



Board of Trustees

Audit Committee

Minutes

President's Boardroom, The Horace Mann Center

October 10, 2019

MEMBERS PRESENT: Trustees Boudreau, Hagan and Martin

MEMBERS EXCUSED: Committee Chair Martinez-Alvarez and Vice Chair Landrau

TRUSTEE GUESTS PRESENT: Trustees Magovern, Neves, Queenin and Sullivan

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

The meeting was called to order at 9:38 AM by Trustee Hagan who called for a Motion to elect a chair pro tem in the absence of Committee Chair Martinez-Alvarez.

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to designate Trustee Hagan as Chair Pro Tempore of the Audit Committee meeting in accordance with Article II of the Audit Committee of the Board of Trustees of Westfield State University Charter (0460).

Motion passed unanimously.

MOTION made and seconded to approve the minutes of the June 20, 2019 meeting.

Motion passed unanimously.

Trustee Hagan welcomed Paul Boudreau and Thalita Neves to the Board of Trustees.

Mr. Stephen Taksar, Vice President for Finance and Administration, gave an update on the Director of Risk Management position, stating the position will hopefully be filled in the next few weeks. The committee asked whether the dual responsibilities document reviewed earlier this year was provided to the Inspector General's (IG) office. The University attorney did a thorough review of the document and suggested formatting changes. Further, they suggested it didn't seem necessary to provide to the IG's office. It was requested that the job description be presented to the Inspector General's office for review. Mr. Taksar will follow through with this request.

Mr. Alan Blair, Chief Information Security Officer, brought forward the FY19 Payment Card Industry (PCI) Assessment, stating this is the third year in a row with no findings. Dining services will now accept debit and credit cards.

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to accept the annual report for fiscal year ending June 30, 2019, 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. This

annual report includes the Westfield State University FY19 Financial Statements, audited by O'Connor & Drew, P.C.

Mr. David Dilulis, principal, and Mr. Rick Strout, the audit manager, of O'Connor & Drew, P.C., presented the Required Communications and FY19 Financial Statements, stating there were no material weaknesses or deficiencies noted within the Report on Internal Control over Financial Reporting and on Compliance and Other Matters. There was discussion on the following recommendations (these are suggestions only and not a part of the formal audit):

- President Torrecilha's travel expenses are pre-approved by the Board Chair, reviewed by the Vice President of Administration and Finance after the travel, and reported to the full Board annually. Vice President Taksar reported that the P-card is used almost exclusively for travel. It was suggested that in addition to pre-approval by the Board Chair, it would make sense to have the Board Chair also approve the President's travel report when submitted. The committee agreed with this suggestion.
- O'Connor and Drew recommends that in future meetings the Audit Committee go into executive session with the auditors. Mr. Taksar supports this practice, stating it is best practice. Since this falls outside of the ten reasons for a formal executive session, it will be researched how to proceed with this suggestion.
- Recommendations were presented to further mitigate risk in the areas of information technology and cybersecurity. It was requested that Mr. Blair come back to the committee in the future to present a response to the recommendations.
- The new GASB Statement 87 – Leases will be effective for periods beginning after December 15, 2019 and will need to show leases on the balance sheet in two years. The assets and liabilities will both increase, showing no negative impact on the balance sheet. Adding the leases to the balance sheet will affect the debt covenants, so banking relationships will need to be reviewed and potentially modified. In 2028, a major portion of liability goes away with only leases from University Hall and New Hall remaining.

Financial Statements highlights:

- The statements show the increased OPEB and pension expense of approximately \$6 million.
- Total liabilities went up by approximately \$6 million on net basis. Net investment in capital assets went down. Unrestricted net position went down, but if added back the \$6 million from OPEB and pension, net position would increase.
- Cash balance increased by \$6 million from operations.
- \$2 million in debt was paid off.
- Capital assets and construction in progress of \$300,000 added totaling \$2.2 million in additions to capital assets on page 33.
- Depreciation expense exceeded the amounts infused into capital.
- The approved financial statements are always posted on the University website.

Motion passed unanimously.

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to eliminate the Computer Viruses Policy (0040) as it is no longer applicable.

Discussion: This policy was created in 1985 and is now part of the Software and Hardware Acquisition and Usage Policy, which is reviewed annually for compliance. **Motion passed unanimously.**

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to eliminate the Equipment/Software Purchasing Policy (0070) as it is no longer applicable.

Discussion: This policy was replaced by the Software and Hardware Acquisition and Usage Policy, but was never removed. **Motion passed unanimously.**

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to eliminate the Identity Theft Prevention Policy (0540) as it is no longer applicable.

Discussion: The potential threat for identity theft by the University to an individual is minimal and identity theft is covered in other policies. Lowering the risk of identity theft is accomplished through PCI audits and staff training on scamming awareness and cash handling. **Motion passed unanimously.**

MOTION made by Trustee Martin, seconded by Trustee Boudreau, to eliminate the Telephone Use Policy (0310) as it is no longer applicable.

Discussion: The University no longer has a switchboard and most of this policy is outdated. The landscape of our phone system is changing and a procedure can be made once that has been done. **Motion passed unanimously.**

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

Meeting adjourned at 10:38 AM.

Attachments presented at this meeting:

- a. Minutes (Draft) 6-20-19
- b. FY19 Payment Card Industry (PCI) Assessment (Narrative)
- c. FY19 Payment Card Industry (PCI) Assessment (Graph)
- d. Motion – FY19 Audit Report
- e. FY19 Audit Report (Required Communication)
- f. FY19 Audit Report (Draft)
- g. Motion – Computer Viruses Policy (0040)
- h. Policy – Computer Viruses (0040)
- i. quipmeMotion – Equipment/Software Purchasing Policy (0070)
- j. Policy – Ent/Software Purchasing (0070)
- k. Motion – Identity Theft Prevention Policy (0540)
- l. Policy – Identity Theft Prevention (0540)
- m. Motion – Telephone Use Policy (0310)
- n. Policy – Telephone Use (0310)