



Board of Trustees

Audit Committee

Minutes

President's Boardroom, Horace Mann Center

December 5, 2018

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

Excused absence: Trustees Landrau and Slakey.

Trustee guests present: Trustees Queenin, Sullivan and Swan.

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

The meeting was called to order at 12:15 PM by Committee Chair Martinez-Alvarez who then asked for motions to approve minutes of the previous meetings.

MOTION was made by Trustee Magovern, seconded by Trustee Hill, to approve the minutes of the October 9, 2018 meeting. **Motion passed unanimously.**

MOTION was made by Trustee Hill, seconded by Trustee Magovern, to approve the minutes of the October 22, 2018 meeting. **Motion passed unanimously.**

Committee Chair Martinez-Alvarez welcomed Stephen Taksar, vice president of Administration and Finance, who presented the first two items for information.

- Results of the Dining Services internal audit were shared. Three findings were listed in the areas of business expense meals, catering discounts, and procurement testing, with recommendations and management responses. Catering services needs to be self-supporting so that students paying meal plans are not subsidizing the catering operation. Alternatives are being created for menu selections and ways to meet the needs of the event to keep costs down in alignment with available resources.
- The Enterprise Risk Management (ERM) Program Implementation Guide was shared, which shows the fundamental strategy of the campus in viewing ERM and the responsibilities of various groups. The guide has been vetted by Cabinet and creates a plan that makes more sense for the institution and which is ready to be launched. Cabinet members and Board committees will be aligned with each of the top ten risks as Cabinet has identified and the role of the Board is to ensure that management is doing what it should in setting the tone for risk management. The Audit Committee has the overall responsibility for risk management and will be actively involved in the plan. The next step is to begin internal training for people participating in the process in the spring semester.

Committee Chair Martinez-Alvarez gave an update on the Whistleblower Complaint and stated that each member of the Board had received a fraud, waste and abuse report on September 7, 2018, regarding the

awarding of bonuses to six individuals on the President's Cabinet. The report questioned whether the bonuses were permissible, and even if they were, whether they were wasteful. The report also expressed concern that the bonuses were paid from the contingency fund.

The Westfield State University Whistleblower Policy provides that reports involving the President should be investigated by the Board of Trustees. The report was referred at the October 9, 2018 meeting to the Board's Audit Committee for its review and the action it may deem appropriate. On October 22, 2018, the Audit Committee held a meeting at which the Committee discussed how to address the report. It was voted unanimously to have Chair Martinez-Alvarez refer the matter to legal counsel Rubin and Rudman for review and investigation, in light of the time commitment and expertise required to conduct the investigation properly.

Throughout late October and into November, a number of individuals were interviewed by Rubin and Rudman in relation to the investigation and the firm has also reviewed documentary information related to the subject of the report. At this time, the firm is concluding its investigation in anticipation of preparing its report for the Audit Committee. The matter is scheduled to be discussed at the February 7, 2019 meeting.

Committee Chair Martinez-Alvarez welcomed back Vice President Steven Taksar, who brought forth the items for discussion.

- The Audit Findings Summary Report is new for the institution and will be used to track progress for some of the findings found in internal audits. It was suggested to send the report to Trustees between committee meetings, although some of the audit findings and recommendations are complex so they take time to complete.
- An update was given by Dr. Susan Leggett, Chief of Staff, on the campus policy review process and stated a group of cross-divisional staff has been engaged for the last 18 months in doing a gap analysis making sure their divisional policies are aligned with those policies available to the online community. The registrar's office is comparing policies on the University catalog and the University policy link to assure consistency. The policies are being tracked divisionally and the appropriate vice president is made aware when the policies need to be reviewed. All policies are reviewed every three years unless there is a need for more frequent review. The policy working group has been proactive in organizing and keeping policies updated in a timely fashion. It was requested that the Trustees receive the link to the University policy site.

Vice President Taksar introduced Mr. David Dilulis from O'Connor and Drew, who stated that the audit for the year ending June 30, 2018 had been completed, with the financial statements being presented at the October 9, 2018 meeting and the single audit being presented today. There were no material weaknesses nor signs of deficiencies and there were no audit findings on financial aid. Mr. Dilulis complimented Westfield State in being one of the few universities and colleges in their portfolio that had no findings and praised management, who took a conscientious effort to fix the prior year findings. Ms. Simone Backstedt and Ms. Catherine Ryan from the Financial Aid Office and Mr. Steven Scibelli from Financial Accounting were all acknowledged for their hard work in improving work study time management process this past year. President Torrecilha stated that the report tells the story of what society is valuing with Pell Grants being 17% and direct loans 40% and that as a nation, we are not funding access to higher education and are passing the cost to students.

MOTION was made by Trustee Hill, seconded by Trustee Magovern, to accept the audit report on the audit procedures required pursuant to the Office of Management and Budget (OMB) Uniform Guidance for fiscal year ending June 30, 2018 as prepared by the firm of O'Connor & Drew, P.C., and to authorize the submission of this report to the

Federal Audit Clearinghouse and to other parties as required by OMB Uniform Guidance and the Commonwealth of Massachusetts. **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 12:52 PM.

Attachments presented at this meeting:

- a. Minutes of October 9, 2018
- b. Minutes of October 22, 2018
- c. Dining Services Internal Audit
- d. ERM Program Implementation Guide
- e. Internal Audit Recommendations Tracking
- f. Motion – Uniform Guidance Report
- g. Uniform Guidance Report (Draft)