



## Board of Trustees

Audit Committee

### Minutes

President's Boardroom, Horace Mann Center

February 7, 2019

---

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

Excused absence: Trustee Landrau

Trustee guests present: Trustees Martin, Queenin and Swan.

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

The meeting was called to order at 2:16 PM by Committee Chair Martinez-Alvarez, who stated that Mr. David Dilulis from O'Connor and Drew, PC and Trustee Slakey would be participating remotely and that votes would be by roll call.

**MOTION** was made by Trustee Magovern, seconded by Trustee Hill, to approve the minutes of the December 5, 2018 meeting. Trustee Slakey could not be heard on the line, so a regular vote was taken. **Motion passed unanimously.**

Trustee Slakey indicated later in the meeting that she had been connected since the beginning of the meeting but that her mute was on and she could not vote on the motion to approve the minutes.

Committee Chair Martinez-Alvarez stated that the investigation into the whistleblower report that had been sent to counsel after the October Board meeting had been finalized and forwarded to each of the Board members. The attorney concluded that there is no statute or policy that prohibits the issuance of bonuses, and the issuance of bonuses has been a practice in the past. The President has, within his discretion, the authority to issue bonuses and the issuance of bonuses out of the contingency fund was permissible. Additionally, the investigation found that the amount of the bonuses did not rise to the level of waste. Attorney Elizabeth Sullivan was present at the meeting to answer any questions; there were none. President Torrecilha thanked the Board and Attorney Sullivan for carrying out the investigation and stated that he appreciated the transparency.

Mr. Stephen Taksar, Vice President of Administration and Finance, presented the next agenda item and stated that Ms. Olivia Bischoff, the Associate Director of Risk Management, left the University on January 4, 2019. The position will not be filled immediately until the job description has been reviewed. The task of overseeing whistleblower complaints has been assigned to Dr. Jalisa Williams, Assistant Vice President of Human Resources. Appropriate adjustments to the position may be made and the search for a replacement will then begin. President Torrecilha stated the structure and reporting lines for this position need to be discussed by the Board.

Ms. Lisa Freeman, Associate Vice President of Administration and Finance, brought forward the next agenda item and stated that due to a change of the actuarial valuation statewide, our financial statements were required to be amended as it increased Westfield State's net position by approximately \$8.5 million.

Mr. David Dilulis of O'Connor and Drew explained the updated financial statements showed the increase in net position exceeded the materiality threshold so the statements were required to be reissued. The change in net position affected the entire financial statements so notes 2, 12, 14, 16, 17 and the schedule of OPEB liabilities changed as well as all the footnote disclosures. The actuarial firm KPMG made the error and the State has agreed to pick up the cost of reissuing the statements.

Trustee Hill left the meeting at 12:26 PM and returned at 12:28 PM.

Vice President Taksar added that the \$8.5 million is not a savings to the institution. It means the net position is less negative, going from -\$40 million to -\$32 million but it doesn't affect the day-to-day operations. Ratios are being calculated with and without the pension impact to better understand the impact on the financial statements and campus operations.

**MOTION** was made by Trustee Hill, seconded by Trustee Magovern, to accept the revised 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 reissued 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. This annual report includes the Westfield State University FY18 Financial Statements, audited by O'Connor & Drew, P.C. which have been reissued due to a material change in the actuarial valuation of the Commonwealth's OPEB liability.

**Roll call vote:**

Trustee Hill - Yes

Trustee Magovern - Yes

Trustee Martinez-Alvarez - Yes

Trustee Slakey - Yes

**Motion passed unanimously.**

There being no further business, **MOTION** was made by Trustee Hill, seconded by Trustee Magovern, to adjourn.

**Roll call vote:**

Trustee Hill - Yes

Trustee Magovern - Yes

Trustee Martinez-Alvarez - Yes

Trustee Slakey - Yes

**Motion passed unanimously.**

The meeting was adjourned at 12:34 PM.

Attachments presented at this meeting:

- a. Minutes of December 5, 2018
- b. Motion – Restated Financial Statements
- c. Restated Financial Statements (Email)
- d. Restated Financial Statements