



Board of Trustees

Audit Committee

Minutes

President's Boardroom, The Horace Mann Center

June 20, 2019

MEMBERS PRESENT: Committee Chair Martinez-Alvarez, Vice Chair Hill, Secretary Magovern, and Trustees Landrau and Slakey.

TRUSTEE GUESTS PRESENT: Trustees Marcus, Martin, Queenin and Swan.

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

The meeting was called to order at 12:17 PM by Committee Chair Martinez-Alvarez.

MOTION made by Trustee Magovern, seconded by Trustee Slakey, to approve the minutes of the June 3, 2019 meeting. **Motion passed unanimously.**

Committee Chair Martinez-Alvarez welcomed Mr. Stephen Taksar, Vice President for Administration and Finance, who gave updates on the following items for information:

- Reporting Violations of Laws, Rules, or Regulations (Whistleblower) Policy was updated at the June 3 meeting and a sentence was added to include a time limit of 2 business days to update the website if a new employee is designated as the Whistleblower contact.
- Audit Committee Charter Policy was updated at the June 3 meeting and the review period was changed to every three years.
- The Associate Director of Risk Management position will continue to have dual reporting to both the Vice President for Administration and Finance and the Audit Committee. The oversight roles were clarified with input from Human Resources and the University's attorneys and auditors and the proposed roles will be sent to the Inspector General's office for review. The performance evaluation of the Associate Director of Risk Management will also be a dual function, based on the job description. Feedback for the evaluation will be given by the Audit Committee on the internal audit and by the Vice President of Administration and Finance on other duties. Job descriptions for this position are being requested from other universities to compare to ours, and once Human Resources approves any changes to the job description, the position will be posted.
- The FY19 Internal Control Questionnaire is an annual process. Mr. Taksar oversees our internal plan and reports any changes, requesting feedback from the campus community.

Mr. David Dilulis, CPA, from O'Connor and Drew, P.C., introduced Rick Strout, CPA, as the audit manager for the University and presented the FY19 Audit Plan, highlighting:

- An overview of the firm's responsibilities, presenting required reports this year and a management letter, if needed, and key dates for the audit.

- An overview of Trustee and Management responsibilities.
- Trustee Swan entered the meeting at 12:31 PM.
- Internal controls will be reviewed by the auditors.
- Valuations will be reviewed since the two GASB implementations last year.
- Financial aid is reviewed and tested every year due to the volume of transactions. There were no findings in the previous year.
- All leases will need to be put on the financial statements in the next couple of years, which will affect the dorms. The impact will be a wash on the balance sheet, but it may affect the covenant ratios required to be maintained. There is already a footnote disclosure in the statements.
- When discussing fraud and regulatory matters, Mr. Strout asked if anyone at the table was aware of fraud. There were no responses.
- The state auditor's office is going to begin randomly auditing foundations, selecting three to audit from last year: Mount Wachusett, Holyoke and Quinsigamond Community Colleges.
- This annual planning meeting is a good time to discuss the audit planning process and ask for specific areas to focus on during the audit. It was reported that a weakness in the IT/banking relationship at Cape Cod Community College resulted in a security breach at that institution. Although we have done our own internal review, it may be a good area for the auditors to look at to make sure we have proper controls in place to avoid such an event here.
- It was questioned how the auditors select key personnel to ask about fraud. Personnel are selected in Finance and Administration, Human Resources, IT, and the Audit Committee (which is charged with governance) with executive session if needed.
- Staff can report issues or fraud by using the whistleblower policy or going to their supervisor.

There being no further business, **MOTION** made by Trustee Magovern, seconded by Trustee Slakey, to adjourn. **Motion passed unanimously.**

Meeting adjourned at 12:48 PM.

Attachments presented at this meeting:

- a. Minutes 6-3-19 (Draft)
- b. Policy – Reporting Violations of Laws, Rules or Regulations (Draft)
- c. Policy – Audit Committee Charter (Draft)
- d. FY19 Internal Control Questionnaire (Narrative)
- e. FY19 Internal Control Questionnaire (Office of the Comptroller Letter)
- f. FY19 Audit Plan Presentation