



Board of Trustees

Audit Committee

Minutes

President's Boardroom, Horace Mann Center

October 9, 2018

Board of Trustees committee members in attendance: Committee Chair Martinez-Alvarez, Vice Chair Hill, Secretary Magovern, and Trustee Landrau.

Excused absence: Trustee Slakey.

Trustee guests present: Trustees Marcus, Queenin, Sullivan and Swan.

Dr. Ramon S. Torrecilha, President of Westfield State University, was also present.

The meeting was called to order at 1:00 PM by Committee Chair Martinez-Alvarez, who then asked for a motion to approve the minutes of the June 7, 2018 meeting.

MOTION was made by Trustee Hill, seconded by Trustee Landrau, to approve the minutes of the June 7, 2018 meeting. **The Motion passed unanimously.**

Trustee Magovern joined the meeting at 1:03 PM.

Committee Chair Martinez-Alvarez stated that the whistleblower policy will be reviewed to see if it needs updating, and then moved to agenda items for information.

- Stephen Taksar, Vice President of Administration and Finance stated that the Enterprise Risk Management process is being fine-tuned and will include metrics, forms and policies in the report that will be brought forward in December.
- Alan Blair, Chief Information Security Officer, shared the FY18 Payment Card Industry (PCI) Assessment Executive Report, which showed no findings whatsoever. There are new standards always coming out. The campus has gone from being out of compliance to in compliance, which is very important as it deals with all of the credit cards.

Under items for discussion, Olivia Bischoff, Associate Director of Risk Management, gave an update on the internal audit. The dining services audit has been completed. The cash receipts audit is ongoing to ensure departments are following the Administration and Controls of Petty Cash and Cash Receipts Policy. The Foundation audit is in the initial phase. The dining services final report and the recommendations tracking spreadsheets will be provided to the committee in December.

David Dilulis and Todd Merriam from O'Connor and Drew were welcomed to the table to discuss the FY18 Audit Report. Some highlights presented were:

- Required communications show how the audit was performed.
- Two reports were given - one on financial statements and one on internal control, which was clean.
- The GASB Statement 75 for Postemployment Benefits Other Than Pensions (OPEB) was adopted this year. The need to record the effects of the new reporting guidance decreased the beginning net position by almost \$61 million.
- Fraud risks need to be incorporated into procedures. If anything rises to a level of concern, they would bring it to the audit committee.
- GASB 87 will need to be implemented three years down the road about the leasing the dorms. Any operating leases with a disclosure will move to the balance sheet as an asset (right to use) and liability (payments).
- The Independent Auditors' Report was gone over, highlighting management analysis, required supplemental information for retirements, OPEB, dorms, and the internal control report showing no issues. Following the Report are the Management's Discussion and Analysis (MDA) Unaudited, which is a great tool to read if not familiar with financial statements.
- The balance sheet shows a significant increase in liabilities from last year due to the OPEB reporting.
- Revenue was very similar to last year and expenses went up due to depreciation and OPEB.
- The statement of cash flows showed an increase in the cash balance after net cash applied to operating activities and debt pay down.
- Some of the footnote disclosures were explained briefly.

In order to make sense of the financial statements, campuses are excluding the effects of GASB 68 and 75. On page five of our financial statements, we are showing the effect of GASB 68 and 75 and without GASB 68 and 75. Campuses are developing alternative methods to measure fiscal health.

MOTION was made by Trustee Hill, seconded by Trustee Magovern, to accept the annual report for fiscal year ending June 30, 2018, as prepared by the university's Administration and Finance Division and to authorize the submission of this report to the State Comptroller's Office, the Massachusetts Department of Higher Education, and the State Auditor's Office, as required by the Massachusetts Department of Higher Education pending that the Commonwealth's allocation of unfunded post-employment benefits (OPEB) liability does not materially change based on the final allocation schedule provided by the Commonwealth. This annual report includes the Westfield State University FY18 Financial Statements, audited by O'Connor & Drew, P.C. **There being no further discussion, Motion passed unanimously.**

There being no further business, Committee Chair Martinez-Alvarez asked for a motion to adjourn.

MOTION was made by Trustee Hill, seconded by Trustee Magovern, to adjourn. **Motion passed unanimously.**

The meeting was adjourned at 1:33 PM.

Attachments presented at this meeting:

- a. Minutes of June 7, 2018
- b. Enterprise Risk Management Update (Executive Summary)
- c. FY18 Payment Card Industry (PCI) Assessment (Executive Summary)
- d. FY18 Payment Card Industry (PCI) Assessment (Risk Assessment Executive Summary)

- e. FY18 Payment Card Industry (PCI) Assessment (Review Matrix)
- f. Internal Audit Update
- g. Motion – FY18 Audit Report (Draft)
- h. FY18 Audit Report (Draft)