

STATE OF CONNECTICUT



*AUDITORS' REPORT
BOARD OF REGENTS FOR HIGHER EDUCATION
CENTRAL CONNECTICUT STATE UNIVERSITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2014*

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

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November 20, 2018

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We have audited certain operations of Central 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, 2013 and 2014. 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 financial audits or performance audits, as applicable, contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

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

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

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

COMMENTS

FOREWORD

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

Dr. Jack Miller served as university president during the audited period and retired as of October 1, 2016. Subsequently, Dr. Susan Pease served as interim president. The Board of Regents for Higher Education appointed Dr. Zulma Toro as university president, effective January 3, 2017.

Recent Legislation

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

- Public Act No. 11-52 required, among other things, that state employers provide paid sick leave to certain of its service workers beginning on January 1, 2012, at the rate of one hour of paid sick leave for each 40 hours worked. With respect to the Connecticut State Universities, student workers should start accruing sick leave effective January 1, 2012.
- Public Act No. 13-4, section 1, effective upon passage (April 22, 2013), modified Section 10a-1b of the General Statutes, shifting the responsibility of appointing the president of the Board of Regents for Higher Education from the Governor to the Board of Regents for Higher Education.
- Public Act No. 14-98, effective July 1, 2014, among other things, authorized \$103.5 million in new bonding under the Connecticut State University 2020 infrastructure program, renamed the Connecticut State Colleges and Universities (CSCU) 2020 program.

Enrollment Statistics

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

	Fall 2012	Spring 2013	Fall 2013	Spring 2014
Full-time Undergraduate	7,771	7,114	7,624	7,078
Full-time Graduate	615	524	584	484
Total Full-time	8,386	7,638	8,208	7,562
Part-time Undergraduate	2,171	2,157	2,147	2,062
Part-time Graduate	1,534	1,565	1,510	1,531
Total Part-time	3,705	3,722	3,657	3,593
Total Enrollment	12,091	11,360	11,865	11,155

The average of the fall and spring semesters' total enrollment was 11,726 and 11,510 during the 2012-2013 and 2013-2014 fiscal years, respectively, compared to an average of 12,066 during the 2011-2012 fiscal year. Enrollment declined slightly, with the total average number of enrolled students decreasing by 340 (2.8 %) from fiscal year 2012 to 2013 and decreasing 216 (1.8%) from fiscal year 2013 to 2014.

RÉSUMÉ OF OPERATIONS

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

General Fund appropriations were not made to the university directly. Rather, General Fund appropriations for the entire ConnSCU System were made available to the system office, where the allocations of these amounts were calculated and transfers of these funds were made periodically to the university's Operating Fund.

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

Student Status:	<u>2012 – 2013</u>			<u>2013 – 2014</u>		
	<u>In-State</u>	<u>Out-of-State</u>	<u>Regional</u>	<u>In-State</u>	<u>Out-of-State</u>	<u>Regional</u>
Undergraduate	\$ 4,285	\$ 13,866	\$ 6,427	\$ 4,510	\$ 14,594	\$ 6,764
Graduate	5,337	14,869	8,008	5,617	15,650	8,428

In accordance with Section 10a-67 of the General Statutes, the Board of Regents for Higher Education sets tuition amounts for nonresident students enrolled in the ConnSCU System through the New England Regional Student Program at an amount equal to one-and-one-half of the in-state tuition. Under the program, the New England Board of Higher Education allows eligible New England residents to enroll in out-of-state New England public colleges and universities at a discounted tuition rate. To be eligible, students must enroll in an approved major not offered by the public colleges and universities in their home state. Tuition for part-time students is charged on a prorated basis according to the number of credit hours for which a student registers.

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

Fee Description	<u>2012 – 2013</u>			<u>2013 – 2014</u>		
	<u>In-State</u>	<u>Out-of-State</u>	<u>Regional</u>	<u>In-State</u>	<u>Out-of-State</u>	<u>Regional</u>
General	\$ 2,896	\$ 2,896	\$ 2,896	\$ 3,026	\$ 3,026	\$ 3,026
State University	1,000	2,451	1,000	1,030	2,451	1,030

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

Fee Description:	<u>2012 – 2013</u>	<u>2013 – 2014</u>
Housing	\$ 5,806	\$ 6,066
Food Service	4,206	4,396

Operating Revenues

Operating revenues are derived from the sale or exchange of goods and services that relate 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>2011 - 2012</u>	<u>2012 - 2013</u>	<u>2013 – 2014</u>
Tuition and Fees (net of scholarship allowances)	\$ 75,904,705	\$ 76,628,434	\$ 76,818,174
Federal Grants and Contracts	16,344,872	16,406,142	16,480,461
State and Local Grants and Contracts	5,116,120	4,140,925	4,554,707
Non-Governmental Grants and Contracts	938,836	1,020,935	1,225,834
Indirect Cost Recoveries	436,071	365,771	385,747
Auxiliary Revenues	24,017,634	24,355,987	24,913,860
Other Operating Revenues	<u>3,417,559</u>	<u>3,819,930</u>	<u>12,968,713</u>
Total Operating Revenues	<u>\$126,202,797</u>	<u>\$126,738,124</u>	<u>\$137,347,496</u>

Operating revenues totaled \$126,738,124 and \$137,347,496 during the fiscal years ended June 30, 2013 and 2014, respectively, compared to \$126,202,797 during the fiscal year ended June 30, 2012. These revenues increased \$535,327 (0.4 %) and \$10,609,372 (8.4 %) during the 2013 and 2014 fiscal years, respectively.

The increase in operating revenues during the fiscal year ended June 30, 2013 can be primarily attributed to a 3.9% increase in tuition rates and a contract extension bonus received from the university's bookstore service provider. These revenue increases were offset, in part, by a decrease in revenue associated with the decline in student enrollment during the 2013 fiscal year.

The increase in operating revenues during the fiscal year ended June 30, 2014 is largely the result of an increase in Connecticut Health and Education Facilities Authority (CHEFA) capital project funds received by the university, which is reflected in the Other Operating Revenues category above.

Operating Expenses

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

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

	<u>2011 - 2012</u>	<u>2012- 2013</u>	<u>2013 - 2014</u>
Personal Services and Fringe Benefits	\$ 126,857,602	\$ 131,367,915	\$ 143,685,130
Professional Services and Fees	8,577,679	7,778,622	7,645,182
Educational Services and Support	27,689,210	28,273,540	29,278,462
Travel Expenses	2,842,930	3,221,405	3,084,856
Operation of Facilities	15,996,043	17,300,773	18,180,498
Other Operating Supplies and Expenses	4,542,567	5,116,169	5,760,039
Depreciation Expense	<u>13,365,550</u>	<u>13,810,692</u>	<u>15,371,406</u>
Total Operating Expenses	<u>\$ 199,871,581</u>	<u>\$ 206,869,116</u>	<u>\$ 223,005,573</u>

Operating expenses totaled \$206,869,116 and \$223,005,573 during the fiscal years ended June 30, 2013 and 2014, respectively, compared to \$199,871,581 during the fiscal year ended June 30, 2012. Expenses increased \$6,997,535 (3.5 %) and \$16,136,457 (7.8 %) during the 2013 and 2014 fiscal years, respectively.

The increase in operating expenses during the fiscal year ended June 30, 2013 was due, in large part, to employees transferring between pension plans, from the Alternate Retirement Plan to the costlier State Employees Retirement System, in accordance with a September 2010 State Employees Bargaining Agent Coalition (SEBAC) arbitration agreement.

The increase in expenses during the fiscal year ended June 30, 2014 was the result of several factors, including employee pay raises in accordance with collective bargaining agreements, employee transfers from the Alternate Retirement Plan to the costlier State Employees Retirement System, and an increase in depreciation costs associated with the construction of the Social Sciences Hall, a new academic building on campus.

Nonoperating Revenues

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

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

	<u>2011 – 2012</u>	<u>2012 - 2013</u>	<u>2013 - 2014</u>
State Appropriations	\$ 62,938,292	\$ 67,261,458	\$ 81,038,936
Gifts	1,094,220	1,642,565	2,178,710
Investment Income	137,991	140,563	126,770
Interest Expense	(7)	(7)	(6)
State Financed Plant Facilities	219,932	5,902,553	6,164,432
Other Nonoperating Revenues	<u>427,343</u>	<u>380,084</u>	<u>389,833</u>
Total Nonoperating Revenues	<u>\$ 64,817,771</u>	<u>\$ 75,327,216</u>	<u>\$ 89,898,675</u>

Nonoperating revenues totaled \$75,327,216 and \$89,898,675 during the fiscal years ended June 30, 2013 and 2014, respectively, compared to \$64,817,771 during the fiscal year ended June 30, 2012. These revenues increased \$10,509,445 (16.2 %) and \$14,571,459 (19.3 %) during the 2013 and 2014 fiscal years, respectively.

The increase in nonoperating revenues during the 2013 fiscal year is mostly due to increases in state appropriations and general obligation bond monies (accounted for in the State Financed Plant Facilities category above) to fund the construction of the new social sciences building and HVAC improvements.

The increase in these revenues during the 2014 fiscal year can be primarily attributed to an increase in state appropriations. In addition, the Central Connecticut State University Foundation, Inc. provided additional gifts to the university compared to the previous year.

Besides the operating and nonoperating revenues presented above, the university's financial statements disclosed revenues classified as state appropriations restricted for capital purposes totaling \$21,340,304 and \$8,432,136 for the fiscal years ended June 30, 2013 and 2014, respectively.

Central Connecticut State University Foundation, Inc.

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

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

Audits of the books and accounts of the foundation were performed by an independent certified public accounting firm for the fiscal years ended June 30, 2013 and 2014, 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 4-37j of the General Statutes.

The foundation's financial statements reported revenues, gains and other support totaling \$8,359,152 and \$16,369,332 during the fiscal years ended June 30, 2013 and 2014, respectively. Net assets were reported at \$47,720,269 and \$60,797,221 as of June 30, 2013 and 2014, respectively.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Travel Expenditures and Other Procurement

Criteria: The Connecticut State University System's Travel Policies and Procedures Manual provides requirements for travel expenditures within the system. The policies state that an approved travel authorization form should be submitted to the travel office at least 2 weeks prior to the trip. Additionally, prior to each athletic team trip, the athletic director or a designee must identify "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." The policies also state, "Transportation of any kind between an employee's home and official duty station is not reimbursable...."

It is a good business practice to ensure that purchases are properly approved before purchases of goods or services are initiated.

Condition: We tested 15 travel expenditures, totaling \$25,222, during the audited period with the following results:

1. We noted 1 instance, totaling \$3,990, in which a travel authorization was approved after the trip began. This travel authorization, for a research grant field trip in August 2013, was approved by various university personnel after the trip was underway or after it ended.
2. We noted 1 instance in which an employee's mileage reimbursement for July 2012 was incorrectly calculated. The university understated the reimbursement for 1 day and overstated the reimbursement for 3 days. The overstatements were the result of the university improperly reimbursing the employee for mileage from the employee's home to their official duty station on 3 occasions. These incorrect mileage calculations resulted in a net overpayment of \$68.
3. We noted 1 instance in which the Director of Athletics signed but did not date an athletic team travel roster, acknowledging approval of the travel party. As a result, we could not determine the timeliness of the approval of this roster.

In addition, we examined 25 other procurement transactions, totaling \$653,216, and noted 3 instances, totaling \$16,659, in which

documentation indicated that the purchase was initiated before a corresponding approval of the purchase requisition or order.

Effect:

In some instances, the university did not comply with its established travel policies, which weakened internal controls over travel expenditures.

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

Cause:

In some instances, the university did not carry out the established internal control procedures as designed.

Recommendation:

Central Connecticut State University should improve internal controls over travel expenditures by complying with the Connecticut State University System's Travel Policies and Procedures Manual with respect to the timely approval of travel authorizations and calculation of mileage reimbursements. In addition, the university should improve controls by taking steps to ensure that purchases are preapproved. (See Recommendation 1.)

Agency Response:

"The university agrees with the travel findings. The university has taken the following steps to address the findings:

- Send reminders to the campus to remind travelers to submit requests to travel at least 2 weeks in advance.
- Implementation of a new travel system, in FY 2017, mitigates the risk of miscalculation of reimbursement.
- As a result of the FY 11/12 Audit, beginning in Fall of 2013, the Athletic Director began signing travel rosters and in the summer of 2015, the Athletic Director also began dating the roster, when he signed them.

The university partially agrees with the purchasing exceptions. The university acknowledges that there is a risk of misunderstanding when a vendor provides a quote on an invoice form, as was the case in 2 of the 3 exceptions. The quote, which was labeled an invoice was subsequently used to pay the vendor; however, additional supporting documentation was provided to demonstrate that the items were received after the P.O. was issued and before the payment. To mitigate risk of reoccurrence, CCSU will remind people to have the vendor notate invoices which are being used as a quote.

Effective for the FY 2018, to ensure that the renewal of annual licenses and subscriptions have a new purchase order issued at the beginning of the year, the purchasing team will track and reach out to operating divisions to ensure that required requisitions are submitted in advance of the year, so that purchase orders can be issued shortly after the fiscal year begins.”

*Auditors’ Concluding
Comment:*

The university’s response refers to vendor invoices that the university used as price quotations. In these instances, we examined documents labeled as vendor invoices that were dated before university purchase order dates, which suggested to us that the university initiated the purchases before documented approval was obtained. The university maintains that these documents labeled as vendor invoices were, in fact, price quotes. If this is the case, there should have been other documents on file representing the true vendor invoices. However, the university could not provide us any such documents.

Student Activity Trustee Account Expenditures

Criteria:

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 officers of student organizations should prepare a student funds payment voucher when making payments charged to trustee accounts. According to the manual, “The payment voucher should be signed by the authorized officer of the student organization and possibly co-signed by the authorized faculty advisor or dean of students.”

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

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

Condition:

Our test of 25 student trustee account purchases, totaling \$54,457, disclosed the following:

- 1) We noted 9 instances, totaling \$17,736, in which minutes of student organization meetings or vouchers signed by a student organization officer to support approval of the payment were not available.
- 2) We noted 2 instances, totaling \$4,020, in which a purchase was initiated without documentation of prior approval in place. In 1 of these instances, totaling \$3,534, a purchase order and Student Affairs request for purchase was completed and approved after the vendor invoice date. In the other instance, totaling \$486, a Student Affairs purchasing card approval form was completed after the item was ordered and paid for.

It should be noted that, despite the audit exceptions noted above, the student trustee account purchases we tested appeared to be for the benefit of students and were thus consistent with the purpose of these trustee accounts.

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

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

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

Agency Response: "The university agrees with the finding.

In the fall of 2013, the university actively began requiring minutes to resolve an audit issue identified in the audit for the period ended FY 2009/FY 2010 issued in December, 2012. The 9 exceptions noted in this report occurred prior to the solution that was implemented in fall 2013.

With respect to the \$3,534 transaction for ice time, the Ice Hockey Club submitted a budget to the SGA for approval. The SGA approval of the requested \$9,000 budget was documented in the minutes; however, the \$9,000 budget was not detailed enough to demonstrate that the ice time was covered by the budget. The university continues to improve the collection of the minutes, enhance the level of detail and to ensure that clubs, in addition to the SGA, document approvals.”

Late Deposits of Receipts Originating Outside of the Bursar’s Office

Criteria: Section 4-32 of the General Statutes generally requires that each state institution receiving cash receipts amounting to \$500 or more deposit these monies into the bank within 24 hours of receipt.

The Office of the State Comptroller’s State of Connecticut Accounting Manual requires that all state agencies receiving money maintain a receipts journal to record the date funds are received.

Condition: We examined 27 receipt transactions, totaling \$55,782, originating from departments other than the Bursar’s Office and noted:

- 1.) Six instances, totaling \$7,589, in which the university did not deposit receipts in a timely manner. In 4 of these instances, funds totaling \$5,241 were deposited one day late. In 2 of these instances, funds totaling \$2,381 were deposited 2 days late.
- 2.) Two instances, totaling \$1,775, in which the university could not document the date it received the monies.

Effect: The university did not always comply with the prompt deposit requirements of Section 4-32 of the General Statutes.

In other instances, the university could not document compliance with the prompt deposit requirements.

These conditions exposed receipts to an increased risk of loss or theft.

Cause: It appears that the university’s controls were not sufficient to prevent these conditions from occurring. In some instances, controls were not being carried out as designed.

Recommendation: Central Connecticut State University should improve controls over the collection of receipts originating outside of the Bursar’s Office by taking steps to ensure that receipts are promptly deposited as required

by Section 4-32 of the General Statutes. Furthermore, the university should ensure that it maintains adequate receipts records of all monies collected. Such records should include the date, source, and amount of the receipt. (See Recommendation 3.)

Agency Response:

“The university agrees with the finding. To mitigate the risk of reoccurrence, the university will implement the following:

- Request an amendment to our existing waiver, to provide additional time for satellite locations to remit their deposit to the Bursar’s Office.
- Beginning in August 2017, quarterly reminders have been sent to the campus.
- Additional effort will be expended to sign up vendors for ACH so that the university will receive fewer physical checks.

If the Bursar’s Office receives a deposit that includes a stale-dated check (30+ days), the depositing department will be contacted by the Bursar to reaffirm section 4-32 of the C.G.S.”

Property Control

Criteria:

The Connecticut State University System Procedures for the Disposal of Surplus Property govern the disposal of surplus property at Connecticut State University institutions. The procedures include a Liability Waiver for the Donation of Equipment and/or Supplies form, which the recipient of the donated item must complete to waive the CSU system and the state from any liability related to the item.

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

According to the State Property Control Manual (April 2015 revision), “Licensed software with a cost of \$1,000 or more must be capitalized and be reported on the CO-59 (annual property inventory report submitted to the State Comptroller) as LICENSED SOFTWARE.”

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

Condition:

We examined the records of 15 capital and controllable assets, with a total cost of \$87,695, which the university disposed of during the audited period. Our review disclosed 6 instances in which the waiver of liability for donated assets did not adequately identify the items. Instead, the recipient signed the liability waiver form, which referenced an attached list of donated items, but did not sign the attached list.

In addition, we examined 10 laptop computers that were on loan to university employees during the audited period, with a total cost of \$16,529, and noted the following:

1. There were 2 instances in which the university lent a laptop computer to a university employee for off-campus use without the proper form on file documenting the approval of this off-campus use.
2. There was 1 instance in which the university lent a laptop computer to a university employee, but the associated form did not specify the duration of the loan.
3. There was 1 instance in which the university lent a laptop computer to a university employee for off-campus use. However, the asset was still in the employee’s possession in April 2015 even though the loan period expired in April 2014.

Also, the university’s software inventory control records were incomplete. Some software items purchased during the audited period were omitted from the inventory listings. In addition, the university omitted the value of its software inventory from its annual property inventory reports submitted to the State Comptroller for the fiscal years ended June 30, 2013 and 2014.

We tested 25 property loss reports completed during the audited period and noted 5 instances in which loss reports were not completed in a timely manner and, therefore, were not promptly submitted to the State Comptroller’s Office and the Auditors of Public Accounts. These

reports were completed from approximately 1 month to more than 13 months after the date of the loss.

Effect:

In some instances, there was decreased assurance that the recipient waived liability for donated equipment items slated for disposal.

Certain laptop computers on loan to university employees and data stored on such computers, were exposed to an increased risk of loss or misuse.

Incomplete software inventory control records decreased the university's ability to track the location of certain software.

The failure to include the value of software on the university's annual property inventory reports resulted in an understatement of university assets.

In some instances, the university did not comply with the prompt loss reporting requirements of Section 4-33a of the General Statutes.

Cause:

With respect to the donated equipment, it appears the university was following Connecticut State University System equipment disposal procedures, which do not specifically call for the recipient's signature on the listing attached to the waiver of liability form.

In some instances, controls over equipment on loan to employees were not being carried out as designed.

It is unknown why software inventory control records were incomplete and why the value of software was omitted from annual property inventory reports submitted to the State Comptroller.

Regarding the delayed completion of loss reports, the cause for most of these instances is unknown. In a couple of instances, the university stated that pending police investigations contributed to the delays.

Recommendation:

Central Connecticut State University should improve controls over its property and comply with Connecticut State University System and State of Connecticut property control requirements by maintaining better documentation of donated equipment and strengthening controls over property on loan. The university should ensure software inventory control records are complete and that it includes the value of software on annual property inventory reports submitted to the State Comptroller. The university should also promptly submit loss reports to the Auditors of Public Accounts and the Office of the State Comptroller. (See Recommendation 4.)

Agency Response: “The university disagrees with the finding associated with donated items.

The university complied with existing System Office policy at the time each of the donations was made. In an effort to strengthen controls and improve documentation, effective 7/1/17, updates were incorporated in the Board of Regents Capital and Controllable Asset Manual. The university began having the donor recipient sign all pages of the donor forms where the donated items were listed. This process along with incorporating a unique identification number for each document related to that donation has strengthened controls. Additionally, the new “Acknowledgement of Receipt & Liability Waiver for Donated Equipment and/or Supplies” includes tying the items donated into the liability waiver statement signed by the donee. This form enables the person picking up the equipment to also sign and acknowledge the liability release for the equipment.

The university agrees with the finding related to Equipment Loan Forms and is in the process of implementing the following:

- The university continues to send out monthly reminders that property should not be taken off campus without a properly filed Off Campus Equipment Loan Form.
- CCSU will send out copies of existing Off Campus Loan forms to the department head and inventory liaison prior to the commencement of the annual audit to solicit applicable renewals, and will follow up until received.
- The university is working towards synching the departments audit timeframe with their Off Campus Loan Form expiration dates.
- Effective with the fall 2017 semester, Information Technology will begin including an Off Campus Equipment Loan Form with all laptop deployments.

The university agrees with the finding associated with the untimely Loss Reports. The university will continue to emphasize the importance of communicating losses to the Business Office to facilitate loss report submittals.

The university agrees that the software inventory was only partially completed in 2013, and while additional progress was made in FY 2014, there were still gaps in the process. In preparing the inventory

for each of these years, the university had invested significant effort to come into compliance by hiring a University Assistant to complete the process, as well as the more recent use of technology to assist in the manual effort. The university has recently reexamined the procedures surrounding software inventory control and has identified additional opportunities for improvement to catch potentially missing items, as well as ensure that our valuation is consistent with best practice.”

*Auditors’ Concluding
Comment:*

Our recommendation does not question whether the university complied with existing System Office policy related to the disposal of donated items. Rather, we are disclosing a control weakness that the university’s liability release documentation could not be clearly linked to the donated items.

Dual Employment

Criteria:

Section 5-208a of the General Statutes bars state employees from being compensated by more than 1 state agency unless the appointing authorities at such agencies certify that the duties performed and hours worked are outside the responsibilities of the employee’s primary position, that there is no conflict in schedules between the positions, and no conflict of interest exists between or among the positions.

Condition:

We examined 9 instances in which university employees were concurrently employed in more than 1 state position during the audited period and noted the following:

1. There were 5 instances in which both the university and the employee’s primary agency approved a dual employment certification after the employee began work in a secondary position at the university.
2. There were 2 instances in which there was a conflict in schedules between a dually employed employee’s primary and secondary positions. In both instances, we noted that the employee used earned leave time to compensate for the overlapping schedules. However, in both instances, an insufficient amount of leave time was used to cover the overlap in schedules. In the first instance in July 2012, the employee’s leave time use did not cover 0.75 hours of the overlap in schedules. In the second instance in July 2013, the employee’s leave time use did not cover 5.22 hours of the overlap in schedules.

Effect: The university did not fully comply with the dual employment documentation requirements established by Section 5-208a of the General Statutes. This decreased assurance that no conflicts in schedules or conflicts of interest existed between primary and secondary positions for dually employed individuals.

The conflicts in schedules between the noted dual employment positions decreased assurance that the employee worked the required number of scheduled hours.

Cause: Existing controls did not prevent this from occurring. In some instances, controls were not being carried out as designed.

Recommendation: Central Connecticut State University should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes by promptly documenting, through signed certifications, that there are no conflicts of interest or conflicts in schedules in instances in which an employee holds multiple state positions. Furthermore, the university should eliminate or adequately monitor instances in which there are conflicts between dual employment position schedules to ensure that such conflicts are properly addressed. (See Recommendation 5.)

Agency Response: “The university agrees with the part of the finding which pertains to employees beginning work in advance of the Dual Employment Certification being approved. The university continues to strive to ensure both agencies have executed the forms prior to work commencing.

The university disagrees with the part of the finding which pertains to overlapping schedules. University employees who fall under the SUOAF-AFSCME contract are allowed to flex their hours in accordance with the agreement. It is not uncommon for such staff to deviate from their scheduled hours for various reasons with the approval of their supervisor. Staff record the hours worked and any leave time used through Core-CT Self-Service. There are no additional time records kept such as logs, time clocks or other mechanisms documenting time-in and time-out. The supervisor’s approval of the submitted timesheet in Core-CT confirms the hours worked by the staff member. In the sample audit cases, we do not have any other documentation to justify that what the employee recorded as time worked is accurate other than the supervisor’s approval of her timesheet at that time. This is the procedure for documenting time and attendance for all other university administrative staff.

In 7/01/2013 P.A. 13-247 changed the dual employment rules to require advance DAS approval for dual employment situations which necessitated overtime pay. With this change, individuals who were in a non-exempt position became entitled to overtime pay in dual employment situation.

DAS approved some situations in SFY 2014; however, since 2015, there have been nonexempt employees approved.”

*Auditors’ Concluding
Comment:*

Our audit disclosed instances in which a university employee concurrently held more than one state position with several instances of conflicting schedules between the positions. Supervisory approval in Core-CT with no documented acknowledgement and approved schedule change to compensate for the overlapping schedules does not appear to us to be sufficient evidence that the employee worked the necessary additional hours to cover the overlap.

Sick Leave Accruals for Student Workers

Criteria:

Section 31-57s of the General Statutes requires state employers to provide paid sick leave to certain service workers at the rate of one hour of paid sick leave for each 40 hours worked, effective January 1, 2012.

Condition:

We tested the sick leave records of seven student workers during the audited period to determine compliance with the employer sick leave requirements specified in Section 31-57s of the General Statutes. We noted the following:

- 1.) Two instances in which a student worker’s sick leave balance was incorrect as of June 30, 2014. In 1 instance per Core-CT records, one student employee’s sick leave balance as of June 30, 2014 was 22 hours. However, our audit revealed that it should have been 26 hours. In the other instance, a student employee’s sick leave balance, per Core-CT, was 28.25 hours as of June 30, 2014. However, our audit revealed it should have been 36 hours.
- 2.) In the first instance, this employee reached the 680-hour work threshold for sick leave use eligibility in July 2013. However, the university did not begin posting earned sick leave to the employee’s Core-CT attendance and leave record until October 17, 2013.

Effect: The university did not fully comply with Section 31-57s of the General Statutes. As a result, it understated some student sick leave balances.

Cause: In 1 instance, it appears that the university misinterpreted the statute which limits the annual carryover of earned sick leave for certain service workers to 40 hours. Instead, the university mistook this to mean that an employee's cumulative sick leave balances shall not exceed 40 hours.

It is unknown why the other exceptions occurred.

Recommendation: Central Connecticut State University should improve its compliance with the sick leave requirements of Section 31-57s of the General Statutes when providing sick leave to student workers. (See Recommendation 6.)

Agency Response: "The university agrees with this finding. The university implemented student sick time in SFY 2013 based on guidance provided by the System Office. Sick leave accruals were manually added to Core-CT in July 2013 and the accruals represented the amount of time earned by each student as of that date. The student who was added in October 2013 was missed in July due to human error. This process has since been improved following the implementation of a Core-CT sick leave plan in the summer of 2015. The Core-CT sick leave plan automatically adds sick leave accruals to each student's sick leave balance, which has assisted in decreasing errors and improving the timeliness of sick leave accrual postings. This change has automated a portion of the process; however, the process still relies on significant human intervention and oversight to prevent errors."

Employee Background Checks

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

CSUS Board of Trustees Resolution 06-52 applies to university employees who live on campus and provides that, "Before occupancy

in a university residence pursuant to this policy may commence, each proposed resident aged eighteen (18) years or over shall submit him or herself to the same criminal conviction investigation, sex offender registry status review, and social security verification that is required of the staff member prior to employment.”

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

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

Effect: The university did not comply with the state library’s records retention requirements related to employee background check records. This increases the risk that the records will not be available for the 30-year period required by records retention policy.

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

Recommendation: Central Connecticut State University should either retain employee background check reports on durable media in its custody or contract with an appropriate records retention firm to retain these records in accordance with the Connecticut State Library’s records retention requirements. (See Recommendation 7.)

Agency Response: “The university agrees with the finding. Effective 5/8/17, each of the background checks are saved in a secure CCSU electronic file. Human Resources has access to the file which contains all prior reports and will include any future reports. Prior to the development of a secure site, the university had access to the vendor files in accordance with the contract and board policy.”

Insufficient Graduate Student Association Scholarship Documentation

- Background:* The Graduate Student Association (GSA), a campus student organization, provides scholarships to the university's graduate students to fund conference attendance and research.
- Criteria:* The GSA constitution provides eligibility criteria for its scholarships. According to the criteria, applicants must have a minimum GPA of 3.0 and be matriculated in a graduate program. The maximum GSA conference scholarship is \$1,000 and the maximum research scholarship is \$500.
- Condition:* We audited GSA scholarships, totaling \$5,416, awarded to 5 students during the audited period. Our audit disclosed 2 instances, 1 totaling \$1,692 and the other totaling \$1,399, in which the university awarded GSA scholarships in the 2013 fiscal year without adequate supporting documentation in place. There was no documentation on file containing GSA scholarship committee signatures of approval or certifications that the recipients were academically eligible for the award. Furthermore, the documentation provided to us did not identify the type of scholarship awarded. Therefore, we could not determine whether the scholarship exceeded the established limits for conference and research scholarships. However, based on our review of Banner information system records, it appears that the recipients tested were academically eligible for the scholarships that they received.
- Effect:* The university did not comply with its established GSA scholarship policies and procedures, which weakened internal controls and increased the likelihood that inappropriate expenditures may be made and go undetected.
- Cause:* In some instances, the university did not follow established internal control policies.
- Recommendation:* Central Connecticut State University should improve internal controls over Graduate Student Association scholarships by complying with its established policies and procedures for these scholarships. In particular, scholarships should not be awarded without proper approval documentation in place, including certification that eligibility criteria were met and identification of the type of the scholarship awarded. (See Recommendation 8.)
- Agency Response:* "The university agrees with the finding. The university had implemented additional steps in academic year 2013 to ensure that the requisite materials were kept with the application as a result of the FY 2011/FY 2012 audit.

The Graduate Students Association has been responsible for maintaining the records to support scholarship awards. The university will develop a process to ensure the university obtains a copy of the full application to ensure that the GSA turnover does not impact the university's ability to retrieve records.”

Records Retention When Transitioning to New Information Systems

Criteria: The Connecticut State Library, pursuant to Section 11-8(a) of the General Statutes, establishes records requirements for all state agencies. According to the state library's records retention requirements, travel reimbursement requests and payroll records, including employee timesheets, must be retained for three years, or until audited, whichever is later.

Condition: We tested ten employee reimbursement transactions, totaling \$12,893, during the audited period. Our examination disclosed one instance, totaling \$508, in which the university issued a mileage reimbursement to an employee but did not retain documentation supporting the approval of this payment. The university informed us that in September 2012, it implemented a new automated information system to record travel transactions, including their approval. However, the university lost the teaching faculty mileage reports that were scanned into the system from September 2012 through June 2013 due to a glitch in the system. The university stated that it retained hardcopies of these mileage reports for December 2012 and January 2013, but it did not retain any of the other reports for September 2012 through June 2013.

In addition, we tested 5 employee timesheets for the audited period to ascertain whether they were properly approved. We noted 1 instance in which documentation of timesheet approval was not retained. The university informed us that it replaced its legacy employee timekeeping system, TPS, when it implemented the automated, Core-CT self-service timesheet system in February 2013. However, the university did not retain employee timesheet records for several months leading up to the implementation of Core-CT.

Effect: In some instances, the university did not comply with the state library's records retention requirements. As a result, there was decreased assurance that some transactions were properly approved.

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

Recommendation: Central Connecticut State University should ensure that it retains adequate back-up records when transitioning to a new automated information system. (See Recommendation 9.)

Agency Response: “The university agrees with the finding and will remind employees of record retention requirements and safeguards that can be implemented to ensure records aren’t inadvertently deleted during system conversions.”

Other Audit Examination

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

A summary of the recommendations pertaining to Central Connecticut State University in the Report to Management for the 2013-2014 fiscal year is presented below:

Information technology:

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

We followed up on the public accounting firm’s recommendation and noted improvement with respect to the timely termination of Banner and Core-CT user account access.

Other Matter

Southern Connecticut State University’s former interim president, Dr. Stanley Battle, entered into a separation agreement with the Board of Regents for Higher Education in December 2011. In accordance with the agreement, Dr. Battle was appointed to the position of full professor in the Department of Social Work at Central Connecticut State University effective April 1, 2012. Our examination of the state’s Core-CT payroll records disclosed that Central paid professor Battle \$23,678 in gross pay for his services as a professor during the Spring 2012 semester. We reviewed the university’s academic records in the Banner system and noted that Professor Battle did not teach a course during the Spring 2012 semester.

The university informed us that because Dr. Battle was appointed as a professor late in the academic term, he was assigned administrative duties in the Department of Social Work during this semester. According to the American Association of University Professors (AAUP) collective bargaining agreement, reassigned time is granted at the discretion of the university president or the president's designee for research, curriculum development, faculty development, or instructional enhancement. However, the university could not provide any documentation to support that its president or designee approved Dr. Battle's reassigned time. Furthermore, the university could not provide any documentation detailing Dr. Battle's duties during the Spring 2012 semester when he was not teaching. We did note that university records indicate that professor Battle taught several courses during the following two semesters, Fall 2012 and Spring 2013. Dr. Battle retired effective August 1, 2013.

RECOMMENDATIONS

Our prior audit report on the university contained 11 recommendations for improving operations, 8 of which are being repeated or restated with modification in the current audit report. Our current audit report presents 9 recommendations.

Status of Prior Audit Recommendations:

- **Central Connecticut State University should improve internal controls over its procurement function by ensuring that vendor invoices are obtained to support payments made, payment for goods/services is only made after the goods/services are received, and personal service agreements are executed in a timely manner. In addition, going forward, CCSU should consider processing the payment of personal Internet service fees for some of its employees as employee reimbursements.** Our current audit disclosed some improvement in this area. However, we noted other issues during our testing that should be addressed. Therefore, the recommendation is being repeated with modification and incorporated into a broader recommendation on travel expenditures and other procurement. (See Recommendation 1.)
- **Central Connecticut State University should improve controls over student activity account expenditures by following the procedures detailed in the State Comptroller's Accounting Procedures Manual for Trustee Accounts and the university's Student Activities/Leadership Development policy manual. Among other things, the university should maintain minutes of student organization meetings and payment vouchers signed by student organization officers to support student activity purchases.** During the current audit, we noted that audit exceptions in this area persisted. The recommendation is being repeated. (See Recommendation 2.)
- **Central Connecticut State University should continue its efforts to develop a formal, written disaster recovery plan. In addition, the university should ensure that, once in place, the disaster recovery plan is reviewed and updated, if needed, on a regular basis. Furthermore, the university should periodically test the plan to determine its adequacy. The results of those tests should be documented.** The current audit disclosed that the university made significant improvement in information technology disaster recovery planning. The recommendation is not being repeated.
- **Central Connecticut State University should promptly deactivate information system access upon an employee's separation from university employment. In addition, the university should adjust the level of Core-CT access for certain employees of the Human Resources and Payroll departments to improve the separation of duties within those departments. As an alternative, CCSU should implement a compensating control system that would require an employee independent of both the Human Resources and Payroll departments to monitor, at least monthly, changes in payroll transactions to ensure that such changes are valid**

and authorized. Such reviews should be documented. The results of the current audit disclosed no significant deficiencies in the timeliness of the deactivation of employee access to information systems. In addition, compensating controls were implemented to offset the risk posed by any lack of separation of duties due to overlapping information system access between HR and payroll functions. Therefore, the recommendation is not being repeated.

- **Central Connecticut State University should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes by promptly documenting, through signed certifications, that no conflicts exist for employees who hold multiple state positions.** During the current audit, we did not note significant improvement in this area. Therefore, the recommendation is being repeated. (See Recommendation 5.)
- **Central Connecticut State University should improve its monitoring of revenue-generating contracts to ensure that the terms of such agreements are being followed. Also, the university should take steps to ensure that contracts and amendments to contracts are executed in a timely manner.** The current audit testing disclosed improvement in this area. Therefore, the recommendation is not being repeated.
- **Central Connecticut State University should improve controls over asset management and improve compliance with the Connecticut State University System's Capital Asset valuation manual by improving documentation of equipment disposals, improving controls over property on loan, and ensuring that loss reports are filed in a timely manner with the Auditors of Public Accounts and the Office of the State Comptroller.** During the current audit, we did not see sufficient improvement in this area and noted additional items of concern. The recommendation is being repeated, with modification. (See Recommendation 4.)
- **Central Connecticut State University should implement a procedure to provide paid sick leave to student workers to comply with Section 31-57s of the General Statutes.** The university implemented procedures to provide paid sick leave to student workers during the current audited period. However, the current audit disclosed instances in which the university did not comply with certain aspects of section 31-57s. Therefore, the recommendation is being repeated, with modification. (See Recommendation 6.)
- **Central Connecticut State University should improve internal controls over travel-related expenditures by complying with the Connecticut State University System's Travel Policies and Procedures manual.** During the current audit, we noted additional audit exceptions associated with travel expenditures and other expenditures in general. The recommendation is, therefore, being repeated with modification and incorporated into a broader recommendation on travel expenditures and other types of procurement. (See Recommendation 1.)
- **Central Connecticut State University should either retain employee background check reports on durable media in its custody or use an appropriate records**

retention firm that is contractually obligated to retain these records in accordance with the state library's records retention requirements. The recommendation was not implemented during the current audited period; therefore, the recommendation is being repeated. (See Recommendation 7.)

- **Central Connecticut State University should improve internal controls over Graduate Student Association scholarships by documenting the verification procedures performed to ensure that scholarship recipients meet the grade point average eligibility requirement. Furthermore, scholarship applications and accompanying scholarship approval documentation should be retained.** We noted some improvement with respect to the procedures implemented to document the eligibility of Graduate Student Association scholarship recipients. However, the current audit disclosed that further improvement is needed; therefore, the recommendation is being repeated, with modification. (See Recommendation 8.)

Current Audit Recommendations:

1. **Central Connecticut State University should improve internal controls over travel expenditures by complying with the Connecticut State University System's Travel Policies and Procedures Manual with respect to the timely approval of travel authorizations and calculation of mileage reimbursements. In addition, the university should improve controls by taking steps to ensure that purchases are preapproved.**

Comment:

Our audit disclosed that a travel authorization document was not approved in a timely manner and the amount of an employee mileage reimbursement was incorrect. In addition, documentation suggested that the university initiated some non-travel purchases before it approved a purchase requisition or order.

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

Comment:

In some instances, the university did not have sufficient documentation to support student organization approval of student activity account purchases.

3. **Central Connecticut State University should improve controls over the collection of receipts originating outside of the Bursar's Office by taking steps to ensure that receipts are promptly deposited as required by Section 4-32 of the General Statutes. Furthermore, the university should ensure that it maintains adequate receipts records of all monies collected. Such records should include the date, source, and amount of the receipt.**

Comment:

At times, funds received at non-Bursar's Office locations were not deposited in a timely manner. Also, in two instances, the university received funds that lacked receipt journal documentation identifying the dates funds were received. Therefore, we could not determine the timeliness of their deposit.

4. **Central Connecticut State University should improve controls over its property and comply with Connecticut State University System and State of Connecticut property control requirements by maintaining better documentation of donated equipment and strengthening controls over property on loan. The university should ensure software inventory control records are complete and that it includes the value of software on annual property inventory reports submitted to the State Comptroller. The university should also promptly submit loss reports to the Auditors of Public Accounts and the Office of the State Comptroller.**

Comment:

In some instances, equipment that the university disposed of via donation lacked sufficient documentation indicating that the recipient waived the university's liability. We also noted instances in which equipment was on loan to employees and the corresponding loan approval forms were either not on file, did not indicate a return due date, or had expired. In addition, software inventory control records were incomplete and the value of software was omitted from the university's annual property control reports submitted to the State Comptroller. Furthermore, a number of reports of loss or theft of property were not promptly completed and submitted to the State Comptroller and the Auditors of Public Accounts.

- 5. Central Connecticut State University should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes by promptly documenting, through signed certifications, that there are no conflicts of interest or conflicts in schedules in instances in which an employee holds multiple state positions. Furthermore, the university should eliminate or adequately monitor instances in which there are conflicts between dual employment position schedules to ensure that such conflicts are properly addressed.**

Comment:

In some instances, for employees who held multiple state positions, dual employment forms certifying that no conflicts exist between the positions held were completed after the dual employment period began. Furthermore, we noted two instances in which there was a conflict in schedules between a dually employed employee's primary and secondary positions. Additionally, it appears that the employee used an insufficient amount of leave time to compensate for the overlapping schedules.

- 6. Central Connecticut State University should improve its compliance with the sick leave requirements of Section 31-57s of the General Statutes when providing sick leave to student workers.**

Comment:

We noted instances in which the university incorrectly recorded student employee sick leave balances. In one instance, the employee was eligible to earn sick leave beginning in July 2013, but the university did not post earned sick leave to the student's attendance record until October 2013.

- 7. Central Connecticut State University should either retain employee background check reports on durable media in its custody or contract with an appropriate records retention firm to retain these records in accordance with the Connecticut State Library's records retention requirements.**

Comment:

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

- 8. Central Connecticut State University should improve internal controls over Graduate Student Association scholarships by complying with its established policies and procedures for these scholarships. In particular, scholarships should not be awarded without proper approval documentation in place, including certification that eligibility criteria were met and identification of the type of the scholarship awarded.**

Comment:

Our audit disclosed instances in which GSA scholarships were awarded without proper approval documentation on file to identify the type of scholarship or certify that the recipient was academically eligible.

- 9. Central Connecticut State University should take steps to ensure that it retains adequate back-up records when transitioning to a new automated information system.**

Comment:

The university implemented a new automated information system in September 2012 to record travel transactions. However, the teaching faculty mileage reports scanned into the system from September 2012 through June 2013 were lost due to a glitch in the system. In addition, the university replaced its legacy employee timekeeping system in February 2013 with the Core-CT self-service timesheet system. However, the university did not retain employee timesheet records for several months leading up to the implementation of Core-CT.

ACKNOWLEDGEMENT

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

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CONCLUSION

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



Daniel F. Puklin
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor