Section 4-32 of the General Statutes and applicable waivers from the Office of the State Treasurer. (See Recommendation 4.)

Agency Response: "WCSU agrees with the recommendations presented by the auditors. We will first communicate to all departments outside of the Bursar's office to record the date on funds collected. In addition, the Bursar's office will record the date the funds were collected to provide assurance that the university complies with the statutory deposit requirements. The Bursar's office will also promptly deposit all receipts with the bank, twice a week (on Tuesdays and Thursdays), but never for a period of more than seven calendar days, in accordance with Section 4-32 of the General Statutes and applicable waivers from the Office of the Treasurer."

Disposal of Surplus Property Weakness

<i>Criteria:</i>	The Connecticut State University System Procedures for the Disposal of Surplus Property requires universities to purge all hard drive data from computers and other electronic storage devices utilizing an overwrite system prior to their disposal.
<i>Condition:</i>	<p>We reviewed records for seven electronic storage devices disposed of during the audited period. The university could not provide adequate documentation to verify that it sanitized and disposed of these devices.</p> <p>We noted several instances in which storage devices were removed from equipment but not sanitized for more than a year after the university disposed of the equipment. The university could not specifically identify which computer hard drives were sanitized.</p>
<i>Context:</i>	The university disposed of 99 assets with a cost of \$435,272 in fiscal year 2020 and 387 assets with a cost of \$1,248,712 in fiscal year 2021.
<i>Effect:</i>	<p>Without adequate documentation, there is decreased assurance that the university is properly sanitizing and disposing of electronic storage devices in accordance with state and university system policies.</p> <p>When electronic storage devices are not sanitized promptly, there is increased risk that unauthorized persons or parties could obtain and misuse confidential data, such as student and employee information.</p>
<i>Cause:</i>	The university does not appear to have a systematic process to promptly sanitize electronic storage devices and document their sanitization. In addition, the university indicated that Information Technology & Innovation department staffing shortages also contributed to the condition.
<i>Prior Audit Finding:</i>	This finding has not been previously reported.
<i>Recommendation:</i>	Western Connecticut State University should promptly sanitize electronic storage devices slated for disposal and adequately document their sanitization and disposal. (See Recommendation 5.)
<i>Agency Response:</i>	“WCSU agrees with this finding. When these hard drives were pulled, they were not entered into the spreadsheet and were not labeled. This has been corrected through a more thorough process. When a hard drive is removed from a computer, a label is created that includes the host name (or name of end user it came from) and WCSU barcode that is affixed to the hard drive. The model number and serial number of the

drive are already labeled on the drive by the manufacturer. This information is required by BOR policy.”

Salary Approval for Newly Hired Professionals

Background: The Board of Regents for Higher Education outlines its policies for non-unionized, professional personnel in the Connecticut State Colleges and Universities (CSCU) Human Resources Policies for Management & Confidential Professional Personnel.

Criteria: The Connecticut State Colleges and Universities Human Resources Policies for Management & Confidential Professional Personnel requires that the university president approve proposed salaries for incoming non-unionized managers. Proposed salaries above the midpoint of the established salary range also require approval from the CSCU Vice President for Human Resources.

Condition: We reviewed the hiring of three professionals during the audited period and noted that the university did not submit the salary proposal of one employee to the CSCU Vice President for Human Resources for review and approval. The university could not provide documentation that its president approved another employee’s salary.

Context: In the instances noted, the university granted starting salaries of \$74,831 and \$160,000.

Effect: Failure to adhere to policies outlined for determining starting salaries and obtaining required approvals increases the risk that the university could grant salaries to newly hired personnel that are inappropriate or inequitable.

Cause: The university informed us that its president gave verbal approval. The university overlooked the requirement to submit the proposal to the CSCU Vice President for Human Resources.

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

Recommendation: Western Connecticut State University should obtain and retain written approvals of new manager salaries from appropriate personnel in compliance with the Connecticut State Colleges and Universities Human Resources Policies for Management & Confidential Professional Personnel. (See Recommendation 6.)

Agency Response: “WCSU agrees with the findings. In the first case of not obtaining the approval from the CSCU Vice President for Human Resources for a salary over the midpoint, this was unfortunately overlooked. The position in question was for a CSU Administrative Assistant and the

initial belief was that this was not required for this lower-level position. However, we now know that it is in fact required for any position. We will make sure to follow these guidelines when making future hires.

With respect to the individual who was hired at a salary of \$160,000, the President did give verbal approval for this salary. The Human Resources Policies for Management & Confidential Professional Personnel does not require written approval for a hiring salary, just approval. Also, the President signed the appointment letter for this individual, thus there was in fact written approval granted. However, in the future we will alter our process in order to gain written approval from the President prior to a final salary offer being made to a candidate.”

Football Game Gate Receipts Control Weakness

Background: Western Connecticut State University sells tickets for its home football games on a cash-only basis.

Criteria: It is a good business practice to document ticket sales receipts and supporting records from athletic events and submit them to the bursar’s office for prompt deposit.

It is also a good business practice that the university submits revenue accountability reports and accompanying records of athletic ticket sales to the bursar’s office.

Proper internal controls require the segregation of duties in the handling of cash collection, reconciliation, and deposit to minimize the risk of mishandling these collections.

Condition: We reviewed receipts for ticket sales at five football games and noted the following:

In all five instances, the university did not maintain sufficient documentation confirming the number of tickets sold or reconcile the amount of money collected to ticket sales. Also, there was a lack of accountability over ticket inventory, as the university did not retain unsold tickets. In addition, there were insufficient controls over the accounting and deposit of monies, because one individual was responsible for counting, reconciling, and submitting funds to the bursar’s office for deposit.

Context: The bursar’s office received \$10,080 that the university collected in ticket sales for the five home football games played during the audited period.

Effect: Without adequate documentation over football ticket sales and proper segregation of duties over the collection, reconciliation, and deposit of receipts, there is decreased assurance that all receipts collected by the athletic department for ticket sales are submitted to the bursar's office intact and in a timely manner.

Cause: It appears that the university has not established proper internal control policies and procedures over the collection of ticket sales funds.

Prior Audit Finding: This finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2013 through 2019.

Recommendation: Western Connecticut State University should improve internal controls over the collection of football game receipts by completing accurate accountability reports of ticket sales, retaining unsold tickets for reconciliation, and segregating the responsibilities of cash collection, reconciliation, and deposit. The university also should maintain detailed documentation to verify the promptness of fund deposits. (See Recommendation 7.)

Agency Response: "WCSU agrees with this finding. With regards to completing accurate accountability reports of ticket sales, there are always two people (one internal and one externally hired) selling tickets. The Athletic Director reconciles ticket sales and cash by using the number of tickets sold. Beginning with the Fall 2022 football season, unsold football tickets will be submitted to the Controller for inspection and will be formally recorded. Arrangements will be made by Athletics to deposit ticket sales immediately after games to the Bursar's drop box. The Bursar's Office will process ticket sales in Banner on the Monday after the game."

Disaster Recovery Plan – Annual Test Not Performed

Criteria: Western Connecticut State University maintains a disaster recovery plan to help minimize the risks of negative business impact in the event of an interruption of information technology services. The university must annually test its current disaster recovery plan.

Condition: Our review of the disaster recovery plan revealed that the university had not formally and fully tested its disaster recovery plan since May 31, 2013.

Context: The university's disaster recovery plan addresses information technology emergencies and is a key component of the university's emergency operations plan designed to manage emergency incidents related to its students, faculty, staff, departments, programs, and facilities.

<i>Effect:</i>	Failure to perform regular testing of the disaster recovery plan reduces assurance that the plan adequately minimizes the negative business impact in cases of interruptions of information technology services.
<i>Cause:</i>	The university informed us that staffing changes and disruptions in its operations due to the COVID-19 pandemic caused the lack of testing.
<i>Prior Audit Finding:</i>	This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2015 through 2019.
<i>Recommendation:</i>	Western Connecticut State University should annually test its information technology disaster recovery plan as required. (See Recommendation 8)
<i>Agency Response:</i>	“We agree with this finding and have taken the following steps: <ul style="list-style-type: none">• Obtained a temporary resource who was directed to update our Disaster Recovery Plan (completed on October 4, 2021)• Brought in a staff member (internal transfer) who will assist in planning and executing a Tabletop exercise of a simulated disaster / cyber event. (Planned completion 6/27/22)• Similar tests will be performed annually between mid-May and the end of the fiscal year (June 30).”

Noncompliance – Ethics Affidavits Certification

<i>Criteria:</i>	Section 4-252 of the General Statutes and the Office of Policy and Management require vendors to submit certain ethics affidavits and certifications for state contracts with values of \$50,000 or more.
<i>Condition:</i>	We examined nine non-payroll expenditure transactions for ethics certifications and noted eight instances in which the university could not provide the required gift and campaign contribution certification forms from its vendors.
<i>Context:</i>	The missing ethics certifications relate to purchase orders totaling \$4,112,814 of the \$4,228,524 examined.
<i>Effect:</i>	The university violated the ethics provisions of the General Statutes when it did not obtain the required affidavits.
<i>Cause:</i>	It appears that management oversight was lacking in this area.
<i>Prior Audit Finding:</i>	The finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018 through 2019.
<i>Recommendation:</i>	Western Connecticut State University should obtain and maintain required ethics affidavits from its vendors. (See Recommendation 9.)

Agency Response: “WCSU agrees with the finding. OPM Ethics Form have been obtained as part of contract compliance from February 2021 to present.”

Information System Access – Undocumented Approval and Untimely Termination

Background: Western Connecticut State University uses Ellucian Banner as its enterprise resource planning and student information system. The university uses this primarily automated system to maintain its accounting and student academic records.

Criteria: Standard information security protocol requires that employees be given access to systems based upon their assigned duties. It also requires that the university promptly terminates an employee’s access to Banner upon the employee’s separation from the university.

Condition: We reviewed records for 12 employees who were hired and granted access to Banner during the audited period. We noted one instance in which the university could not provide documentation to verify that a supervisor requested and approved Banner access.

We examined Banner access status for ten employees who separated from university employment during the audited period. We found six instances in which the university did not promptly terminate the employee’s Banner access upon separation. The termination delays ranged from 20 to 105 days after the employees separated from the university. In one instance, the university could not provide documentation supporting when it terminated the employee’s Banner access.

Context: During the audited period, the university granted Banner access to 70 new employees, and 106 employees with Banner access separated from state service.

Effect: Without proper approval and documentation of user access, there is decreased assurance that only authorized individuals were granted access to restricted information.

Untimely termination of a user’s access exposes the university’s information system to unnecessary or inappropriate access, which increases the risk of data system errors and fraud.

Cause: The university stated that the missing documentation was due to an oversight between the Information Technology & Innovation department and Human Resources, where the employee worked.

The university contends that staffing shortages also contributed to these delays.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018 through 2019.

Recommendation: Western Connecticut State University should strengthen internal controls to ensure that Banner access is properly approved and documented.

Western Connecticut State University should promptly terminate employee access to Banner upon separation. (See Recommendation 10.)

Agency Response: “WCSU agrees with this finding. To address issues of terminating access, Western now has an automated process in place where the user’s WCSU Single Sign-On account is automatically turned off immediately based on last day worked (provided by HR). The new process took effect in October 2021.”

Unreported Unauthorized Release of Restricted Information

Criteria: Section 4-33a of the General Statutes requires state agencies to report any breach of security to the Office of the State Comptroller and the Auditors of Public Accounts promptly. Unauthorized release of restricted information presents a serious security risk.

Condition: In September 2019 and August 2020, university employees inadvertently emailed restricted information under the Family Educational Rights and Privacy Act (FERPA) to unauthorized parties. Although the university responded to the incident and informed our office, the university failed to report it to the Office of the State Comptroller.

Context: The 2019 incident involved 12 students’ information and the 2020 incident involved 194 students.

Effect: The university did not fully comply with the requirements of Section 4-33a of the General Statutes.

Cause: The university informed us that it was not aware that it is required to report the unauthorized release of information to the Office of the State Comptroller.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018 through 2019.

Recommendation: Western Connecticut State University should promptly report any unauthorized release of restricted information to the Office of the State Comptroller as required by Section 4-33a of the General Statutes. (See Recommendation 11.)

Agency Response: “WCSU agrees with the finding. Policies and procedures for unauthorized release of restricted information was updated 7/1/21 to include notification to the Office of the State Comptroller along with notification to the Auditors of Public Accounts.”

Gift Card Distribution Weakness

Background: Western Connecticut State University occasionally issues gift cards as a stipend to participants of a Lyme disease research program.

Criteria: Western Connecticut State University’s Gift Card Policy contains internal control procedures to ensure and certify that gift card recipients are entitled to receive the stipends and that participants received the gift cards. These controls require the university to maintain sufficient documentation to provide assurance that all disbursements of state resources are made only to individuals entitled to receive them.

Condition: We reviewed the purchase of gift cards distributed as a stipend to participants in a Lyme disease research program during the fiscal year ended June 30, 2021. Our review disclosed that the university did not maintain documentation to confirm that recipients were entitled to receive the stipends or that participants received the gift cards.

Context: The university purchased \$5,580 in gift cards for the Lyme disease program during the audited period.

Effect: There is no assurance that the program properly distributed gift cards, because the university did not implement control procedures to confirm each recipient’s participation in the research program and receipt of gift cards.

Cause: The university informed us that it created a gift card policy but did not implement it. The university attributed this oversight to the campus shut down due to the COVID-19 pandemic.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018 through 2019.

Recommendation: Western Connecticut State University should implement control procedures related to the distribution of gift card stipends to research participants. In addition, the university should properly document and maintain records confirming each recipient’s participation and receipt of the gift card. (See Recommendation 12.)

Agency Response: “WCSU agrees with the finding. The policy was created in the spring of 2020 but not communicated to the University community until March of 2022 and posted on the Fiscal Affairs website:

<https://www.wcsu.edu/financeadmin/services/grants/>. All grant expenditures are reviewed by Fiscal Affairs to assure compliance. Failure to abide by this policy is reported to the Principal Investigators Dean, head of department, and awarding agency.”

Gasoline Card Purchasing Weakness

Background: Western Connecticut State University operates a gasoline purchase program using credit cards for university-owned vehicles.

Criteria: The Connecticut State Library’s records retention requirements dictate that state agencies retain purchasing cards cash receipt records for three years or until audited, whichever is later.

It is a good business practice to retain gasoline credit card sales receipts to confirm the validity and accuracy of the charges.

Condition: We reviewed 195 gasoline purchases made with gasoline credit cards during the audited period, totaling \$6,835.89. Our review disclosed six instances, totaling \$218.98, in which the university could not provide sales receipts or other adequate documentation to support gasoline purchases.

Context: The university had gasoline credit card purchases of \$13,504 and \$3,322 during fiscal years 2020 and 2021, respectively.

Effect: The lack of supporting receipts for gasoline purchases decreases assurance that correct amounts were billed on monthly gasoline credit card statements. It also increases the risk of erroneous or fraudulent transactions.

Cause: The university did not perform internal control procedures as required.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018 through 2019.

Recommendation: Western Connecticut State University should retain all gasoline credit card sales receipts for purchases. (See Recommendation 13.)

Agency Response: “WCSU agrees with the finding. The facilities managers will require all employees using gas card to immediately submit receipts upon return effective June 2022. Additionally, a log will be created for all gas purchases to ensure receipts match the log and card use.”

Dual Employment Form – Late Approval

<i>Criteria:</i>	<p>Section 5-208a of the General Statutes restricts state employees from simultaneous employment at more than one state agency unless the appointing authority of each agency certifies that the employee’s work schedules do not conflict or allow employees to earn unauthorized overtime pay.</p> <p>Department of Administrative Services General Letter No. 204 requires that a hiring agency complete a Dual Employment Request Form (CT-HR-25) when hiring an individual who is employed by another state agency. The agency head and employee must sign the form before dual employment begins to ensure that the employee’s schedule and job responsibilities do not conflict.</p>
<i>Condition:</i>	<p>We reviewed ten instances in which the university hired an employee who was employed by another state agency. In eight instances, the university approved the Dual Employment Request Form from one to 29 days after the employee started working at the university.</p>
<i>Context:</i>	<p>The university hired 215 and 213 state employees in secondary employment that would require Dual Employment Request Forms during fiscal years 2019-2020 and 2020-2021, respectively.</p>
<i>Effect:</i>	<p>When the university and other state agencies review and approve dual employment forms after the employee begins work at the second state agency, there is increased risk that they could have conflicting schedules or job responsibilities.</p>
<i>Cause:</i>	<p>The existing controls at the university did not prevent this condition.</p>
<i>Prior Audit Finding:</i>	<p>This finding has not been previously reported.</p>
<i>Recommendation:</i>	<p>Western Connecticut State University should improve its compliance with dual employment requirements, policies, and procedures by ensuring that it promptly completes and reviews Dual Employment Request Forms. (See Recommendation 14.)</p>
<i>Agency Response:</i>	<p>“WCSU agrees with this finding. The current process includes the following steps: All adjuncts receive email notification with their contracts regarding the Dual Employment policy. It includes language about the dual employment process in the body of the email as well as instructions to notify immediately if they will be employed simultaneously at another State of Connecticut Agency when working for us. Also included in the adjunct communication is the DAS Policy on Dual Employment, as well as a blank Dual Employment Form for</p>

them to complete if this applies to them. Lastly, contained on the third page of their employment contract it contains a section explaining Dual Employment, where we emphasize that if they are working at another State of Connecticut Agency at the same time that they are required to complete the Dual Employment Form. WCSU does not participate in the State’s automatic filing of dual employment. WCSU does not have access to the automated dual reporting process in place in other agencies & offices in the state.”

Late Criminal Background Check

Criteria: The Connecticut State Colleges & Universities (CSCU) Pre-employment Background Verification Policy requires the university to complete a background investigation of all potential full-time employees. The university may not employ a candidate until the background investigation is complete. However, the Chief Human Resources Officer of the hiring institution or the CSCU Vice President for Human Resources may grant an exception if special circumstances do not allow the university to complete a background investigation before hiring, provided that continued employment is contingent upon completion of a background investigation.

Condition: We reviewed the background investigation reports of ten full-time employees hired during the audited period and found one instance in which the university did not order a background investigation until 13 days after the employee began work. In addition, the university could not provide documentation that justified allowing employment to begin before the completion of their background investigation. Also, the university did not document that it notified the employee that continued employment was contingent upon the completion of a background investigation.

Context: The university hired 189 and 157 full-time employees who required criminal background investigations during fiscal years 2020 and 2021, respectively.

Effect: Allowing employees to begin work before completing a background investigation increases the risk that the university will employ individuals who are not qualified or have a disqualifying criminal background.

Cause: The university informed us that it may have missed the requirements for this employee due to a power outage and disruptions to university operations attributable to the COVID-19 pandemic.

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

Recommendation: Western Connecticut State University should obtain and review background investigations for newly hired employees before allowing them to begin work in accordance with the Connecticut State Colleges & Universities Pre-employment Background Verification Policy. The university also should document its justification and approval when extending employment to candidates before completing a background investigation in special circumstances. (See Recommendation 15.)

Agency Response: “WCSU agrees with this finding. The current process includes the following steps: Once an individual accepts an appointment as a full-time employee, the Chief Human Resources Officer sends an email to the hiring department supervisor, the Division Vice President, members of the Human Resources department, and members of the Chief Diversity Officer’s Office. A copy of this email is attached. In the body of this message, a sentence is directed to our University Human Resources Administrator – Benefits, informing him/her to initiate the background investigation process for the new hire. It also provides a copy of the email address for the new hire where the link to the web portal for the new hire to initiate the background investigation. As of June 2022, the HR Benefits Administrator uses a new hire checklist to ensure that background report is obtained prior to employee beginning employment.”

Part-Time Lecturer Control Weakness – Appointment Approval

Background: The university employs part-time and temporary faculty to fill teaching positions.

Criteria: The Collective Bargaining Agreement between the Connecticut State University American Association of University Professors and the Connecticut State University System requires that the chairperson of the hiring department recommend the part-time teaching appointment and the appropriate dean’s approval.

Condition: We reviewed ten part-time teaching appointments and noted three instances in which the university could not provide documentation to support that the department chairperson recommended the appointment before the dean’s approval.

Context: The university hired 1,456 and 1,450 individuals for part-time teaching positions during fiscal years 2020 and 2021, respectively.

Effect: Failure to comply with the collective bargaining agreement’s part-time appointment process increases the risk that the university will hire part-time faculty that are unqualified or not warranted.

- Cause:* It appears that the university has not established proper internal control policies and procedures over certain aspects of the hiring of part-time lecturers and professional employees.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* Western Connecticut State University should retain all documentation related to the part-time appointment procedures and ensure that all appropriate personnel approve all part-time teaching appointments before extending employment. (See Recommendation 16.)
- Agency Response:* “WCSU agrees with this finding. As of the date of this audit, several checkpoints have been included throughout the hiring process of part-time lecturers. Approval is received from the appropriate department individuals with the Chief Human Resources Officer ultimately signing the contract before it is sent out to the new hire, thus making sure to double check for this authorization before signing the contract. Lastly, all approvals including email approvals are saved and retained for 30 years following the individual’s termination of employment.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on Western Connecticut State University contained ten recommendations. One has been implemented or otherwise resolved and nine have been repeated or restated with modifications during the current audit.

- Western Connecticut State University should perform price comparisons or competitive bidding for all applicable purchases. The university also should retain documentation related to the vendor selection process, including a comparison of prices for Department of Administrative Services multiple award contracts and consortium contracts.

Western Connecticut State University should improve its compliance with purchasing policies and procedures by properly reviewing payment documents and promptly paying invoices.

Western Connecticut State University should capitalize and record all capital assets in accordance with the Office of the State Comptroller Property Control Manual and the CSUS Capital Asset Valuation Manual.

Western Connecticut State University should obtain and maintain the required ethics affidavits and nondiscrimination certifications from its vendors.

Western Connecticut State University should complete a personal services agreement when purchasing professional services. The university should properly document its justification for the selection of sole source vendors. **Our current review noted no findings with personal services agreements and no concerns with the recording of capital assets. However, we noted similar findings in other areas. Therefore, this recommendation is being repeated with modification. (See Recommendations 1 and 9.)**

- Western Connecticut State University should promptly review and reconcile purchasing card monthly statements.

Western Connecticut State University should follow its purchasing card policies and procedures to ensure authorized and proper use of purchasing cards in compliance with the Western Connecticut State University Purchasing Card Policy Manual.

Western Connecticut State University should follow its ordering process guidelines and secure tax exemptions prior to placing an order to avoid paying Connecticut sales tax. **Our current review of purchasing cards noted findings in this area. Therefore, this recommendation is being repeated. (See Recommendation 2.)**

- Western Connecticut State University should record the date funds are collected by departments outside of the bursar's office to ensure that departments promptly submit these funds to the bursar's office. In addition, the university should record the date the bursar's office

received the funds to provide assurance that the university complied with statutory deposit requirements. **This recommendation is being repeated. (See Recommendation 4.)**

- Western Connecticut State University should develop control procedures to document that part-time faculty and nonteaching employees complete their assigned duties prior to paying them. **This recommendation has been resolved.**
- Western Connecticut State University should promptly report breakdowns in the safekeeping of state resources to the Office of the State Comptroller and the Auditors of Public Accounts as required by Section 4-33a of the General Statutes and the Connecticut State Colleges & Universities Security & Policy Program Office as required by the WCSU Information Security Policy. **This recommendation is being repeated. (See Recommendation 11.)**
- Western Connecticut State University should annually test its information technology disaster recovery plan as required. **This recommendation is being repeated. (See Recommendation 8.)**
- Western Connecticut State University should improve controls over the collection of football game receipts by completing accurate accountability reports of ticket sales, retaining unsold tickets for reconciliation, and segregating the responsibilities of cash collections, reconciliation, and deposit. In addition, the university should maintain detailed documentation to verify the promptness of fund deposits. **This recommendation is being repeated. (See Recommendation 7.)**
- Western Connecticut State University should retain documentation to verify that it granted appropriate Banner access and privileges to new employees and that they were approved by the proper official.

Western Connecticut State University also should review employee Banner access regularly to determine whether access and privileges are still appropriate. The university should promptly remove access upon an employee's separation. **Our current review disclosed no improvement with prompt removal of employee access upon separation or assurance that access was approved. Therefore, this recommendation is being repeated with modification. (See Recommendation 10.)**

- Western Connecticut State University should retain all gasoline credit card receipts for purchases. **This recommendation is being repeated. (See Recommendation 13.)**
- Western Connecticut State University should establish a written policy detailing proper control procedures related to the distribution of gift cards as stipends to research participants. In addition, the university should properly document and maintain records confirming each recipient's participation and receipt of the gift card. **Our current review disclosed that the university developed but did not implement control procedures over this area. Therefore, this recommendation is being repeated. (See Recommendation 12.)**

Current Audit Recommendations:

- 1. Western Connecticut State University should improve compliance with its internal controls and purchasing procedures by properly authorizing an expenditure before placing an order.**

Western Connecticut State University should document vendor selection, including submitted requests for proposals, sole source vendor justifications, and price comparisons of the Department of Administrative Services multi-vendor and consortium contracts in accordance with the Connecticut State Colleges and Universities Procurement Manual.

Comment:

We noted instances in which the university did not document a price comparison or other evaluation of goods and services for purchases made from vendors on Department of Administrative Services multiple award or consortium contracts. In some instances, the university did not approve purchases prior to ordering and receiving goods, and did not support purchases with properly approved purchase documents. In one instance, the university did not document its justification for selecting a sole source vendor. The university could not provide documents to support its selection of a particular vendor from among submitted requests for proposals.

- 2. Western Connecticut State University should promptly review and reconcile purchasing card monthly statements and ensure authorized and proper use of purchasing cards assigned to departments and individuals in compliance with the Western Connecticut State University Purchasing Card Policy Manual and the State Comptroller's Purchasing Card Cardholder Work Rules.**

Western Connecticut State University should follow its ordering process guidelines and secure sales tax exemptions prior to placing an order to avoid paying Connecticut sales tax.

Western Connecticut State University should review purchasing card usage to ensure that cardholders do not make payments in violation of conflict-of-interest rules as defined by Section 1-85 of the General Statutes.

Comment:

Several purchasing cardholders did not comply with the university's purchasing card policy. We noted the use of a card by unauthorized users, improper and untimely reconciliation of monthly purchasing card statements, improper payment of Connecticut sales tax, and lack of documentation supporting a purchase. One cardholder made several prohibited donations to non-profits with whom the cardholder has a potential conflict of interest. The university asserted that the donations were sponsorships, but did not provide sufficient supporting documentation.

- 3. Western Connecticut State University should improve its internal controls over procurement by executing standard contracts for capital projects.**

Comment:

We reviewed the contract documents of four university administered capital projects and found one instance in which the university did not use a standard contract to document its agreement with a vendor. The university instead used a purchase order to procure a \$1,570,597 building improvement project.

- 4. Western Connecticut State University should record the dates funds are collected and submitted to the bursar's office to provide assurance that the university complied with statutory deposit requirements. The university should promptly deposit all receipts in accordance with Section 4-32 of the General Statutes and applicable waivers from the Office of the State Treasurer.**

Comment:

In one instance, the university did not deposit a \$1,000 check within two weeks of receipt. In other instances, the university did not provide sufficient documents to support that the bursar's office promptly received and deposited funds for 18 receipts, totaling \$56,768 in checks and \$9,320 in cash.

- 5. Western Connecticut State University should promptly sanitize electronic storage devices slated for disposal and adequately document their sanitization and disposal.**

Comment:

The university could not provide adequate documentation to verify that it sanitized and disposed of seven electronic storage devices. The university removed storage devices from equipment but did not purge the data from them for more than a year after the equipment's disposal.

- 6. Western Connecticut State University should obtain and retain written approvals of new manager salaries from appropriate personnel in compliance with the Connecticut State Colleges and Universities Human Resources Policies for Management & Confidential Professional Personnel.**

Comment:

We reviewed the hiring of three professionals during the audited period and noted that the university did not submit the salary proposal of one employee to the CSCU Vice President for Human Resources for review and approval. The university could not provide documentation that its president approved another employee's salary.

7. **Western Connecticut State University should improve controls over the collection of football game receipts by completing accurate accountability reports of ticket sales, retaining unsold tickets for reconciliation, and segregating the responsibilities of cash collection, reconciliation, and deposit. The university should also maintain detailed documentation to verify the promptness of fund deposits.**

Comment:

We reviewed receipts for ticket sales at five football games. In all five instances, the university did not maintain sufficient documentation confirming the number of tickets sold or reconcile the amount of money collected to ticket sales. Also, there was a lack of accountability over ticket inventory, as the university did not retain unsold tickets. In addition, there were insufficient controls over the accounting and deposit of monies, because one individual was responsible for counting, reconciling, and submitting funds to the bursar's office for deposit.

8. **Western Connecticut State University should annually test its information technology disaster recovery plan as required.**

Comment:

Our review of the disaster recovery plan revealed that the university had not formally tested the disaster recovery plan since May 31, 2013.

9. **Western Connecticut State University should obtain and maintain required ethics affidavits from its vendors.**

Comment:

The university could not provide the required gift and campaign contribution certifications from eight of the nine vendors reviewed.

10. **Western Connecticut State University should strengthen internal controls to ensure that Banner access is properly approved and documented.**

Western Connecticut State University should promptly terminate employee access to Banner upon separation.

Comment:

We noted one instance in which the university could not provide documents to verify that it approved employee Banner access. Also, the university did not promptly terminate six employees' Banner user accounts upon their separation.

11. Western Connecticut State University should promptly report any unauthorized release of restricted information to the Office of the State Comptroller as required by Section 4-33a of the General Statutes.

Comment:

In September 2019 and August 2020, university employees inadvertently e-mailed information deemed restricted under the Family Educational Rights and Privacy Act to unauthorized parties. The university responded to the incident and informed our office, but failed to report it to the Office of the State Comptroller.

12. Western Connecticut State University should implement control procedures related to the distribution of gift card stipends to research participants. In addition, the university should properly document and maintain records confirming each recipient's participation and receipt of the gift card.

Comment:

The university did not maintain sufficient documentation to verify that research participants were entitled to receive stipends or that participants received \$5,580 in gift cards.

13. Western Connecticut State University should retain all gasoline credit card sales receipts for purchases.

Comment:

We reviewed 195 gasoline purchases made with gasoline credit cards during the audited period, totaling \$6,835.89, and found that the university did not retain sales receipts for six purchases totaling \$218.98.

14. Western Connecticut State University should improve its compliance with dual employment requirements, policies, and procedures by ensuring that it timely completes and reviews Dual Employment Request Forms.

Comment:

Our review of ten employees with dual employment disclosed eight instances in which the university approved the Dual Employment Request Form from one to 29 days after the employee started working at the university.

- 15. Western Connecticut State University should obtain and review background investigations for newly hired employees before allowing them to begin work in accordance with the Connecticut State Colleges & Universities Pre-employment Background Verification Policy. The university also should document its justification when extending employment to candidates before completing a background investigation in special circumstances.**

Comment:

The university did not order a background investigation until 13 days after one employee began work. In addition, the university could not provide documentation that justified allowing employment to begin before the completion of the background investigation. Also, the university did not document that it notified the employee that continued employment was contingent upon the completion of a background investigation.

- 16. Western Connecticut State University should retain all documentation related to the part-time appointment procedures and ensure that all appropriate personnel approve all part-time teaching appointments before extending employment.**

Comment:

For three of ten part-time teaching appointments reviewed, the university could not provide documents to support that the department chairperson recommended the appointment prior to a dean's approval.

ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of Western Connecticut State University during the course of our examination.

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

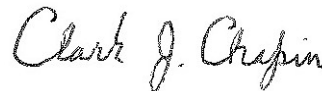
Andrew Collins
Derik Muller


Marva N. Robinson
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor