

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
BOARD OF REGENTS FOR HIGHER EDUCATION  
CONNECTICUT COMMUNITY COLLEGE SYSTEM  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2013*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

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July 22, 2015

### **AUDITORS' REPORT BOARD OF REGENTS FOR HIGHER EDUCATION CONNECTICUT COMMUNITY COLLEGE SYSTEM FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2013**

We have audited certain operations of the Connecticut Community College System in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2012 and 2013. The objectives of our audit were to:

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

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the system; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in compliance with the standards applicable to performance audits

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

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

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

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

## COMMENTS

### FOREWORD

Our audit approach for the Connecticut Community College System consisted of examining the system as a whole through the selection of a sample of the 12 colleges that comprise the system for audit site visits each audit cycle. Our audit approach also involved the preparation of a single audit report for the entire community college system. This report, which covers the fiscal years ended June 30, 2012 and 2013, represents the results of our examination of the financial records from a sample of nine community colleges (Capital Community College, Gateway Community College, Housatonic Community College, Manchester Community College, Middlesex Community College, Naugatuck Valley Community College, Northwestern Connecticut Community College, Quinebaug Valley Community College, and Tunxis Community College) as well as the financial records of the former system office.

Our examinations of Naugatuck Valley Community College, Northwestern Connecticut Community College, Quinebaug Valley Community College, and Tunxis Community College focused primarily on the fiscal year ended June 30, 2012, while our examinations of the other five colleges and the system office focused on the fiscal years ended June 30, 2012 and 2013. During the course of our audit, we identified certain system wide weaknesses in internal controls and compliance with financial-related laws and regulations. In these instances, our corresponding recommendations reflect a system wide approach to correcting such weaknesses, primarily directed at the system office. However, we also noted that some of the areas requiring attention appear to be college-specific. In these instances, our recommendations are directed primarily towards the management of the applicable colleges.

The Board of Trustees of Community-Technical Colleges operated primarily under the

provisions of Chapter 185b, Part I, Sections 10a-71 through 10a-80b of the General Statutes until December 31, 2011. The Board of Regents for Higher Education assumed the duties of the former Board of Trustees of Community-Technical Colleges on January 1, 2012. There was a transition period from July 1, 2011 to December 31, 2011, during which both boards co-existed.

Pursuant to Section 10a-72 of the General Statutes, the boards, located in Hartford, oversaw the following 12 two-year colleges:

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

Section 10a-1a of the General Statutes provides that the Board of Regents for Higher Education consists of 19 members. Nine of the members are appointed by the Governor, four are appointed by legislative leaders, two are appointed by students, and four individuals serve as ex-officio members. The board, among other duties, makes rules and establishes policies for the governance, development and maintenance of the educational programs and services of the community colleges. Board members receive no compensation for their services, but are entitled to reimbursement for expenses.

The Board of Regents for Higher Education consisted of the following members as of June 30, 2013:

Ex-Officio:

Dr. Jewel Mullen, Commissioner of the Department of Public Health  
Stefan Pryor, Commissioner of the Department of Education  
Sharon Palmer, Commissioner of the Department of Labor  
Catherine Smith, Commissioner of the Department of Economic and Community Development

Appointed Members:

Lewis J. Robinson, Jr. Chair  
Yvette Melendez, Vice Chair  
Richard J. Balducci  
Naomi K. Cohen  
Lawrence DeNardis  
Nicholas M. Donofrio  
Matt Fleury

Merle W. Harris  
Gary F. Holloway  
Craig Lappen  
Rene Lerer  
Michael E. Pollard  
Eugene L. Bell (student)

Michael Fraser, Alex Tettey, Jr., and Zac Zeitlin also served on the board of regents during the audited period. There was one appointed member vacancy and one student vacancy on the board as of June 30, 2013.

Among the duties of the Board of Regents for Higher Education is the appointment of a chief executive officer. Robert A. Kennedy served as president from November 18, 2011, through October 13, 2012. Philip E. Austin served as interim president from November 2, 2012, until June 27, 2013. Gregory W. Gray was appointed president on June 28, 2013, and is currently serving in that position.

Sections 211 through 220 and 230 of Public Act 11-48 and sections 106, 111, 136, and 137 of Public Act 11-61, which both became effective July 1, 2011, reorganized the state system of higher education by establishing a 19-member (including 15-voting members) Board of Regents for Higher Education to serve as the governing body for the Connecticut State University System (CSUS), the community-technical college system (CTC), and Charter Oak State College. These acts allow the board to appoint and remove staff and take responsibility for its operation and that of the constituent units. The Board of Regents for Higher Education replaced the existing CSUS, the CTC Board of Trustees, and the Board of State Academic Awards, which governed Charter Oak State College.

### **Recent Legislation**

The following notable legislation took effect during the audited period and shortly thereafter:

#### **Public Act 11-43**

Section 1, effective July 1, 2011, extended in-state tuition benefits to post-secondary students, including those without legal immigration status, who reside in Connecticut and meet certain criteria.

Under the act, a person, except a non-immigrant alien (someone with a visa permitting temporary entrance to the country for a specific purpose), qualifies for in-state tuition if he or she:

1. Resides in Connecticut;

2. Attended any educational institution in the state and completed at least four years of high school here;
3. Graduated from a high school or the equivalent in Connecticut; and
4. Is registered as an entering student, or is currently a student at, UConn, a Connecticut state university, a community-technical college, or Charter Oak State College.

**Public Act 11-48**

Sections 211 through 227 and 230, effective July 1, 2011, reorganized the state's higher education system and governance, consolidating the administration of all higher education constituent units, except the University of Connecticut, under a new Board of Regents for Higher Education.

**Public Act 11-140**

Section 1, effective July 8, 2011, revised the eligibility criteria for student loan reimbursements for Connecticut residents graduating from public colleges and universities with a degree in specified fields, and eliminated the reimbursements for non-degree training certificates in these fields. Among other things, the act expanded the range of eligible degrees, but limited eligibility to residents working for a business related to their degree.

**Public Act 12-7**

Section 1, effective July 1, 2012, established that there shall be a faculty advisory committee to the Board of Regents for Higher Education to assist the board in performing its statutory functions, consisting of three teaching faculty members and one administrative faculty member who provides direct student services from the Connecticut State University System; three teaching faculty members and one administrative faculty member who provides direct student services from the regional community-technical college system; and one teaching faculty member and one administrative faculty member who provides direct student services from Charter Oak State College.

**Public Act 12-31**

Section 1, effective July 1, 2012, established the following:

Not later than July 1, 2013, the regional community-technical college system and the Connecticut State University System shall develop and implement a general education core of courses for which not fewer than thirty academic credits shall be offered by each such constituent unit as part of its liberal arts and sciences programs and any other degree program designated as a transfer program. A student who graduates from any such liberal arts and sciences program or transfer program or transfers from such program to another of such constituent units or to another institution within the same constituent unit shall transfer any

credits earned while enrolled in such program toward the general education core curriculum requirements of the constituent unit to which such student transfers.

Teaching faculty from the Regional Community-technical College System and the Connecticut State University System, elected pursuant to a uniform, system-wide election by the faculty senates representing each of such constituent units, shall be included in the development and implementation of the general education core of courses.

**Public Act 12-52**

Section 1, effective July 1, 2012, established that an adjunct faculty member of a regional community-technical college shall be permitted to irrevocably waive membership in a Connecticut retirement plan not later than sixty days after commencing employment with such regional community-technical college.

**Public Act 12-94**

Section 1, effective July 1, 2012, established that each institution of higher education shall submit information to the Office of Financial and Academic Affairs for Higher Education, in a form prescribed by the office, on each student enrolled at such institution of higher education who received financial assistance for the previous academic year ending on or before the previous June 30<sup>th</sup> from the Connecticut Independent Student Grant Program administered pursuant to Sections 10a-38 to 10a-42, inclusive, of the General Statutes; the Connecticut Aid to Public College Students Grant Program, administered pursuant to Section 10a-164a of the General Statutes; or the Capitol Scholarship Grant Program, administered pursuant to Section 10a-169 of the General Statutes.

**Enrollment Statistics**

The community college system reported the following enrollment statistics for the two audited years:

	<b>Fall 2011</b>	<b>Spring 2012</b>	<b>Fall 2012</b>	<b>Spring 2013</b>
Full-time Students	20,299	17,006	19,600	16,858
Part-time Students	37,375	38,526	38,628	38,629
Total Enrollment	<u>57,674</u>	<u>55,532</u>	<u>58,228</u>	<u>55,487</u>

The average of fall and spring semester total enrollment was 56,603 and 56,858 during the 2011-2012 and 2012-2013 fiscal years, respectively, compared to an average of 56,909 during the 2010-2011 fiscal year. These decreases amounted to less than one percent during each audited year, as compared to the 2010-2011 fiscal year.

**RÉSUMÉ OF OPERATIONS**

During the audited period, operations of the community college system were primarily supported by appropriations from the state’s General Fund and by tuition and fees credited to the Regional Community-Technical Colleges’ Operating Fund.

Operating fund receipts consisted primarily of student tuition payments. Tuition charges are fixed by the Board of Regents for Higher Education. The following summary presents annual tuition charges for full-time students during the audited fiscal years and the previous fiscal year.

	In-State	Out-of-State	N.E. Regional Program
2010 - 2011	\$ 3,024	\$ 9,072	\$ 4,536
2011 - 2012	3,096	9,288	4,644
2012 - 2013	3,192	9,576	4,788

In December 2010, the former Board of Trustees for Community-Technical Colleges approved increases in tuition of 2.4 percent for all students during the 2011-2012 academic year. In January 2012, the Board of Regents for Higher Education approved increases in tuition of 3.1 percent for all students during the 2012-2013 academic year.

In accordance with Section 10a-67 of the General Statutes, tuition amounts for nonresident students enrolled in the community college system through the New England Regional Student Program are set at an amount equal to one and one-half that of in-state tuition.

Tuition for part-time students is charged on a prorated basis according to the number of credit hours for which a student registers.

**Operating Revenues**

Operating revenues result from the sale or exchange of goods and services that relate to the system’s educational and public service activities. Major sources of operating revenue include tuition, fees, and federal and state grants.

Operating revenue (in thousands of dollars) as presented in the system’s financial statements for the audited period, along with the previous fiscal year, follows:

	<b>Fiscal Year 2010-2011</b>	<b>Fiscal Year 2011-2012</b>	<b>Fiscal Year 2012-2013</b>
Student Tuition and Fees (net of scholarship allowances)	\$ 97,455	\$ 95,917	\$ 96,636
Federal Grants and Contracts	89,045	90,198	91,086
State and Local Grants and Contracts	17,877	16,972	15,535
Private Grants and Contracts	4,426	6,177	2,817

Sales and Services of Educational

Departments	538	607	551
Other Operating Revenues	4,816	4,870	4,853
Total Operating Revenues	<u>\$ 214,157</u>	<u>\$ 214,741</u>	<u>\$ 211,478</u>

Operating revenues totaled \$214,157,000, \$214,741,000, and \$211,478,000 during the 2010-2011, 2011-2012, and 2012-2013 fiscal years, respectively. The 2011-2012 fiscal year saw an operating revenue increase of \$584,000, or .3 percent, compared to the 2010-2011 fiscal year. This increase was primarily attributed to an increase in private grants and contracts of \$1,751,000. The 2012-2013 fiscal year saw an operating revenue decrease of \$3,263,000, or 1.5 percent, compared to the 2011-2012 fiscal year. This decrease was attributable to a corresponding decrease in private grants and contracts totaling \$3,360,000.

**Operating Expenses**

Operating expenses generally result from payments for goods or services needed to achieve the system's mission of instruction and public service. Operating expenses do not include capital additions or deductions.

Operating expenses (in thousands of dollars) as presented in the system's financial statements for the audited period, along with the previous fiscal year, follows:

	<u>Fiscal Year</u> <u>2010-2011</u>	<u>Fiscal Year</u> <u>2011-2012</u>	<u>Fiscal Year</u> <u>2012-2013</u>
Instruction	\$ 177,341	\$ 175,543	\$ 181,318
Public Service	633	872	850
Academic Support	73,543	74,002	72,886
Library	10,135	10,052	9,911
Student Services	40,984	39,056	39,771
Scholarship Aid, Net	43,994	42,742	40,149
Institutional Support	65,660	65,459	63,868
Physical Plant	46,915	48,875	52,307
Depreciation	20,780	21,443	27,436
Total Operating Expenses	<u>\$ 479,985</u>	<u>\$ 478,044</u>	<u>\$ 488,496</u>

Operating expenses totaled \$479,985,000, \$478,044,000, and \$488,496,000 during the 2010-2011, 2011-2012, and 2012-2013 fiscal years, respectively. The decrease of \$1,941,000, or .4 percent, during the 2011-2012 fiscal year was primarily attributable to a decrease in state-supported salary and fringe benefit expenses that was offset by an increase in grant and tuition-supported salary and fringe benefit expenses. The increase of \$10,452,000, or 2.2 percent, during the 2012-2013 fiscal year was primarily attributed to an increase in fringe benefit expenses and depreciation that was offset by decreases in non-capital expenditures, net scholarship aid, and salaries and wages.

**Non-operating Revenues**

Non-operating revenues are revenues that are not from the sale or exchange of goods or services that relate to the system’s primary functions of instruction, academic support, and student services. Non-operating revenues include items such as the state’s General Fund appropriation, private gifts and donations (from corporations, foundations, and individuals), and investment income from cash balances invested in the State Treasurer’s Short Term Investment Fund.

The system’s financial statements presented the following non-operating revenues (in thousands of dollars) for the audited years, along with the previous fiscal year, as follows:

	<b>Fiscal Year 2010-2011</b>	<b>Fiscal Year 2011-2012</b>	<b>Fiscal Year 2012-2013</b>
State Appropriations - General Fund	\$ 244,782	\$ 219,976	\$ 223,621
State Appropriations - Bond Funds	36,127	46,728	50,768
Private Gifts	973	2,084	2,515
Interest Income	249	163	145
Mandatory Transfer to State	(1,000)	-	-
Other Non-operating Revenues, Net	16	(16)	468
Total Non-operating Revenues	<u>\$ 281,147</u>	<u>\$ 268,935</u>	<u>\$ 277,517</u>

Total non-operating revenues decreased \$12,212,000, or 4.3 percent, during the 2011-2012 fiscal year, compared to the previous year. This change is attributed to a \$10.6 million increase in bond appropriations and a \$24.8 million decrease in General Fund appropriations. Non-operating revenues increased \$8,582,000, 3.2 percent, during the 2012-2013 fiscal year. This increase is attributed to a \$4 million increase in bond appropriations and a \$3.6 million increase in General Fund appropriations.

**Community College Foundations**

Each of the 12 community colleges is supported by a separate foundation. Each foundation is a private, nonprofit corporation established to raise funds in support of the activities of the college.

Sections 4-37e through 4-37k of the General Statutes define and set requirements for these foundations. The requirements address the annual filing of an updated list of board members within 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.

Our audit noted an exception related to compliance with certain foundation-related statutes at the foundation affiliated with Northwestern Connecticut Community College. This matter is presented in the State Auditors' Findings and Recommendations section of this report.

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

### Personal Service Agreements (PSAs)

*Criteria:* It is good business practice to set up written contracts when entering into agreements with individuals or organizations for the performance of personal services. Prior to the commencement of services, these contracts should also be signed by the college, the contractor, and when applicable, the Office of the Attorney General.

Section 5.3 of the Community Colleges *Purchasing Policies* states, "... the purchase order serves as the document which encumbers funds in the financial system, and therefore a purchase order is required for all vendor awards, including those for which a PSA has been signed."

In addition, Section 1-84 (i) of the General Statutes prohibits colleges from engaging in contracts over \$100 with state employees, unless awarded through an open and public process.

*Condition:* System Office: We reviewed a total of 12 personal service agreements during the audited period. From this sample, we noted three instances in which the PSA was not signed by all parties until after the contract period had already begun and services had been rendered. In these instances, the PSAs were signed between two days and five months after the start date. We also noted one instance in which a PSA was not set up with a vendor who provided over \$3,000 in personal services.

Capital CC: We reviewed a total of ten personal service agreements during the audited period. From this sample, we noted seven instances in which the college signed the PSA after commencement of services. Services were provided between two days and six months before the college signed the PSA. In addition, we noted eight instances in which funds were encumbered after the start date of the PSA. Funds were encumbered between seven days and seven months after the commencement of services.

Gateway CC: We selected ten PSAs for testing purposes. From this sample, we noted the following:

- Three PSAs were signed by the college between 2 and 28 days after the commencement of the service period.
- Purchase orders were not prepared to encumber funds prior to the start of the service period for five PSAs. Purchase orders were prepared

between 13 and 42 days after the commencement of services had begun.

Manchester CC: We selected ten PSAs for testing purposes. From this sample, we noted the following:

- Two instances in which services were provided before the purchase order was approved and completed.
- Two instances in which the PSA was signed by the college after the services were provided. Additionally, in one of those instances, the contractor failed to sign the PSA before services were provided.
- We noted an instance in which the college contracted with a state employee for videography services valued at \$800. The contract was not awarded through an open and public process.

Middlesex CC: We selected ten expenditures charged to Fees for Outside Professional Services for testing during the audited period and noted the following:

- One of the expenditures was based on an expired PSA. The services were to be provided between June 29, 2011 and June 28, 2014. The referenced PSA expired on June 29, 2011.
- Another of the expenditures was based on a PSA that was never signed by the vendor.
- Two of the related PSAs were signed by the college 15 and 59 days after the start of services.
- The contract terms for one related PSA were changed without the initials of the authorizing parties.

Naugatuck Valley CC: We reviewed a total of seven personal service agreements in the fiscal year ended June 30, 2012. From this sample, we noted four instances in which one or more parties to the contract or the Attorney General's office, signed the PSA after commencement of services.

*Effect:*

Internal controls over personal services expenditures were weakened, and assurance was lessened that the terms of personal service agreements met the approval of the administration at these institutions prior to the performance of such contracts.

*Cause:* Controls in place were ineffective in obtaining timely personal service agreement approvals.

*Recommendation:* The Board of Regents for Higher Education should improve internal controls over personal service agreements. In addition, the colleges should ensure that all established policies and procedures related to PSAs are followed. (See Recommendation 1.)

*Agency Response:* Board of Regents for Higher Education: “Management agrees, and a reminder notice will be sent to BOR management outlining the State purchasing requirements around PSAs. In addition, a PSA late justification form will be required when the State policies are not followed to help improve accountability related to this issue.”

Capital CC: “The College agrees with the findings. The College will take steps to strengthen the personal service agreement process and provide additional training to the college community in the area of personal service agreement policies and procedures.”

Gateway CC: “The BOR is in the process of developing system-wide procedures to address PSA exceptions for emergencies and late justifications. The new procedures are expected to be implemented by 9/30/14. The college will continue to emphasize to faculty and staff the requirement to obtain a fully executed contract prior to the start of the service period. The college will create a purchase order for contracted services at the point at which the contract is fully executed by all parties.”

Manchester CC: “The College will continue to review existing internal controls over personal service agreements and implement improvements as needed. In response to the third *Condition* described above, the contractor indicated on the PSA that he was not a State Employee. Based on that information, the College proceeded by following normal contracting procedures.”

Middlesex CC: “The college management team has met and discussed this finding. Tighter controls will be implemented.”

Naugatuck Valley CC: “The college will continue to review existing internal controls over personal service agreements with faculty and staff to ensure that all established policies and procedures are followed. An entry in the President’s weekly bulletin went out college wide addressing this recommendation.

**Part-time Lecturers – Evidence of Services Provided**

*Criteria:* Sound internal control requires the preparation of timesheets or equivalent documentation, signed by the employee’s supervisor, to support time worked during a particular pay period. These records provide some assurance that an employee actually provided services during the time period for which the employee was paid.

*Condition:* Testing performed at Capital CC, Housatonic CC, Manchester CC, Middlesex CC, and Quinebaug Valley CC noted that these colleges do not require part-time lecturers to submit timesheets to support time worked.

*Effect:* The lack of timesheet submissions by part-time lecturers decreased assurance that they provided services during the time period for which they were paid.

*Cause:* Timesheets certifying services provided by part-time lecturers are not required by the community colleges.

*Recommendation:* The Board of Regents for Higher Education should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require the supervisor’s signature and transmittal to the payroll department, as a means of documenting services performed. Alternatively, the board of regents should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed course work. (See Recommendation 2.)

*Agency Response:* Board of Regents for Higher Education: “A new procedure is in development that will include a disclosure statement, on the grade submission page of Banner, which notifies part-time lecturers that by submitting their grades, they are certifying that they have fulfilled all duties, responsibilities and obligations of their position.”

Capital CC: “The college agrees with this finding.”

Housatonic CC: “The Systems Office, now the Board of Regents, instituted an on-line method to certify that Part Time Lecturers met their obligations in teaching at the college and time cards were eliminated. During the Fall Semester 2011 all Part Time Lecturers were given instructions on how to certify teaching and attending their courses by the on-line method after turning in their grades at the end of the semester. This procedure has been stopped by the Systems Office after the Spring Semester 2013. The Board of Regents says that when an instructor submits their grades, they have met the requirements of teaching at the college.

The Payroll Department bases its' payments on contracts received from the Evening Division. It is the responsibility of the Academic Dean, Department Chairs, and the Evening Division to monitor the teaching and the attendance of the Part Time Lecturers."

Manchester CC: "The college recommends this issue be addressed by the Board of Regents System Office on behalf of the Connecticut Community College System."

Middlesex CC: "The college believes that this is a systemic issue outside the control of the local campus. The business practice to electronically collect the time reporting for our lecturers had been implemented across the system, yet the programming changes to ensure that we could maintain this process have not been updated. The Dean of Administration will continue to raise this issue with the CFO for the Board of Regents."

Quinebaug Valley CC: "The entire Community College system was made aware in August 2011 that an automated Adjunct Reporting system was being put in place by the System Office '*...in response to citations by State auditors because the CCC System did not have a uniform time reporting/time sheet practice for adjunct faculty at all twelve colleges. Under the new process, adjunct faculty will be required to complete an on-line form at the end of each semester, certifying work has been performed.*'

Unfortunately the system that was put in place was ineffective and prone to error. As a result, the system, as designed, has been placed on hold until further review. Presently there is no anticipated start-up date for reenergizing the system.

Until that automated system is successful, the College will monitor each adjunct each semester and affirm through direct contact with each adjunct that they have completed their contract for the contract period."

*Auditors' Concluding*

*Comment:*

The new procedure that is being implemented by the Board of Regents for Higher Education does not appear to provide for independent certification that each part-time lecturer who received payment actually completed the appointed course work.

**Purchasing Card (P-Card) Transactions**

*Criteria:*

The Connecticut Community College System's *Purchasing Card Policy and Procedures Manual* contains the policies and procedures related to

purchasing card (P-Card) transactions. In addition, the State Agencies' Records Retention/Disposition Schedule requires that records related to purchasing cards should be retained for three years, or until audited, whichever is later.

*Condition:*

System Office: During our review of individual cardholder statements, we noted one instance in which the former system office was unable to provide supporting documentation for a P-Card purchase.

Manchester CC: We noted two instances of splitting purchases into multiple orders to avoid the \$1,000 single purchase limit.

Middlesex CC: We reviewed a sample of two months of individual cardholder statements from each fiscal year of the audited period. From this sample, we noted the following:

- The college did not document the vendor's invoice/purchase confirmation for one internet purchase.
- One purchase of unauthorized controllable equipment.

Northwestern Connecticut CC: We noted one instance in which the monthly purchasing card log reconciliation was not completed within the ten business day requirement set forth in the Community Colleges' *Purchasing Card Policy and Procedures Manual*. The reconciliation was completed approximately one month later than required.

Tunxis CC: We reviewed a sample of P-Card purchases and noted nine purchases were for gift baskets for employees and one purchase was made at a restaurant. These categories of purchases are restricted or prohibited by the Community Colleges' *Purchasing Card Policy and Procedures Manual*.

*Effect:*

In some instances, the former system office and these colleges were not in compliance with the Community College System's *Purchasing Card Policy and Procedures Manual*.

*Cause:*

The cause is unknown.

*Recommendation:*

The Board of Regents for Higher Education and the community colleges should ensure compliance with the Community College System's *Purchasing Card Policy and Procedures Manual*. (See Recommendation 3.)

*Agency Response:* Board of Regents for Higher Education: “Management agrees, and a reminder notice will be sent to BOR employees that participate in the P-Card program of their record retention responsibilities.”

Manchester CC: “The College does provide ongoing P-Card training and maintains internal controls to help ensure compliance with the Community College Purchasing Card Policy and Procedure Manual. The cardholder noted in the recommendation was provided additional P-Card training and reminded of the requirement to fully comply with all purchasing card policies and procedures.”

Middlesex CC: “The College notes the missing invoice/purchase confirmation of the internet purchase and believes it is missing from a human filing error. The controllable equipment purchased is deemed a misunderstanding since the item sought was purchased from grant funds to be issued to a high school, not as part of the college’s equipment. The procurement methodology used to ensure that payment was made before the termination date of the grant to use the funds as intended. The college again has issued a verbal consultation to the cardholder to clarify that controllable equipment cannot be purchased under a p-card, even if the items will not remain on campus.”

Northwestern Connecticut CC: “We concur with this finding.”

Tunxis CC: “The College is familiar with the contents of the *Purchasing Card Policy and Procedures Manual*. The College’s ten-year NEASC accreditation site visit was scheduled for Fall of 2011. The practice is for the college to meet and greet the NEASC team members at a college-hosted dinner on the evening of their arrival. The local restaurant required a deposit in order to guarantee the reservation. The deposit was placed on a college P-Card. After the event the restaurant invoiced the college and the balance was paid in accordance with accounts payable procedures. The College does not make a practice of charging meals on the P-Card. This charge was a one-time occurrence.

The College had recognized deaths of employee family members and births to employees by contracting with a local florist. When the florist went out of business, the college purchased fruit bouquets online using the P-Card. The College will discontinue using the P-Card in this manner.”

## **Property Control**

*Criteria:* The Connecticut Community College System’s Fixed Asset Inventory and Accounting Policy sets the standards for property control within the Connecticut Community College System.

*Condition:*

System Office: During our test of inventory, we traced equipment recorded in the system office's inventory records to its current location. We noted four instances in which equipment was recorded in an incorrect location. These four items were listed in Banner, the college's information system, as being located at the system office's Woodland Street location, but were actually physically located at various colleges. Two of those items were located at Norwalk Community College. One item was located at Southern Connecticut State University, and one item was located at Asnuntuck Community College. Additionally, the inventory item which was located at Asnuntuck Community College was identified by the correct barcode number, but had a different serial number than was listed in Banner.

Gateway CC: Our review of 20 purchases of new equipment noted one asset costing \$2,460 that was missing an inventory tag. In addition, the serial number on the inventory record did not match the serial number on the asset.

In our testing of ten equipment items, we noted one item costing \$2,042 that could not be located.

In our review of ten equipment disposals, we noted that one piece of equipment was removed from the inventory records in April 2013, but had not been returned to the vendor as of February 2014.

Middlesex CC: We conducted testing of items purchased during the audited period and noted the following:

- One item purchased in June 2013 was found without a tag affixed to it. A tag was reserved for the item in the inventory records, but the tag was not physically placed on the item. The item also had no serial number recorded in the inventory records as of April 2014. We specifically selected two additional items from the same purchase and noted these items had the same conditions.
- One item, purchased in February 2012, did not appear to be in use and was still in the original packaging in April 2014.
- One item with a cost of \$2,239 could not be located.
- During our efforts to trace items from physical observation to the inventory records, we noted one item purchased in July 2013 that did not have a tag affixed to it. A tag was reserved for the item in the inventory records, but the tag was not physically placed on the item.

The item also had no serial number recorded in the inventory records as of April 2014.

During our testing of ten items listed as disposed of during the audited period, we noted one item that was missing during the annual inventory was not reported to the Office of the State Comptroller or our office on a CO-853 form as required by section 4-33a of the General Statutes.

Northwestern Connecticut CC: During our test of inventory, we traced equipment purchased during the audited period to its location and its entry in the college's inventory records. We noted that one item was listed twice in the records. We also noted that the purchase order, invoice, and other information for that item were not entered into the system. In addition, we traced equipment from its current location to the inventory record. We noted the following: one item was recorded as disposed on the inventory record, but it was still in the classroom; a video camera that was barcoded was not found on the inventory report; and one item's location was incorrect. In addition, during our test of expenditures, we noted that the cost of twelve canine skeletons (\$999 each) did not include the cost of shipping. As a result, the skeletons were not tagged with a barcode and, therefore, not included in the college's inventory records.

*Effect:* The former system office and these colleges were not in compliance with the Community College System's Fixed Asset Inventory and Accounting Policy.

*Cause:* Internal control over fixed assets was not adequate to ensure compliance with requirements.

*Recommendation:* The Board of Regents for Higher Education and the community colleges should improve internal controls over inventory. (See Recommendation 4.)

*Agency Response:* Board of Regents for Higher Education: "BOR Finance will send a reminder to all the BOR department heads of the policy requirements that govern the movement of assets. In addition, CSCU system is exploring new inventory management software to assist in the ongoing tracking of assets."

Gateway CC: "The college will continue to review existing fixed asset policies and procedures with faculty and staff to ensure accountability over fixed assets."

Middlesex CC: "The college believes that emphasis is placed on property control. Unfortunately due to employee turnover and timing, the tagging

of items did not occur as quickly as it should have. The process of placeholder tags has been addressed and this practice is no longer used. The item questioned within its packing is specialized core cinema studio equipment that was purchased as a backup to equipment that is currently in use.”

Northwestern Connecticut CC: “We concur with this finding.”

### **Student Activity Trustee Account Purchasing**

*Criteria:* Each college’s student organization guidebook contains the general program guidelines for administering the Student Activities Trustee Account at that college.

*Condition:* Capital CC: We noted that purchases totaling \$580 were charged to the organization codes for the International Club and Cultural Committee without the required club minutes.

Gateway CC: From our sample of 20 disbursements from the Student Activities Trustee Account, we noted the following:

- One disbursement was processed without using a Student Activity Fund Payment Request Form. Rather, the transaction was made using the college requisition process.
- One instance in which expenditures related to a fundraising event for the Student Nurse Association were incorrectly charged to the Student Government Association account.
- The expenditure account used to record one disbursement for \$200 was incorrect. The use of a photographer’s services for an awards banquet was recorded as 7224E – Entertainment Services, rather than as 7224P – Photographic Services.
- A disbursement for \$357.45 was incorrectly charged to the Student Activities Trustee Account, rather than to the Entrepreneurial Studies Operating Budget.

Middlesex CC: We noted the following:

- We noted four trustee account expenditures for professional services for which the college did not have required PSAs.

We noted one trustee account expenditure for professional services in which the PSA was not signed by the college until five months after the contractual start date.

- We noted three expenditures for which there was no documented approval in student senate meeting minutes.

Tunxis CC: We tested ten student activity transactions and noted two instances in which the purchase order was completed after delivery of services. Additionally, in one of these instances, the contract was signed after the services were received.

*Effect:* In certain instances, these colleges were not in compliance with their student organization guidebook.

*Cause:* Capital Community, Gateway Community College, Middlesex Community College, and Tunxis Community College did not adhere to established policies and procedures in these areas.

*Recommendation:* The Board of Regents for Higher Education and the community colleges should improve internal control over Student Activity Trustee Account purchasing. (See Recommendation 5.)

*Agency Response:* Capital CC: “The College agrees with the finding. The College has reviewed the College Handbook for Clubs and Organization guidelines with the Director of Student Activities. The Director of Student Activities will train club advisors on the purchasing process and the importance of timely submission of purchase requisitions.”

Gateway CC: “All student organizations are now required to use the Student Activity Payment Request Form to initiate a disbursement from the Student Activity Fund. This form clearly designates the appropriate Student Activity budget to be charged. In addition, the college will continue to provide training for staff responsible for coding to ensure that the appropriate expenditure account code is charged.”

Middlesex CC: “Timing of PSA’s for all activities should be treated the same, regardless of trustee account funding. Communication with the Student Senate will be made in the fall. The college will review all minutes before processing payments for trustee accounts.”

Tunxis CC: “The Business Office will work with the Director of Student Activities and club advisors to make sure they are aware of the timeframe for processing documents.”

## **Termination Payments**

*Criteria:* Core-CT, the state's accounting and human resources system, provides a Checklist for Terminating an Employee, which includes a set of instructions for various employee terminations.

*Condition:* System Office: We reviewed leave and attendance records for 10 employees who terminated from the board of regents in the fiscal years ended June 30, 2012 and 2013. We noted that the leave and attendance records for two former college employees were credited with sick leave and vacation leave for one month after their termination. These accruals were not correctly eliminated in Core-CT. We also noted that the total vacation leave accrual balances for two other employees were not eliminated in Core-CT.

Housatonic CC: We reviewed leave and attendance records for 10 employees who terminated from the college during the audited period. Our audit disclosed one case in which an employee's sick leave balance was not eliminated within Core-CT after the employee separated from the college. Additionally, we noted one case in which an employee's vacation payout was miscalculated, resulting in an underpayment of vacation leave equal to one day, or \$386.

Middlesex CC: We reviewed leave and attendance records for four employees who terminated during the audited period. We noted that the sick leave time for one former employee was not eliminated upon termination.

Northwestern Connecticut CC: We reviewed leave and attendance records for five college employees who terminated in the fiscal year ended June 30, 2012. We noted that the leave and attendance records for two former employees either continued to show leave balances or continued to be credited with leave after their termination.

*Effect:* A termination payment was incorrect and leave balances were overstated at these institutions.

*Cause:* These institutions did not follow Core-CT instructions for employees who terminate their employment.

*Recommendation:* The Board of Regents for Higher Education and the community colleges should ensure that the steps required to eliminate employee leave balances in Core-CT are completed. (See Recommendation 6.)

*Agency Response:* Board of Regents for Higher Education: “BOR management agrees. HR management will review this procedure with staff and ensure this task is included on the checklist for terminating an employee.”

Housatonic CC: “The Human Resources and Payroll Departments will work closer on the termination of any employee that leaves state service. The checklist will be adhered to and any payouts will be double checked within the departments.”

Middlesex CC: “The college will work toward improving clerical processes and implement methodologies to catch and correct human error/mistakes.”

Northwestern Connecticut CC: “We concur with this finding.”

### **Notices of Appointment for Educational Assistants, Part-time Lecturers, and Noncredit Lecturers**

*Criteria:* It is a good business practice to ensure that the notice of appointment is approved before services are provided in order to confirm that the parties involved are in agreement with the terms of the notice.

*Condition:* Capital CC: Our audit of ten payroll transactions in each of the fiscal years disclosed the following:

- In the fiscal year ended June 30, 2012, two appointment forms for one part-time lecturer were signed two and 15 days after the start of the contract period. In addition, the college president signed one of the appointment letters 25 days after the start of the contract period.
- In the fiscal year ended June 30, 2013, appointment forms for two employees were signed one day and four months after the start of the contract period.

Middlesex CC: During our test of payroll charges, we reviewed employment contracts for a sample of educational assistants, part-time lecturers, and noncredit lecturers. We noted five instances in which the signature of either the college or the employee was obtained after the start of the contract period.

Quinebaug Valley CC: We noted three instances in which the college did not sign the notice of appointment for an adjunct faculty member prior to the contractual start date and one instance in which the adjunct faculty member did not sign the contract prior to the start date.

Tunxis CC: We selected a sample of five part-time educational assistants for various testing purposes. From this sample, we noted one instance in which the notice of appointment was accepted by the appointee and approved by the college president three weeks after the starting date of the period of appointment.

*Effect:* Untimely approvals of notices of appointment decrease assurance that both the employee and the college have agreed to the terms before services are provided.

*Cause:* Controls in place were not adequate to prevent these instances of noncompliance from occurring.

*Recommendation:* The Board of Regents for Higher Education and the community colleges should strengthen internal controls over the payroll and human resources functions to ensure that notices of appointment are signed by all parties prior to the start of the appointment period. (See Recommendation 7.)

*Agency Response:* Capital CC: “The College agrees with the findings. In the first instance where the employee signed two days late, please note that the class started on January 17, 2012 and the President (who signs the contract first) signed on the same day. The employee was contacted on January 17, 2012 but did not come to the office until 2 days later to sign the contract. With respect to the contract signed 15 days late, this contract was for a full time faculty member who was assigned to teach an overload course. Overload courses for full time faculty are designated at the very end of the registration period and the very beginning of the academic semester so that it’s the most cost effective for the college and still follows the collective bargaining rules.

The College agrees with the findings. In the first instance, this individual is a full time faculty member and this particular contract was for his overload course. Overload course assignments are done at the very last stages before courses begin so that it is the most cost effective work assignment for the college and yet meets the bargaining agreement requirements. It is significant to mention that the contract must first be signed by the President who signed on the date that the course started. HR received the contract on that same date and contacted the employee to sign. The employee did not respond and sign the document until the following day. In the second instance, the employee was appointed to a full time tenure track position (from a full time special appointment) in 2012. When this appointment took effect, her contract was prepared and erroneously placed in her personnel file without a signature. When this error was discovered, the employee was asked to sign her contract. Since that time, HR has established a list of contracts that require signature and

contract status so that follow up can take place in a more timely fashion.”

Middlesex CC: “The college management team has met and discussed this finding. They have developed a plan to improve internal control processes.”

Quinebaug Valley CC: “The College has alerted Academic Division administration of the importance of processing notices of appointments for adjunct lecturers *prior* to the lecturer’s start date. Academic Division administration will emphasize the importance of processing notices of appointments *prior* to the lecturer’s start date and communicate this to Department Chairs (to be hired in January 2014) and Program Coordinators. Human Resources will continue to emphasize, communicate and highlight this mandatory requirement prior to the start of each semester so as to significantly reduce or completely eliminate these exceptions. The President will review and sign Notices of Appointments as close to the day received. To assure immediate delivery and reduced misplacement of paper work, Notices of Appointments will never be placed in inter-office mail -- they will be hand-delivered to or picked up by the receiving departments (Academics to Human Resources to President’s Office to Human Resources). In addition, to further reduce possible delays in the approval process, the Dean of Administration has been granted signatory authority for employment contracts in the absence of the President.”

Tunxis CC: “Four of the five notices of appointment were signed prior to the start date. One was signed after the start date. The College agrees that notices of appointments should be accepted and approved prior to the start date. The Human Resources Director routinely reminds the management team of this practice. In addition, this goal is shared with all employees via Professional Staff Organization (PSO) reports. The College will continue to stress to all involved parties the importance of timely submission of proper documentation.”

## **Dual Employment**

### *Criteria:*

Section 5-208a of the General Statutes states, “No state employee who holds multiple job assignments within the same state agency shall be compensated for services rendered to such agency during a biweekly pay period unless the appointing authority of such agency or his designee certifies that the duties performed are not in conflict with the employee’s primary responsibility to the agency, that the hours worked on each assignment are documented and reviewed to preclude duplicate payment, and that there is no conflict of interest between the services performed.”

These certification requirements also pertain to employees who hold positions with multiple state agencies.

*Condition:*

Capital CC: We selected a sample of ten employees who held multiple positions within the audited period. From this sample, we noted the following:

- Two instances in which both the employee and the college failed to sign the dual employment form.
- Three instances in which the employees signed the forms after the start of the contract. The forms were signed between one and six days later than required.
- Six instances in which the college signed the forms after the start of the contract. The forms were signed between one and 13 days later than required.
- Two instances in which the dual employment form documented a conflict between the work schedules of an employee holding multiple positions.
- Two instances in which either the employee or the college did not date their signature.

Housatonic CC: Our audit of 8 dual employment situations disclosed one instance in which an employee held multiple positions within the college without the required dual employment certifications in place.

Middlesex CC: We noted three instances of noncompliance with the state's requirement for completing dual employment forms and keeping them on file.

Quinebaug Valley CC: We noted six instances in which the college did not have a dual employment form on file.

*Effect:*

There was less assurance that employees holding multiple state positions had no conflicting duties or schedules between the positions.

*Cause:*

Procedures in place were not sufficient to ensure compliance with dual employment requirements.

*Recommendation:*

The Board of Regents for Higher Education and the community colleges should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes. (See Recommendation 8.)

*Agency Response:* Capital CC: “The College concurs with the findings. These were oversights. The College will ensure that there are multiple reviews of overload contracts.”

Housatonic CC: “The Human Resources and Payroll Departments will work with the Academic Dean’s Office, Academic Department Chairs, the Evening Division and all other departments to ensure compliance with the completion of all Dual Employment Forms for all multiple agency workers and employees at the college who have more than one job. The HR and Payroll departments will establish a method of double checking the compliance of these rules.”

Middlesex CC: “The college management team met and discussed this finding. The new dual employment model for the state is cumbersome to navigate in the time frames that we work under for our part time population. We will continue to provide the best due diligence on this matter and will improve our internal process as it relates to dual employed individuals.”

Quinebaug Valley CC: “This problem was isolated to Lecturers coming from our Community and Professional (CPL) division. Human Resources will focus on the importance of this processing and College compliance with DAS General Letter No. 204 and its requirement that a dual employment form be completed for each state employee who holds multiple state jobs. The College’s Human Resources Department will continue to monitor each non-credit and credit lecturer contract submission to assure that dual employment forms are always completed prior to their start date.”

### **Accounts Receivable Write-offs**

*Criteria:* Section 3-7 of the General Statutes provides that any state agency may write off uncollectible accounts receivable in the amount of \$1,000 or less upon the authorization of the head of the agency. In addition, community college student accounts receivable policies state that, in order to comply with Comptroller’s Memo 2000-15, three collection attempts must be made for student accounts with balances over \$25 before an account is considered for write-off. These collection attempts should be documented by either hard copies or readily retrievable electronic files. The third attempt should be sent by certified mail with a return receipt.

The community colleges have a policy requiring that a hold be placed on a student account that is past due. This hold prevents the student from registering for additional courses until the account is paid in full.

*Condition:* Gateway CC: We selected a sample of ten individual student write-offs for testing purposes. From this sample, we noted the following:

- A batch of student accounts totaling \$46,356 was written off in Banner, the college's information system, on December 21, 2012. OPM approval of these write-offs was dated January 14, 2013, 14 business days later.
- One student account was written off, but there was no hold placed on the student's account in Banner.

Naugatuck Valley CC: We reviewed ten accounts receivable that were written off in fiscal year 2012. We noted that in three instances, only one past-due notice was sent to the student, and in two instances only two notices were sent. Additionally, the college does not send the final overdue notice via certified mail. We also noted one instance in which the college did not review one student's account before sending it to a collection agency. The student had paid the bill but it was posted to the incorrect semester.

Northwestern Connecticut CC: We reviewed five accounts receivable that were written off in fiscal year 2012. We noted that, in two instances, documentation of the first and second collection attempts was not maintained in the student file. We also noted in those instances that the third notice was not sent via certified mail.

*Effect:* These colleges were not in compliance with accounts receivable write-off policies and procedures.

*Cause:* Internal controls were insufficient to prevent these instances of noncompliance.

*Recommendation:* The Board of Regents for Higher Education and the community colleges should improve internal controls related to accounts receivable write-offs. (See Recommendation 9.)

*Agency Response:* Gateway CC: "The college believes these to be isolated incidents. The college does require OPM's approval before writing off any account over \$1,000. In December 2012, the cashier's office was acclimating to a staffing reduction and was in the midst of the heavy winter and spring registration periods. The batch cited was immediately identified when it

was inadvertently posted by a staff member just learning the write-off process. After considering the workload demands, the supervisor decided to monitor the batch on a daily basis pending the approval from OPM. As noted in the finding, OPM did approve the batch so no further action was required. Nevertheless, the batch would have been immediately reversed had this not been the case. The absence of the hold was an oversight that occurred during the same period.”

Naugatuck Valley CC: “The College will comply with community college and State Comptroller's Memo 2000-15. It was the college's understanding that first notification of an amount due is provided to the student at registration, the second is after the financial aid is posted in October, and the third collection attempt may be made by a collection agency. Documentation to accounts receivable billing is not available in the Banner system and during this time period in an attempt to cut costs, the college did not make hard copies of each bill sent to students. The college did have copies of handwritten notations that the students were sent at least two additional notices after the amount due is handed to the student when given their schedule/bill. Since the spring of 2010, the college had begun keeping copies of the notices sent. The cost of the certified letters was a major consideration the volume that NVCC would have to send and the reason that they were not sent in that manner. The College will adjust for the interpretation of the receivable on student accounts will conform to the write off process and procedures. The College will restructure the internal control over the accounts receivable in order to minimize mistakes. This restructuring will consist of an additional person checking for accuracy before sending the account to collections. To date, the college has already requested that the Board of Regents System Office work with the Comptrollers’ office on our behalf to address the need for the certified letters but in the meantime will incur the additional expense of sending the letters certified.”

Northwestern Connecticut CC: “We concur with this finding.”

### **Expenditures Controls – Middlesex CC and Northwestern Connecticut CC**

*Criteria:* Accurate reporting of expenditures requires that purchases be coded to the correct account. In addition, proper internal control over purchasing requires that commitment documents be properly authorized prior to receipt of goods or services.

*Condition:* Middlesex CC: We selected ten expenditures from each fiscal year during the audited period for testing. From this sample, we noted one instance in the fiscal year ended June 30, 2013, in which an expenditure for the

removal of chemical waste was charged to account 7315 – Educational Supplies, rather than to account 7215H – Hazardous Waste Removal.

Northwestern Connecticut CC: From a sample of ten expenditure transactions during fiscal year 2012, we noted the following exceptions:

- One expenditure for IT services in the amount of \$17,220 was coded to noncapital equipment and should have been coded to an IT services account. We also noted a student activity fund expenditure for hotel accommodations that was coded to fees rather than travel.
- We noted one instance in which services were received prior to authorization of the purchase requisition and purchase order. Authorization occurred seven weeks after the receipt of the related services.

*Effect:* Expenditure amounts were reported incorrectly, and internal control over purchasing is weakened when goods or services are received prior to proper authorization.

*Cause:* Human error appears to be the cause of these issues.

*Recommendation:* Middlesex Community College and Northwestern Connecticut Community College should improve internal controls over expenditures. (See Recommendation 10.)

*Agency Response:* Middlesex CC: “The college agrees that this is a human error, selecting the wrong account code. The college has updated the requisition forms to include a listing of account codes for employees to select from.”

Northwestern Connecticut CC: “We concur with this finding.”

### **Approval of Employee Timesheets**

*Criteria:* Sound internal control requires the preparation of timesheets or equivalent documentation, signed by the employee’s supervisor, to support time worked during a particular pay period. These records provide some assurance that an employee actually provided services during the time period for which they were paid.

*Condition:* System Office: We selected for testing 20 regular payroll transactions during the audited period. During our review, we noted one instance in which a departmental timesheet was not signed by the supervisor.

Housatonic CC: We reviewed 20 regular payroll transactions during the audited period. During our review, we noted two cases in which employee timesheets were not signed by a supervisor.

*Effect:* The lack of supervisory approval decreased assurance that the employees actually provided services during the time period for which they were paid.

*Cause:* There was a weakness in controls related to the supervisory review of employee timesheets.

*Recommendation:* The Board of Regents for Higher Education and Housatonic Community College should improve internal control over timesheet approval. (See Recommendation 11.)

*Agency Response:* Board of Regents for Higher Education: “In 2014 the BOR system office successfully transitioned all of its employees to Core-CT Time and Labor self-service. All BOR time entry and approvals now occur electronically with Core.”

Housatonic CC: “Occasionally because of absences of Department Supervisors a card may be submitted without supervisors’ signatures. When the supervisor returns they are contacted to sign and approve these timecards. Apparently these cards were missed and then filed away. Based on these findings we have instituted a method to have all time cards double checked by members of the Payroll Department to eliminate the possibility of missing signatures of supervisors.”

### **Daycare Center Receipts – Gateway CC**

*Background:* Gateway Community College operates the Early Learning Center (ELC), a daycare center for the benefit of students, faculty, staff, and the general public. The center generated revenues of \$214,590 in the fiscal year ended June 30, 2012, and \$161,140 in the fiscal year ended June 30, 2013.

*Criteria:* The Early Learning Center’s policies and procedures state that payment is due each Friday for the upcoming school week. Late payment notices are sent to the parent when the ELC becomes aware of a delinquent account. When an account becomes delinquent, the child is not allowed to attend until the payment is made.

*Condition:* We selected ten receipts related to delinquent accounts. Our testing of these late payments noted that there was no documentation of an investigation into the delinquent accounts or any follow-up procedures

performed regarding the late payments by either the Business Office or the Early Learning Center. The payments we reviewed were made between one and six weeks later than required in the parent's Early Learning Center Services Agreement.

*Effect:* The Early Learning Center was not always in compliance with its own policies and procedures.

*Cause:* Based on our discussions with ELC staff, written and/or verbal communications with the parent on a delinquent account may occur, but these communications are not documented.

*Recommendation:* Gateway Community College should improve internal controls over revenues at the Early Learning Center. (See Recommendation 12.)

*Agency Response:* Gateway CC: "The Early Learning Center will review established procedures for handling delinquent accounts to ensure that internal controls over receivables are maintained."

### **Improper Use of Petty Cash Fund – Capital CC**

*Criteria:* The State Accounting Manual generally limits the use of a petty cash fund to transactions of \$50 or less, except for emergencies.

*Condition:* We identified 27 petty cash disbursements related to Student Activity Trustee Account transactions that exceeded the \$50 limit. These disbursements were between \$75 and \$1,660. None of these expenditures would be classified as an emergency.

*Effect:* There were numerous improper uses of the petty cash fund.

*Cause:* The college did not sufficiently monitor use of the fund.

*Recommendation:* Capital Community College should use its petty cash fund strictly for allowable purposes. (See Recommendation 13.)

*Agency Response:* Capital CC: "The College agrees with the finding. The Bursar's Office shall follow the State Accounting Manual for petty cash funds to be used for necessary operating items, not to exceed \$50."

**Employee Overpayment – Middlesex CC**

*Criteria:* The Congress of Connecticut Community College (4Cs) Bargaining Agreement contains a section titled “Agreement for Part-Time Employees.” Included in this section are compensation rates for educational assistants (EA). The hourly compensation for EAs is based on their highest college degree obtained.

*Condition:* In our review of payroll charges, we noted that an EA was compensated at an hourly rate of \$24.94, the rate paid to an EA who has obtained a bachelor’s degree. Additional documentation disclosed that the employee had obtained an associate’s degree. The hourly compensation rate for an EA with this degree is \$21.54. Therefore, this employee was overpaid by \$3.40 per hour.

Further review noted that this condition has existed since October 2007.

*Effect:* This employee was overpaid by \$3.40 per hour. Similar overpayments have been made since October 2007.

*Cause:* The cause is unknown.

*Recommendation:* Middlesex Community College should determine total overpayments made to an employee and seek restitution in accordance with applicable policies. (See Recommendation 14.)

*Agency Response:* Middlesex CC: “The college agrees that the employee does not hold a bachelor’s degree; however, the rate was determined based on the duties of the job in which she is performing. This is an allowable “exception appointment” based on the unique job characteristics and qualities that this incumbent brings to the position. The employee is dually employed as full time Academic Associate for our college and this Saturday Academy work is an extension of her duties as well as other administrative and facilities coordination. The college agrees that there should have been an exception appointment noted for this instance and will correct this moving forward.”

*Auditors’ Concluding*

*Comment:* We have reviewed the 4Cs Bargaining Agreement and there were no provisions for an “exception appointment” based on unique job characteristics and qualities. We also contacted the college asking for documentation of this employee’s unique job characteristics and qualities. We received no response to this inquiry.

**Correction of Attendance and Leave Records Errors from Previous Years – Middlesex CC**

- Background:* Previous audits at the college have noted that attendance and leave records for part-time employees appeared to include incorrect sick and vacation leave balances as of June 30, 2005. An information system error resulted in inaccuracies in Core-CT records of leave time accruals for part-time employees on a state-wide basis after the implementation of Core-CT in October 2003. This problem was corrected in May 2005, but it was the responsibility of each state agency to retroactively correct the leave balances of part-time employees that occurred prior to May 2005. Subsequent audits have noted that the corrections were not made.
- Criteria:* Leave and attendance records should be maintained in accordance with applicable bargaining agreement contracts and board of regents' personnel policies.
- Condition:* During our current test of payroll procedures, we identified a part-time employee whose employment dates back to 2003. It appears that this employee's leave and attendance records for the period prior to May 2005 have not been corrected.
- In addition, the records for a similar employee that we presented to the college in our previous audit have not been adjusted. We also noted that the college has not taken steps to identify the overall population of employees potentially affected by the original error and make the necessary corrections to their leave and attendance records.
- Effect:* Leave and attendance records for employees and former employees who worked on a part-time basis prior to May 2005 continue to be incorrect.
- Cause:* The college has not made it a priority to identify the employees affected by the original error and make the necessary corrections.
- Recommendation:* Middlesex Community College should identify all current and former employees affected by a Core-CT implementation error prior to May 2005 and make the necessary corrections. (See Recommendation 15.)
- Agency Response:* Middlesex CC: "The College will perform a full audit of all part time employee leave accrual records and adjust accordingly."
- Auditor's Concluding Comment:* We contacted the college and made them aware that correction will have to be made for any employee who was affected by the original error and has since retired.

**Foundation Matter – Northwestern Connecticut CC**

- Criteria:* Section 4-37f subsection (8) of the General Statutes requires audit reports for foundations affiliated with state agencies to include an opinion that addresses the foundation’s conformance with Sections 4-37e through 4-37i of the General Statutes and recommends corrective action needed to ensure such conformance.
- Condition:* We reviewed the Independent Auditor’s Report for the Northwestern Community College Foundation and Regional Advisory Council for the fiscal year ended December 31, 2011. We noted that the audit opinion did not address the conformance of the operating procedures of the foundation with the provisions of sections 4-37e to 4-37i.
- Effect:* The foundation did not fully comply with Section 4-37f subsection (8) of the General Statutes.
- Cause:* The independent auditor believed that addressing the foundation’s conformance with Sections 4-37e through 4-37i of the General Statutes was only necessary if the foundation participated in the state matching program.
- Recommendation:* Northwestern Connecticut Community College should ensure that the audit report of its affiliated foundation addresses compliance with Sections 4-37e through 4-37i of the General Statutes. (See Recommendation 16.)
- Agency Response:* Northwestern Connecticut CC: “We concur with this finding.”

**Required Notification of the Auditors of Public Accounts and the State Comptroller of Unsafe Handling of State Funds or Resources – Quinebaug Valley CC**

- Criteria:* Section 4-33a requires all state agencies to promptly notify the Auditors of Public Accounts and the State Comptroller of any unsafe handling of state funds or resources.
- Condition:* Our office became aware of two instances of unsafe handling of state funds at the Willimantic Student Center. The first incident occurred in February 2011. Cash belonging to a student who wanted to register for a course was missing from the front desk area. The funds were in the custody of the Willimantic Student Center for approximately one week while the availability of an opening in the course for the student was being determined. The funds went missing during this time. These funds were not recovered.

The second incident occurred in August 2011. Cash was received from a student and the student received a receipt for the funds. Approximately one week later, the student complained to the Cashier's Office that they hadn't been credited for the payment. These funds were also not recovered.

*Effect:* The college was not in compliance with the statutory requirement.

*Cause:* The college was unaware of the requirement.

*Recommendation:* Quinebaug Valley Community College should comply with Section 4-33a of the General Statutes, which requires an agency to notify the Auditors of Public Accounts and the State Comptroller of any unsafe handling of state funds or resources. (See Recommendation 17.)

*Agency Response:* Quinebaug Valley CC: "The College was not aware of this requirement; however it did alert the Willimantic Police department in each instance of theft. In both case, the Willimantic police were unable to identify the culprit(s) and recover the lost funds. The College has put in place more stringent processing rules that apply to the receipt of money at Willimantic, including no longer accepting cash. Future unsafe handling of State funds or resources will be reported to the State Comptroller's office in compliance with Section 4-33a as noted."

**Leave Accruals for Employees who Work as Temporary Service in a Higher Class – Manchester CC**

*Criteria:* Leave records should be maintained accurately so that employees are aware of their actual balances.

*Condition:* We selected a total of 20 employees for payroll testing in the audited period. From this sample, we noted that one employee had an inaccurate vacation leave balance and another employee did not receive sick and vacation leave accruals for one month.

*Effect:* The leave balances for these employees were incorrect.

*Cause:* Each of the employees was working as Temporary Service in a Higher Class when these discrepancies occurred. The recordkeeping for this type of employee requires special processing in Core-CT.

*Recommendation:* Manchester Community College should strengthen internal controls over the processing of leave accruals for employees who work as Temporary Service in a Higher Class. (See Recommendation 18.)

*Agency Response:* Manchester CC: “The College will strengthen internal controls over the processing of leave accruals for employees who work as Temporary Service in a Higher Class.”

**Initiation of the Procurement Process – Gateway CC**

*Criteria:* Section 3.0 of the *Community-Technical Colleges Agency Purchasing Policies* states, “All purchases shall be authorized at two levels – functional end-user approved by a representative of the using department...” and by “financial/purchasing approval by an individual with commitment authority.” These requirements are evident by an approved requisition and purchase order.

Section 5.3 of the *Agency Purchasing Policies* further states, “...the purchase order serves as the legal order. No such award or purchase is valid without a completed, properly authorized purchase order being issued to the vendor to document the products and/or services, cost, and other terms and conditions of the agreement. Additionally, the purchase order serves as the document which encumbers funds in the financial system, and therefore a purchase order is required for all vendor awards.”

*Condition:* Our testing disclosed two instances in which an approved requisition and purchase order were not prepared to encumber funds in advance of services being rendered or goods received.

*Effect:* The college is not in compliance with the policies and procedures outlined in the *Community-Technical Colleges Agency Purchasing Policies* regarding purchase requisitions and purchase orders.

*Cause:* The college does not always prepare a purchase requisition and a purchase order prior to procurement.

*Recommendation:* Gateway Community College should comply with the *Community-Technical Colleges Agency Purchasing Policies* regarding purchase requisitions and purchase orders. (See Recommendation 19.)

*Agency Response:* Gateway CC: “The college will continue to review existing purchasing policies with faculty and staff to ensure that proper authorization is obtained prior to the purchase of goods and services.”

**Property Control – Dental Hygiene Program – Tunxis CC**

*Criteria:* The Connecticut Community Colleges’ *Fixed Asset Inventory and Accounting Policy* sets the standards for property control.

*Condition:* We selected two recent equipment purchases by the Dental Hygiene Program for inventory testing. During our testing, we noted that no single staff member appeared to be responsible for the equipment items in the dental hygiene area. We also noted that equipment is stored in various cabinets in the dental hygiene area. It was uncertain which specific cabinets contained which pieces of equipment.

*Effect:* There was a lack of control over equipment items in the dental hygiene area.

*Cause:* The Dental Hygiene Program does not place appropriate emphasis on property control.

*Recommendation:* Tunxis Community College should improve internal control over to equipment related to the Dental Hygiene Program. (See Recommendation 20.)

*Agency Response:* Tunxis CC: “The College complies with the *Fixed Asset Inventory and Accounting Policy*. Banner Fixed Assets assigns a custodian to each inventory item. The Dental Hygiene program located all items requested by the auditors.

The Dental Hygiene program has multiple pieces of expensive equipment that are accessed by faculty, staff and students. Dental Hygiene faculty are diligent in making sure equipment is handled properly and safely stored when class or clinical work is completed. Because multiple individuals handle equipment, occasionally a piece of equipment may be stored in a different location. There has been no occurrence of loss or theft of equipment in the Dental Hygiene program.

The College will stress to the employees in the Dental Hygiene program to be vigilant in handling and storage of equipment as well as the role of the custodian in safekeeping equipment.”

**Services Rendered Without a Valid Contract in Place – Tunxis CC**

*Criteria:* A contract for services rendered must be approved by both the college and the vendor prior to work being performed.

- Condition:* The college engaged a vendor to produce a new campus master plan during the winter of 2011 and spring of 2012. The college was told that a contract between the system office and the vendor was in place for these services.
- Effect:* The college incurred expenditures without having a valid contract in place.
- Cause:* The college was told by the system office that a contract with this vendor was in place; the college later learned that there was no such contract.
- Recommendation:* Tunxis Community College should ensure that a valid contract is in place prior to incurring expenditures for services. (See Recommendation 21.)
- Agency Response:* Tunxis CC: “The College needed to update its Master Plan. System Office staff directed the college to work with a specific vendor. The College was led to believe that there was a system-wide contract in place for this work. While the Master Plan was being developed, it was discovered that no contract was in place.
- The College agrees that a contract for services must be approved by the appropriate parties before the vendor commences work. The System Office acknowledges this oversight. In the future, the College will make sure to have a hard copy of any system-wide contract before engaging with a vendor.”

### **Noncompliance with Records Retention Schedule – Tunxis CC**

- Criteria:* Records retention schedules are published by the Connecticut State Library. The schedule applicable to contracts for state agencies requires retention for the term of the contract or until audited, whichever is later.
- Condition:* We selected 15 contracts for testing purposes. The college was unable to provide us with one of the personal service agreements in our sample.
- Effect:* The college was not in compliance with the records retention schedule published by the Connecticut State Library.
- Cause:* The cause is unknown.
- Recommendation:* Tunxis Community College should comply with the records retention schedule published by the Connecticut State Library. (See Recommendation 22.)

*Agency Response:* Tunxis CC: “The College makes every effort to comply with the state records retention schedule and requests permission to dispose of records in accordance with the appropriate schedules. In this particular instance, the personal service agreement in question could not be found after an extensive search of the files. Human error caused the misplacement of the file. The College will be more diligent with documentation.”

### **Petty Cash Bank Account Reconciliations – Northwestern Connecticut CC**

*Criteria -* Sound internal control over petty cash accounts requires that the individual responsible for disbursement from the account should not be the same individual who receives the bank statements and prepares and reviews the bank account reconciliations.

*Condition -* Our review of the petty cash account reconciliations disclosed a lack of segregation of duties, because the employee responsible for the account receives the bank statements and performs the reconciliations.

*Effect -* Internal control over the petty cash bank account is weak due to a lack of segregation of duties.

*Cause -* The college indicated that the deficiency was due to a lack of personnel.

*Recommendation -* Northwestern Connecticut Community College should improve internal control over the petty cash account. (See Recommendation 23.)

*Agency Response -* Northwestern Connecticut CC: “We concur with this finding.”

### **Disaster Recovery Plan**

*Criteria:* An information technology disaster recovery plan that addresses the resumption of business operations should a disaster occur is an important planning tool for information technology security.

*Condition:* The former system office had initiated steps toward addressing this matter, but the plan was never completed. The Board of Regents for Higher Education is in the process of merging the information technology operations of the community colleges and the state universities. The current disaster recovery plan does not include the community colleges’ information technology system.

- Effect:* The lack of a formal information technology disaster recovery plan could impair the resumption of certain operations in the community colleges if a disaster were to occur.
- Cause:* The current disaster recovery plan for the Board of Regents for Higher Education covers the state universities, but does not include the community colleges. The plan will be revised after the merger of the two information technology infrastructures is completed. This is currently still in process.
- Recommendation:* The Board of Regents for Higher Education should revise its current information technology disaster recovery plan to include the community colleges. (See Recommendation 24.)
- Agency Response:* Board of Regents for Higher Education: “The BOR has signed a contract with a vendor for the development of the DR plan as one of the deliverables. Since this project requires moving several strategic applications to virtual servers, prior to replicating the data to the cloud, the overall project plan will likely be six to 12 months depending on workload. The project kick off is set for March 2015.”

### **Software Inventory – Northwestern Connecticut CC**

- Criteria -* The state property control manual requires that state agencies maintain a software inventory to track and control software.
- Condition -* We found one expenditure for software that was not recorded on the college’s software inventory list.
- Effect -* The college’s software inventory was not accurate.
- Cause -* Human error was the cause for this condition.
- Recommendation -* Northwestern Connecticut Community College should take steps to ensure that the software inventory is complete. (See Recommendation 25.)
- Agency Response -* Northwestern Connecticut CC: “We concur with this finding.”

## RECOMMENDATIONS

### *Status of Prior Audit Recommendations:*

As noted in a prior section of this report, our audit approach for the Connecticut Community College System involves treating the system as a single entity and performing audit site visits at a sample of colleges within the system. The results of our audit are disclosed in one audit report covering the entire system. The following summarizes the recommendations presented in our prior audit and the current status of those prior recommendations.

### **The former System Office (Board of Regents for Higher Education):**

- *The Board of Regents should ensure that affidavits and certifications are obtained in compliance with regulations related to community college purchasing. No reoccurrences were noted in the current audit, and the recommendation is not being repeated.*
- *The Board of Regents should improve internal controls over personal service agreements previously administered by the community colleges system office. Similar conditions were noted, and the finding is being repeated. (See Recommendation 1.)*
- *The Board of Regents should complete the policies required by Public Act 07-166, Section 12 to monitor the activity of any community college faculty member who enters into a consulting agreement or engages in a research project with a public or private entity. The Board of Regents has adopted a policy and procedures to comply with the Public Act, and the recommendation is not being repeated.*
- *The Board of Regents should obtain proper authorizations prior to ordering goods or services that were previously administered by the community colleges system office. We did not note any exceptions in this area in our current audit. The recommendation is not being repeated.*
- *The Board of Regents should ensure compliance with the Community College System's Purchasing Card Policy and Procedures Manual. An instance of noncompliance was noted in the current review, and the recommendation is being restated and repeated. (See Recommendation 3.)*
- *The Board of Regents should revise its current information technology disaster plan to include the community colleges. In our discussions with the Board of Regents, we were told that the current plan does not include the community colleges. Therefore the recommendation is being repeated. (See Recommendation 24.)*

### **Capital Community College:**

- *Capital Community College should require part-time lecturers to submit timesheets supporting time worked. This recommendation is being repeated. (See Recommendation 2.)*
- *Capital Community College should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes. In our current audit, we noted several instances of noncompliance. The recommendation is being repeated. (See Recommendation 8.)*

- *Capital Community College should ensure that all established policies and procedures related to personal service agreements are followed. In our current review, similar reoccurrences were noted, and the recommendation is being repeated. (See Recommendation 1.)*
- *Capital Community College should ensure compliance with the Community College System's Purchasing Card Policy and Procedures Manual. We did not note any exceptions in this area in our current audit. The recommendation is not being repeated.*

**Gateway Community College:**

- *Gateway Community College should require part-time lecturers to submit timesheets supporting time worked. This recommendation is being repeated. (See Recommendation 2.)*
- *Gateway Community College should ensure that proper authorization is obtained prior to the purchase of goods or services. Similar weaknesses were noted in the current audit, and the recommendation is being repeated. (See Recommendation 19.)*
- *Gateway Community College should ensure that all established policies and procedures related to personal service agreements are followed. Testing in the current audit disclosed similar instances of noncompliance, and the recommendation is being repeated. (See Recommendation 1.)*
- *Gateway Community College should implement a reliable procedure through which the payroll department is promptly notified when a course is cancelled in order to prevent an overpayment. Improvement was noted in the current audit, and the recommendation is not being repeated.*
- *Gateway Community College should improve its bank deposit procedures to comply with the prompt deposit requirements of Section 4-32 of the General Statutes. The college has received a waiver to Section 4-32 of the General Statutes from the State Treasurer's Office covering the time it takes the armored car to deliver receipts to the bank. The recommendation is not being repeated.*
- *Gateway Community College should improve internal controls over the receipts process and ensure that all deposit documents are in agreement with their supporting Banner documentation. There were no reoccurrences noted in the current audit. The recommendation is not being repeated.*
- *Gateway Community College should strengthen controls over student-run revenue generating events and improve compliance with the State of Connecticut's Accounting Procedures Manual for Activity and Welfare Funds. In our current audit, we noted that the college was in compliance with requirements. This recommendation is not being repeated.*
- *Gateway Community College should ensure compliance with the Community College System's Purchasing Card Policy and Procedures Manual. Improvement was noted in the current audit and the recommendation is not being repeated.*
- *Gateway Community College should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes. No instances of noncompliance were noted in the current audit. The recommendation is not being repeated.*

**Housatonic Community College:**

- *Housatonic Community College should strengthen controls over the payroll and human resources functions by ensuring that employment contracts are signed by all appropriate parties in a timely manner.* Testing in the current audit noted no exceptions. The recommendation is not being repeated.
- *Housatonic Community College should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes.* Similar instances of noncompliance were noted during the current year audit. The finding is being repeated in modified form. (See Recommendation 8.)
- *Housatonic Community College should strengthen controls over student-run revenue generating events and improve compliance with the State of Connecticut's Accounting Procedures Manual for Activity and Welfare Funds.* Our current review noted no exceptions. The recommendation is not being repeated.
- *Housatonic Community College should improve internal controls over inventory.* Improvement was noted in the current audit, and the recommendation is not being repeated.

**Manchester Community College:**

- *Manchester Community College should improve internal controls related to part-time lecturer and educational assistant employment contracts. Controls over the timesheets of educational assistants should also be improved.* This recommendation is being restated and repeated. (See Recommendation 2.)
- *Manchester Community College should ensure compliance with the Community College System's Purchasing Card Policy and Procedures Manual.* We noted several instances of noncompliance in our current audit, and the recommendation is being repeated. (See Recommendation 3.)
- *Manchester Community College should ensure that all established policies and procedures related to personal service agreements are followed.* Similar conditions were noted, and the finding is being repeated. (See Recommendation 1.)
- *Manchester Community College should issue billings related to the Great Path Academy magnet school in a more timely manner.* Testing in the current audit noted improvement in this area, and the finding is not being repeated.

**Middlesex Community College:**

- *Middlesex Community College should implement procedures to ensure that its internal controls are formally evaluated and documented on an annual basis.* The college was in compliance with this requirement, and the recommendation is not being repeated.
- *Middlesex Community College should improve internal controls over termination payments and should also ensure that the steps required to terminate employee leave balances in Core-CT are completed.* Based on testing conducted in our current audit, this finding is being repeated. (See Recommendation 6.)
- *Middlesex Community College should make it a priority to review leave balance records*

*for all part-time employees who may have been affected by a Core-CT system error. This recommendation is being restated and repeated. (See Recommendation 15.)*

- *Middlesex Community College should make it a priority to review Core-CT human resources, payroll, and time and labor roles and assign duties that will ensure the segregation of duties. The conflicting roles that were noted in the previous audit have been corrected. The recommendation is not being repeated.*
- *Middlesex Community College should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes. Similar conditions were noted, and the finding is being repeated. (See Recommendation 8.)*
- *Middlesex Community College should improve internal controls related to educational assistant employment contracts. Controls over the timesheets of educational assistants should also be improved. This recommendation is being restated and repeated. (See Recommendation 7.)*
- *Middlesex Community College should comply with State Comptroller's memo 2000-15, Section 3-7 of the General Statutes, and internal control procedures as they relate to the write-off of accounts receivable. Based on testing conducted in the current audit, this finding is not being repeated.*
- *Middlesex Community College should ensure that all established policies and procedures related to personal service agreements are followed. Numerous instances of noncompliance were noted in our current audit, and the recommendation is being repeated. (See Recommendation 1.)*
- *Middlesex Community College should improve internal controls over inventory. Testing in the current review disclosed several reoccurrences, and the recommendation is being repeated. (See Recommendation 4.)*

**Naugatuck Valley Community College:**

- *Naugatuck Valley Community College should improve internal controls over inventory. We noted no findings in the current audit.*
- *Naugatuck Valley Community College should ensure compliance with the Community College System's Purchasing Card Policy and Procedures Manual. Improvement was noted in the current audit, and the recommendation is not being repeated.*

**Northwestern Connecticut Community College:**

- *Northwestern Connecticut Community College should improve internal control to comply with the competitive quotation requirements of the Community Colleges' Agency Purchasing Policies. No reoccurrences were noted, and the recommendation is not being repeated.*
- *Northwestern Connecticut Community College should structure the purchasing process so that a proper separation of duties exists between the requisitioning department and the department responsible for purchasing decisions. Our review in the current audit noted that a greater segregation of duties has been implemented. The recommendation is not being repeated.*
- *Northwestern Connecticut Community College should improve internal controls over*

- student activity trustee account purchases.* Improvement was noted in the current review, and the recommendation is not being repeated.
- *Northwestern Connecticut Community College should review practices used to assign account codes for purchasing transactions.* Our current audit noted similar conditions, and the recommendation is being repeated. (See Recommendation 10.)
  - *Northwestern Connecticut Community College should review the equipment purchases related to the nursing program and make corrections to inventory records to ensure their accuracy.* Testing in the current audit revealed similar weaknesses. The recommendation is being restated and repeated. (See Recommendation 4.)
  - *Northwestern Connecticut Community College should improve its bank deposit procedures to comply with the prompt deposit requirements of Section 4-32 of the General Statutes.* The college has received a waiver to Section 4-32 of the General Statutes from the State Treasurer's Office covering the time it takes the armored car to deliver receipts to the bank. The recommendation is not being repeated.
  - *Northwestern Connecticut Community College should take steps to ensure that returned checks are promptly posted to student accounts. Furthermore, student accounts should be adequately researched before adjustments are made.* Instances of noncompliance were noted in the current audit. The recommendation is being restated and repeated. (See Recommendation 9.)
  - *Northwestern Connecticut Community College should require part-time lecturers to submit timesheets supporting time worked.* This recommendation is not being repeated.
  - *Northwestern Connecticut Community College should improve internal controls over leave and attendance records.* We found no attendance and leave errors in our testing. Therefore, the recommendation will not be repeated.
  - *Northwestern Connecticut Community College should ensure that it is familiar with the terms of bargaining unit contracts and the effect of agreements supplementing those contracts.* Our review of payroll disclosed no exceptions. Therefore, the recommendation will not be repeated.

**Quinebaug Valley Community College:**

- *Quinebaug Valley Community College should require part-time lecturers to submit timesheets supporting time worked.* This recommendation is being repeated. (See Recommendation 2.)
- *Quinebaug Valley Community College should ensure compliance with the Community College System's Purchasing Card Policy and Procedures Manual.* No exceptions were noted in the current audit, and the recommendation is not being repeated.
- *Quinebaug Valley Community College should improve internal control in order to comply with the competitive quotations requirements of the Community Colleges' Agency Purchasing Policies.* No reoccurrences were noted, and the recommendation is not being repeated.
- *Quinebaug Valley Community College should improve controls so that expenditures are charged to the correct department.* Improvement was noted in our current review, and the recommendation is not being repeated.

- *Quinebaug Valley Community College should improve internal controls over inventory. We noted no exceptions in the current audit, and the recommendation is not being repeated.*

**Tunxis Community College:**

- *Tunxis Community College should improve its bank deposit procedures to comply with the prompt deposit requirements of Section 4-32 of the General Statutes. The college has received a waiver to Section 4-32 of the General Statutes from the State Treasurer's Office. The waiver consists of two business days for receipts collected by armored car. Receipts must be picked up by the armored car service within 24 hours of receipt. The recommendation is not being repeated.*
- *Tunxis Community College should improve internal controls over student activity trustee account purchases. Similar exceptions were noted in our current review, and the recommendation is being repeated. (See Recommendation 5.)*
- *Tunxis Community College should require part-time lecturers to submit timesheets supporting time worked. This recommendation is not being repeated.*
- *Tunxis Community College should improve internal controls related to equipment used by the dental hygiene program. Our current audit disclosed similar exceptions, and the recommendation is being repeated. (See Recommendation 20.)*
- *Tunxis Community College should ensure that all established policies and procedures related to personal service agreements are followed. Improvement was noted in the current audit, and the recommendation is not being repeated.*

*Current Audit Recommendations:*

- 1. The Board of Regents for Higher Education should improve internal controls over personal service agreements. In addition, the colleges should ensure that all established policies and procedures related to PSAs are followed.**

Comment:

Weaknesses in the administration of PSAs were noted at the community colleges former system office, Capital Community College, Gateway Community College, Manchester Community College, Middlesex Community College, and Naugatuck Valley Community College.

- 2. The Board of Regents for Higher Education should implement a policy that requires all part-time lecturers to submit timesheets to their supervisors, and require the supervisor's signature and transmittal to the payroll department, as a means of documenting services performed. Alternatively, the board of regents should implement a system that requires, for each term, independent documented certification that part-time lecturers completed their appointed course work.**

Comment:

Testing performed at Capital Community College, Housatonic Community College, Manchester Community College, Middlesex Community College, and Quinebaug Valley Community College noted that these colleges do not require part-time lecturers to submit timesheets to support time worked.

- 3. The Board of Regents for Higher Education and the community colleges should ensure compliance with the Community College System's Purchasing Card Policy and Procedures Manual.**

Comment:

Instances of noncompliance with the Purchasing Card Policy and Procedure Manual were noted at the community colleges former system office, Manchester Community College, Middlesex Community College, Northwestern Connecticut Community College, and Tunxis Community College.

- 4. The Board of Regents for Higher Education and the community colleges should improve internal controls over inventory.**

Comment:

In the course of our reviews, we noted instances of equipment located at different colleges than the location listed in the inventory records, missing bar codes,

inconsistencies in serial numbers, lost equipment, equipment still in the original packaging two years after purchase, and incomplete inventory records at the former system office, Gateway Community College, Middlesex Community College, and Northwestern Connecticut Community College.

- 5. The Board of Regents for Higher Education and the community colleges should improve internal control over Student Activity Trustee Account purchasing.**

Comment:

We noted the need for improvement in student activity trustee account purchases at Capital Community College, Gateway Community College, Middlesex Community College, and Tunxis Community College.

- 6. The Board of Regents for Higher Education and the community colleges should ensure that the steps required to eliminate employee leave balances in Core-CT are completed.**

Comment:

Our audit disclosed an instance at Housatonic Community College in which an employee's vacation payout was miscalculated. We also noted that leave and attendance records were not eliminated for terminated employees at the former system office, Housatonic Community College, Middlesex Community College, and Northwestern Connecticut Community College.

- 7. The Board of Regents for Higher Education and the community colleges should strengthen internal controls over the payroll and human resources functions to ensure that notices of appointment are signed by all parties prior to the start of the appointment period.**

Comment:

We noted numerous instances in which employee appointment forms were not signed by the college and/or the employee prior to the start of the appointment period at Capital Community College, Middlesex Community College, Quinebaug Valley Community College, and Tunxis Community College.

- 8. The Board of Regents for Higher Education and the community colleges should improve compliance with the dual employment requirements of Section 5-208a of the General Statutes.**

Comment:

Our testing disclosed that, in some dual employment situations, there was a lack of

certification that no conflict existed between the positions held. We also noted instances of dual employment forms not being properly completed at Capital Community College, Housatonic Community College, Middlesex Community College, and Quinebaug Valley Community College.

**9. The Board of Regents for Higher Education and the community colleges should improve internal controls related to accounts receivable write-offs.**

Comment:

We noted instances of noncompliance with state requirements at Gateway Community College, Naugatuck Valley Community College, and Northwestern Connecticut Community College. We also noted an instance at Gateway Community College in which a student account was written off, but there was no hold placed on the student's account in Banner.

**10. Middlesex Community College and Northwestern Connecticut Community College should improve internal controls over expenditures.**

Comment:

We noted coding errors at Middlesex Community College and Northwestern Connecticut Community College. We also noted the untimely approval of purchasing documents at Northwestern Connecticut Community College.

**11. The Board of Regents for Higher Education and Housatonic Community College should improve internal control over timesheet approval.**

Comment:

We noted instances of timesheets without supervisory approval at these institutions.

**12. Gateway Community College should improve internal controls over revenues at the Early Learning Center.**

Comment:

Our testing revealed that there was no documentation of any investigation into delinquent accounts at the daycare center. We also noted no follow-up procedures related to late payments.

- 13. Capital Community College should use its petty cash fund strictly for allowable purposes.**

Comment:

Our review identified numerous instances in which disbursements exceeded the \$50 limit; none of these disbursements would be classified as an emergency.

- 14. Middlesex Community College should determine total overpayments made to an employee and seek restitution in accordance with applicable policies.**

Comment:

In our payroll review, we noted that an educational assistant has been overpaid since October 2007.

- 15. Middlesex Community College should identify all current and former employees affected by a Core-CT implementation error prior to May 2005 and make the necessary corrections.**

Comment:

Errors in attendance and leave records for part-time employees dating back to Core-CT implementation have not been corrected by the college.

- 16. Northwestern Connecticut Community College should ensure that the audit report of its affiliated foundation addresses compliance with Sections 4-37e through 4-37i of the General Statutes.**

Comment:

The audit report of the foundation did not address compliance with foundation-related statutes.

- 17. Quinebaug Valley Community College should comply with Section 4-33a of the General Statutes, which requires an agency to notify the Auditors of Public Accounts and the State Comptroller of any unsafe handling of state funds or resources.**

Comment:

We became aware of two instances of unsafe handling of state funds at the Willimantic Student Center. Neither of these incidents was reported to our office or the State Comptroller.

- 18. Manchester Community College should strengthen internal controls over the processing of leave accruals for employees who work as Temporary Service in a Higher Class.**

Comment:

Our review of payroll noted that the leave accruals for two employees working as Temporary Service in a Higher Class were not processed in accordance with special Core-CT requirements; therefore, the balances were not accurate.

- 19. Gateway Community College should comply with the Community-Technical Colleges Agency Purchasing Policies regarding purchase requisitions and purchase orders.**

Comment:

Our testing disclosed two instances in which an approved requisition and purchase order were not prepared to encumber funds in advance of services being rendered or goods received.

- 20. Tunxis Community College should improve internal control over equipment related to the Dental Hygiene Program.**

Comment:

Our testing continued to note numerous instances of general disorganization over equipment in the college's Dental Hygiene Program.

- 21. Tunxis Community College should ensure that a valid contract is in place prior to incurring expenditures for the services.**

Comment:

Our review of expenditures revealed that the college incurred expenditures for a campus master plan without having a valid contract in place.

- 22. Tunxis Community College should comply with the records retention schedule published by the Connecticut State Library.**

Comment:

We selected 15 contracts for testing purposes. The college was unable to provide us with one of the personal service agreements in this sample.

- 23. Northwestern Connecticut Community College should improve internal control over the petty cash fund.**

Comment:

Our review of the petty cash account reconciliations noted that the same employee responsible for the account also receives the bank statements and performs the reconciliation.

- 24. The Board of Regents for Higher Education should revise its current information technology disaster recovery plan to include the community colleges.**

Comment:

We noted that the current disaster recovery plan does not include the community colleges.

- 25. Northwestern Connecticut Community College should take steps to ensure that its software inventory is complete.**

Comment:

We found an expenditure for software that was not recorded on the college's software inventory list.

**CONCLUSION**

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



Timothy M. LePore  
Principal Auditor

Approved:



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts