



**Board of Trustees**  
Audit Committee

12:15 PM

June 20, 2019

President's Boardroom, The Horace Mann Center

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- |   |                          |
|---|--------------------------|
| <b>1. Call to Order</b>   | Trustee Martinez-Alvarez |
| <b>2. Minutes</b>   |                          |
| a. June 3, 2019   | Trustee Martinez-Alvarez |
| <b>3. Items for Information</b>   |                          |
| a. Policy - Reporting Violations of Laws, Rules, or Regulations (Whistleblower) | Stephen Taksar           |
| b. Policy - Audit Committee Charter   | Stephen Taksar           |
| c. Associate Director, Risk Management  | Stephen Taksar           |
| d. FY19 Internal Control Questionnaire  | Stephen Taksar           |
| <b>4. Items for Discussion</b>  |                          |
| a. FY19 Audit Plan Presentation   | O'Connor and Drew, P.C.  |
| <b>5. Items for Action</b>  |                          |
| a. None   |                          |

**Attachment(s):**

- 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

## Board of Trustees

### Audit Committee

#### Minutes

3:30 PM

June 3, 2019

President's Boardroom, The Horace Mann Center

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**MEMBERS PRESENT:** Committee Chair Martinez-Alvarez and Trustees Hill, Landrau, and Magovern.

**MEMBERS EXCUSED:** Trustee Slakey.

**TRUSTEE GUESTS PRESENT:** Trustee Queenin.

Trustee Lydia Martinez-Alvarez called the meeting to order at 3:30 PM, stating Mr. David Dilulis of O'Connor and Drew P.C. would be participating remotely.

**MOTION** made by Trustee Magovern, seconded by Trustee Landrau, to approve the May 3, 2019 minutes. **Motion passed unanimously.**

As a follow-up to the decision to keep the existing dual reporting structure in place for the Associate Director of Risk Management position, Mr. Stephen Taksar, Vice President for Administration and Finance, presented the recommendations in the "Definition of Roles with Dual Reporting Structure." The document is a result of a collaborative effort between Mr. Dilulis and Dr. Jalisa Williams, Assistant Vice President for Human Resources, to define the dual reporting structure in detail to enhance clarity and oversight of roles.

- To preserve independence for this position, oversight of the internal audit function will rest with the Audit Committee, with the Vice President for Administration and Finance giving general guidance on process and daily supervision.
- Performance feedback will be segregated. The Audit Committee will be responsible for reviewing internal audit function and the Vice President for Administration and Finance will be responsible for reviewing all other functions. On behalf of the Audit Committee, the Chair of the Audit Committee will provide comments to the Vice President for Administration and Finance to incorporate into the annual evaluation.
- Internal audits to be performed for the year should be identified and brought to the first Audit Committee meeting in October and then progress measured with quarterly reports to the Audit Committee.
- When personnel changes in any of the following positions, the Audit Committee and the individuals listed below shall meet to review the "Definition of Roles with Dual Reporting Structure" document to ensure all parties understand dual reporting oversight:
  - Associate Director for Risk Management
  - Assistant Vice President for Human Resources
  - Vice President for Administration and Finance
  - Board of Trustees Audit Committee Chair

- Board of Trustees Chair
- It was agreed to have Mr. Taksar provide the “Definition of Roles with Dual Reporting Structure” to both legal counsel and the Office of the Inspector General for review.

Mr. Taksar brought forth the proposed changes to the Audit Committee Charter, which were made following the suggestions at the last committee meeting. It was agreed to also amend the Charter to be reviewed every three years instead of annually, to follow the University’s general policy review schedule.

**MOTION** made by Trustee Landrau, seconded by Trustee Magovern, to approve and adopt the updated Westfield State University Audit Committee Charter, as presented and amended and to update the Audit Committee Charter Policy (0460) accordingly. **Motion passed unanimously.**

Mr. Taksar brought forth the proposed change to the Reporting Violations of Laws, Rules, or Regulations ( Whistleblower) Policy of adding the Assistant Vice President for Human Resources as a backup to fulfill the reporting functions of the University Reporting Officer (URO). It was agreed to further amend the policy by adding language to the effect that the Vice President for Administration and Finance shall ensure the website is properly updated within 48 hours or two business days of any change in reporting personnel due to the extended vacancy of the URO. Mr. Taksar will provide final policy language which meets the intent of this time restriction.

**MOTION** made by Trustee Landrau, seconded by Trustee Hill, to approve and adopt the updated Westfield State University Reporting Violations of Laws, Rules, or Regulations ( Whistleblower) Policy (0440), as presented and amended. **Motion passed unanimously.**

Chair Queenin stated a response to the MSCA Union’s concerns presented at the April 24 full Board meeting will be brought to the Board on June 20.

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

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

Meeting adjourned at 4:06 PM.

Attachments presented at this meeting:

- a. Minutes of May 3, 2019 meeting
- b. Associate Director Dual Reporting Summary
- c. Motion - Audit Committee Charter Policy
- d. Audit Committee Charter Policy (Draft)
- e. Motion – Reporting Violations of Laws, Rules, or Regulations (Whistleblower) Policy
- f. Reporting Violations of Laws, Rules, or Regulations (Whistleblower) Policy (Draft)

**Secretary’s Certificate**

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees Audit Committee meeting held on June 3, 2019.

\_\_\_\_\_  
Robert Magovern, Secretary

\_\_\_\_\_  
Date

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## REPORTING VIOLATIONS OF LAWS, RULES OR REGULATIONS (WHISTLEBLOWER POLICY)

### PURPOSE

To protect individuals who report suspected improper activity in accordance with this policy against retaliation. In addition to this policy, employees shall be protected from retaliation in accordance with Massachusetts General Law Chapter 149, Section 185.

### INTRODUCTION

Westfield State University is committed to complying with all laws, rules and regulations that govern its operating practices. In that spirit, the University has established internal controls and procedures designed to prevent violations of law and applicable regulations. The University encourages all employees, students, volunteers, and vendors/contractors acting in good faith to report suspected improper activity. When the University becomes aware of potential violations, it has a responsibility to investigate such allegations promptly. Similarly, the University has a responsibility to assure that individuals who report what they reasonably believe are violations do not suffer retaliation.

The University's policy is designed to provide guidance to individuals for reporting suspected violations of law, rule or regulation promulgated pursuant to the law. This policy is not meant to abridge any processes or protections available to individuals under any collective bargaining agreement, federal or state law. This policy also does not replace the grievance processes provided in the respective collective bargaining agreements to investigate complaints regarding the terms and conditions of employment, or the affirmative action grievance process established to address alleged unlawful discrimination.

### DEFINITIONS

1. Employee - any individual who performs services for and under the direction of Westfield State University for wages.
2. Supervisor - any individual to whom the University has given authority to direct and control the work performance of an employee, or who has the authority to take corrective action regarding the violation of the law, rule or regulation of which the employee complains.
3. University Reporting Officer (URO) - the person designated by the Audit Committee Chair and the Vice President of Administration & Finance to serve as the official with responsibility for receiving reports of improper activities, as defined herein; the

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person designated to coordinate investigations of improper activities, as defined herein, on behalf of the Audit Committee Chair and the Vice President of Administration & Finance. The Associate Director of Risk Management serves as the URO.

4. Retaliatory Action - (a) adverse action or harassment of an individual; or (b) the discharge, suspension, or demotion of an employee, or any adverse employment action taken against an employee in the terms and conditions of employment.
5. Public Body - (a) the United States Congress, any state legislature, or any popularly elected local government body, or any member or employee thereof; (b) any federal, state, or local judiciary, or member or employee thereof; (c) any federal, state, or local regulatory, administrative or public agency or authority; (d) any federal, state, or local law enforcement agency, prosecutorial office, police or peace officer; or (e) any division, board, bureau, office, committee or commission of any public bodies described above.
6. Improper Activity - any activity by a University employee, volunteer, agent, or vendor/contractor which is a violation of federal, state, or local laws, rules, policies or regulations; is a serious violation of University policy; or uses University property, resources, or authority for personal gain or other non-University purpose except as provided under University policy.
7. False Allegation – Any employee or volunteer who knowingly or with reckless disregard for the truth gives false information or knowingly makes a false report of improper activity or a subsequent false report of retaliation shall be subject to disciplinary action, up to and including termination. Any student who makes false allegations in the non-employment setting shall be subject to student code of conduct for disposition. Allegations that are not substantiated yet are made in good faith are not subject to corrective action.

## REPORTING ALLEGATIONS OF SUSPECTED IMPROPER ACTIVITIES

1. Any individual may report a suspected improper activity. Individuals are encouraged to report improper activities in writing, although they may be made orally. Any such reports should be based on facts, rather than speculation, and should contain as much specific information as possible to allow for an effective investigation. The “Fraud, Waste & Abuse Report Form” is available on the University website in Word Document format and electronic format for anonymous submission directly to the URO.
2. Under normal circumstances, reports by employees of suspected improper activities should be made to the employee's immediate supervisor or to the appropriate administrator within the employee's department or division. In instances where there

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exists a potential conflict of interest or to ensure confidentiality, an individual may report suspected activity to a University administrator who has responsibility for, or oversight of, the unit in which the suspected activity occurred or to the URO. The URO's contact information is available on the University's Risk Management webpage.

When a report involves the activities of a senior officer or the URO, the report should be made directly to the President of the University. The President shall inform the Audit Committee Chair of any reports involving senior officers or the URO. All reports involving alleged improper activities by the President shall be reported to the Audit Committee Chair and the Chair of the Board of Trustees.

It is important that all faculty and staff, particularly those in a supervisory role, recognize that any complaint or allegation, formal or informal, may constitute a report of improper activity.

3. Administrators and supervisors who receive reports of alleged improper activity should report that information to their supervisor, appropriate administrative official or the URO as soon as practicable. In circumstances where the alleged improper activity is a minor violation of a rule or regulation it may be appropriate for the supervisor to investigate the alleged activity. When a supervisor is uncertain how the report should be investigated, the supervisor is encouraged to seek guidance and direction from supervisors, the URO and University administrators. When in doubt, supervisors receiving reports should err on the side of reporting to the URO or supervisor. Administrators and supervisors shall report to the URO any alleged improper activities which involve possible criminal acts, the misuse of University resources, or a significant threat to the health and safety of the University community.
4. Individuals are required to report alleged improper activities to the appropriate University official as described in the preceding sections 1, 2 and 3 prior to disclosing the matter to a public body, unless the individual is reasonably certain the activity is known to a supervisor and is an emergency, or the individual reasonably fears physical harm will result from disclosing the activity to a University official, or the disclosure is for the purpose of providing evidence of a crime. Such notice to the supervisor or appropriate University official must be made in writing prior to notification of a public body. In the event an individual does not comply with this section 4, the individual shall not be protected by this policy.
5. Several University departments, public safety and human resources for example, have responsibility for conducting investigations of improper activities. Based on the nature of the alleged improper activity, other departments may become involved in, or responsible for, an investigation. The URO shall consult with university departments as deemed appropriate and/or seek consultation with the Vice

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President for Administration and Finance to determine a department's role in the investigation. Reports involving the President shall be investigated by the Board of Trustees. All University employees are required to cooperate fully with any investigation into improper activities. The URO shall assure that appropriate University officials have been apprised of the allegations and the progress of the investigation. At the conclusion of the investigation the URO or the investigating officer may recommend corrective action and shall ensure that, where required, notification is provided to appropriate governmental bodies. All reports and final outcomes are submitted to the Audit Committee Chair and the Vice President for Administration & Finance and kept on file with the URO.

- If the employee assigned as the URO is unavailable to perform this function for an extended period of time (e.g., family or medical leave, leave of absence, vacancy), the Assistant Vice President of Human Resources will automatically fulfill this function unless otherwise determined by the Vice President of Administration and Finance and the Chair of the Audit Committee. The campus community will be notified and the risk management website will be updated within 2 business days if the URO is unavailable and the Assistant Vice President of Human Resources will temporarily fulfill this function.

## PROTECTION FROM RETALIATION/ADVERSE PERSONNEL ACTION

- Westfield State University is committed to protecting individuals from retaliation for having disclosed alleged improper activities. No retaliatory action may be taken against an individual who, consistent with this policy, reports improper activities or participates in an investigation of suspected improper activities. Further, no adverse personnel action may be taken with respect to any employee who objects to, or refuses to participate in any activity, policy or practice which the employee reasonably believes is in violation of a law, or a regulation promulgated pursuant to law, or which the employee reasonably believes poses a risk to public health, safety, or the environment.
- Whenever an individual believes that retaliatory action has been taken against the individual for one of the reasons stated in Section 1 above, the individual shall file a complaint with the URO. The complaint shall be filed in writing within 10 days of the date the alleged retaliation occurred. The URO shall meet with the individual within 10 days of receipt of the complaint, conduct such investigation as the URO deems appropriate, and whenever possible, render a decision in writing within 10 days of the meeting. The decision shall set forth a finding whether retaliation took place, and, if so, what remedy shall be undertaken. Any action or decision taken or made shall be reported to the Chair of the Audit Committee.
- Nothing in this policy shall be deemed to limit the rights, privileges or remedies of any individual under any federal or state law or regulation, or of any employee under

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any collective bargaining agreement.

## REVIEW

This policy shall be reviewed, at a minimum, every three years by the Audit Committee Chair in conjunction with the Vice President of Administration & Finance.



## AUDIT COMMITTEE OF THE BOARD OF TRUSTEES OF WESTFIELD STATE UNIVERSITY CHARTER

### I. STATEMENT OF POLICY

The primary function of the Audit Committee of Westfield State University (the "University") is to oversee the accounting and financial reporting processes of the University, audits of the University's financial statements, reports and records, and risk management systems. In addition, the Audit Committee must provide assistance to the University's Board of Trustees (the "Board") in fulfilling its responsibilities to the University's students, parents, faculty, donors and staff as to the University's accounting, auditing and reporting practices and controls. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication among the Board, independent auditors, internal auditors and members of the senior administration of the University.

### II. COMPOSITION OF THE AUDIT COMMITTEE

Per Westfield State University Board of Trustee By-laws, Section 7.A., the Audit Committee shall consist of at least three voting trustees; provided however, that no more than one committee member may also be a member of the Finance and Capital Assets Committee. In no case may a trustee serve on the committee for more than three consecutive years.

The Audit Committee chairperson shall be appointed by the Chairman of the Board and confirmed by the majority vote of the Board members. If an Audit Committee chairperson is not designated or present at a meeting, the members of the Audit Committee may designate a chairperson by a majority vote of the Audit Committee membership.

### III. MEETINGS

The Audit Committee shall meet at least four (4) times a year or more frequently as circumstances require. The Audit Committee shall maintain minutes of each meeting of the Audit Committee and shall report the significant actions of the Audit Committee to the Board, with such recommendations as the Audit Committee deems appropriate.

### IV. RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE

The primary duties and responsibilities of the Audit Committee are to oversee and

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monitor the University's financial reporting process, internal controls and risk management systems and review and evaluate the performance of the University's independent auditors, ~~and internal auditing staff.~~ The Audit Committee will also evaluate the performance of the unit's internal auditing staff as it directly relates to internal audit functions. In fulfilling these duties and responsibilities, the Audit Committee shall take the following actions, in addition to performing such functions as may be assigned by law or regulation, or the Board:

1. The Audit Committee shall review and reassess this Charter annually and recommend any proposed changes to the Board for approval.
2. The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any independent auditor engaged (including resolution of disagreements between administration and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University. The independent auditor must report directly to the Audit Committee.
3. The Audit Committee shall act as a liaison with University administration and staff and the independent external auditor to develop an annual audit plan and schedule.
4. The Audit Committee, in its capacity as a committee of the Board, shall determine, and the University shall provide, providing the Board has approved the expenditure of funds for such engagements, funding for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University; (ii) compensation to any advisers, including, without limitation, an independent financial expert, employed by the Audit Committee, and as permitted by this Charter; and (iii) ordinary and reasonable administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
5. As part of the audit process, the Audit Committee shall meet with the independent auditors to discuss and determine the scope of the audit. The Audit Committee shall determine that the independent audit team engaged to perform the external audit consists of competent, experienced, auditing professionals.
6. The Audit Committee shall require the independent auditors to submit, on an annual basis, a formal written statement setting forth all relationships

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between the independent auditors and the University that may affect the objectivity and independence of the independent auditors, consistent with Independence Standards Board Standard No. 1, and the Audit Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors. The Audit Committee shall take, or recommend that the full Board take, appropriate action to ensure the independence of the independent auditors.

7. The Audit Committee shall require the independent auditors to advise the University of any fact or circumstance that might adversely affect the outside auditors' independence or judgment with respect to the University under applicable auditing standards, including any significant changes to the University's accounting principles and any items required to be communicated by the independent auditor under prevailing audit standards.
8. The Audit Committee shall require the independent auditors to advise the University if it becomes aware that any officer or employee of the University, or its direct or indirect subsidiaries or affiliates, is related to a partner, employee or other representative of the independent auditors, to the extent that such relationship might adversely affect the University under applicable auditing standards.
9. Upon the completion of the annual audit, the Audit Committee shall review the audit findings, including any comments or recommendations of the independent auditors, with the entire Board and obtain the approval of such report from the Board. The Audit Committee shall report to the Board on any issues which may be unresolved.
10. The Audit Committee shall review the regulations and current audit trends and requirements and recommend appropriate policy and practice applications to University administration.
11. The Audit Committee shall meet at least annually with the University's internal auditor to assure itself that the University has a strong internal auditing function by reviewing the internal audit program and assessing (grading) risk areas along with a proper control environment that promotes accuracy and efficiency in the University's operations.
12. The Audit Committee shall receive reports from the University's internal auditor, which include a summary of findings from completed internal audits

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and a progress report on the internal audit plan, together with explanations for any deviations from the original plan.

13. The Audit Committee shall review the internal audit function of the University, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year and the coordination of such plans with the independent auditors.
14. The Audit Committee shall recommend, with consultation from the University's leadership, the appointment, replacement, reassignment or dismissal of the University's internal auditor as may be warranted.
15. The Audit Committee shall determine, with consultation from the University's leadership, whether the internal audit function may be performed by a staff internal auditor or may be outsourced to a third party, as deemed appropriate.
16. The Audit Committee shall consider and review with the University's administration and the internal auditor: (a) significant findings during the year and management's responses thereto, including the status of previous audit recommendations, (b) any difficulties encountered in the course of their audits, including any restrictions on the scope of activities or access to required information, (c) any changes required in the planned scope of the internal audit plan; and (d) the internal auditing department budget and staffing.
17. The Audit Committee shall investigate or consider such other matters within the scope of its responsibilities and duties as the Audit Committee may, in its discretion, determine to be advisable. The Audit Committee shall have the authority to engage independent counsel and other advisers or experts, as it deems necessary to carry out its duties.
18. The Audit Committee shall prepare any report required by any governmental body or to the public, if any, as required by laws of the Commonwealth of Massachusetts and any/all regulations promulgated thereunder.
19. The Audit Committee shall establish procedures for the confidential, anonymous submission by University staff and administration of concerns regarding questionable accounting or auditing matters.
20. The Audit Committee shall at all times cooperate with all state auditors and provide any/all reports, statements, minutes and other related documents as may be required by such auditors.

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## REVIEW

This policy shall be reviewed every three years~~annually~~ by the Board of Trustees Audit Committee Chair and the Vice President for Administration and Finance.

**Westfield State University**  
Audit Committee

**FY19 Internal Control Questionnaire**  
June 20, 2019

**Department Head** – Dr. Ramon S. Torrecilha, President.

**Interim Internal Control Officer** – Stephen Taksar, Vice President for Administration and Finance (VPAF).

**Process**

- The Interim Internal Control Officer distributes sections of the questionnaire to departments on campus including: Finance, Information Technology Services, Procurement and Administrative Services, Human Resources, and Public Affairs.
- Responses are collected and reviewed for consistency by the VPAF.
- Final approval is required by the Department Head (President).
- Electronic document is submitted to the Comptroller in June.

**Primary Categories in the Questionnaire**

The questionnaire is comprised of 182 questions spread throughout the following categories.

1. Suspected Fraud or Irregularities
2. Public Records
3. IT Security and Protected Data
4. Internal Environment
5. Internal Control Plan
6. Transaction Authorization and Recording
7. Audits and Findings
8. Budget Controls
9. Revenue
10. Procurement and Contract Management
11. Invoices and Payments
12. Payroll and Personnel
13. Investments Held by Commonwealth
14. Inventory of Assets
15. Capital Assets Inventory
16. Federal Funds
17. Sub-Recipients

The completed questionnaire was submitted to the Comptroller electronically on June 11, 2019.



ANDREW W. MAYLOR  
COMPTROLLER

# Commonwealth of Massachusetts

## OFFICE OF THE COMPTROLLER

ONE ASHBURTON PLACE, 9<sup>TH</sup> FLOOR  
BOSTON, MASSACHUSETTS 02108  
TELEPHONE (617) 727-5000  
WWW.MACOMPTROLLER.ORG

**To:** Department Heads, Internal Control Officers, and Chief Fiscal Officers

**From:** Jeffrey Shapiro, First Deputy Comptroller

**Date:** May 3, 2019

**Re:** Internal Control Questionnaire and Department Certification

Comptroller Memo #2019-21

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### Executive Summary

Through this memo the Office of the Comptroller requests your assistance in completing the FY2019 *Internal Control Questionnaire* (ICQ). Based upon the Commonwealth Department Head Signature Authority (DHSA) model, the Department Head is responsible for implementing and maintaining effective internal controls based on prescribed statutes, regulations and policies. The ICQ is designed to help identify adherences to the controls, areas of risk, and mitigation steps. The ICQ's Certification Section confirms the status of the departments' compliance with these requirements. While the Department Head may delegate DHSA, pursuant to the process outlined by the Comptroller, the Department Head is responsible for all actions conducted by anyone to whom DHSA is delegated.

The responses to the ICQ is due by close of business on Friday **June 7, 2019**.

Internal controls are critical in creating an environment that is accountable to the public and demonstrates proper stewardship of public resources, while being responsive to the needs and direction of Senior Management. The Internal Control Act, Chapter 647 of the Acts of 1989, mandates that each department document its internal controls in accordance with guidelines established by the Office of the Comptroller – see: [Internal Control Guide](#).

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Each department's Internal Control Officer (ICO) will receive an email with a link to the survey and a printable version of the survey questions. The ICO should work closely with Senior Management within the department/agency to identify appropriate staff for providing responses to each applicable section of the ICQ. You may use the printable version to parse and disseminate sections to staff for this purpose. It is recommended that all responses be collected first, and then entered into the application.

The ICQ is designed to provide an indication of the effectiveness of the Commonwealth's internal controls. During the Single Audit, auditors from KPMG and Comptroller staff, will review the internal controls of several departments in more depth. They may also visit departments to follow-up on prior year findings, review compliance with federal and state regulations, test selected transactions, and review cash and encumbrances. The auditors use department Internal Control Plans and ICQ responses, along with other procedures, to render an opinion on the internal controls of the Commonwealth as a whole.

The Office of the State Auditor often refers to ICQ responses and Internal Control Plans when conducting their audits of state agencies. Additional oversight agencies may be notified of ICQ responses that relate to the areas of oversight.

### **Departments Using Shared Services**

Some departments use Shared Services through Comptroller approved Interdepartmental Services Agreement(s) (ISAs). The department that is the source of a transactional function must apply its Department Head Signatory Authority (DHSA) before that transactional function can be performed. Thus, the department using Shared Services must work with the department providing the service(s) to obtain the responses to the related ICQ section(s).

### **Certification**

The last section of the questionnaire is the department's certification of the accuracy of responses. Each Department Head must review the responses before they are submitted. After submission, the Department Head will receive an email alert that the ICQ was submitted. A completed copy is sent to your Internal Control Officer. Please keep a copy, electronic email or printed copy and make it available to any auditors or regulators, federal or state, who conduct a review of your agency.

The completed ICQ is due on or before **June 7, 2019**. If you have any questions, please contact the Comptroller's Help Line at (617) 973-2468. Thank you in advance for your time and cooperation.

Attachments: Instructions for Completion

cc: Single Audit Liaisons  
MMARS Liaisons  
Payroll Directors  
General Counsels  
Internal Distribution



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# Westfield State University

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## Audit Committee Meeting June 20, 2019



25 Braintree Hill Office Park, Suite 102  
Braintree, MA 02184  
617.471.1120

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## Audit Staff

- David A. Dilulis, CPA, Engagement Partner
- Steven Cohen, CPA, Quality Control Director
- Rick Strout, CPA, Audit Manager
- Andrew Charles, CPA, Audit Senior
- Lauren Carnes, CPA, Tax Partner
- Michael Hammond, IT Director

# Audit Responsibilities

## ■ Our Responsibilities Include:

- ❑ Forming and expressing an opinion on the fairness of the financial statements
- ❑ Communicating significant matters related to the audit engagement
- ❑ Forming and expressing an opinion on the supplementary information
- ❑ Reporting under Government Auditing Standards
- ❑ Reporting on compliance and internal control over compliance related to major federal programs (SFA)

*(Note: a complete list of responsibilities is included within the engagement letter)*

# Audit Responsibilities

## ■ Those Charged with Governance Responsibilities Include:

- ❑ Overseeing the financial reporting process
- ❑ Overseeing the strategic direction of the University
- ❑ Appointing the auditors and overseeing our work
- ❑ Informing us of all known or suspected fraud involving the University
- ❑ Resolving disagreements between management and the audit team

# Audit Responsibilities

- Management's Responsibilities Include:
  - Making all management decisions
  - Preparing and presenting financial statements in conformity with U.S. GAAP
  - Allowing us access to all financial records
  - Selecting and applying appropriate accounting policies
  - Safeguarding of all assets
  - Adjusting financial statements to correct material misstatements
  - Complying with laws and regulations, contracts, agreements, and grants
  - Providing us with a written representation letter
  - Tracking the status of audit findings and recommendations, if applicable

# Deliverables

- Audited Financial Statements
- Single Audit Report (Federal Financial Aid)
- MOSFA agreed upon procedures engagement
- Management Letter – if deemed necessary

# Key Dates

- April 2019 Engagement Letter Signed
- June 3 - 7, 2019 Preliminary Audit Work – Planning/SFA Testing
- June 17 – 20, 2019 MOSFA Testing
- June 20, 2019 Audit Committee Planning Meeting
- July 29 – August 9, 2019 Audit Fieldwork
- Late Sept – Early Oct, 2019 Draft Financial Statements  
Discussion of Draft Financial Statements with the Audit Committee  
Review Management letter (if necessary) and the results of the Single Audit  
Finalize Financial Statements
- October 2019 Finalize Single Audit Report

# Audit Approach

## Planning

- Internal controls – documentation and systems walkthroughs
  - Cash disbursements (credit cards) / expenses
  - Cash receipts / student & grant / donation revenues
  - Payroll
  - Student Financial Aid
- Preliminary analytics and development of expectations
- Discussions with management to document any new or updated policies or procedures, and significant transactions

# Audit Approach-Continued

## Year End Field Work – Key Areas Expected to Include:

- Existence and valuation of receivables and reserves
- Student loans and related reserves
- Testing of significant capital expenditures, projects
- Cut-off related to completeness of liabilities
- Valuation of Pension and OPEB related liabilities
- Compliance and control testing related to federal funds (SFA)
- Evaluation of the completeness and accuracy of presentation of the financial statements and footnote disclosures.

# Single Audit

- **Office of Management and Budget (OMB) Uniform Guidance** is the Federal law that governs the spending of Federal funds for governmental units
- OMB requires an audit if an organization spends more than \$750,000 of Federal funds per year
- The goal of the audit is to provide reasonable assurance to the Federal government that Federal funds are being spent as intended
- There were no findings from the prior year (FY 18) that requires follow up on our part.

# New GASB Pronouncements

- **GASB 83 – *Certain Asset Retirement Obligations*, effective for year ending June 30, 2019.**
  - Required to record a liability that is legally enforceable associated with the retirement of a tangible capital asset.
  - Recognition of the liability occurs when the liability is incurred and reasonably estimable.
  
- **GASB 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for year ending June 30, 2019.**
  - Additional disclosures required for direct borrowings, not public debt
  - Events of default terms with financial consequences
  - Termination events with financial consequences
  - Unused lines of credit

# Fraud and Regulatory Matters

## **Our Approach:**

- We will interview key personnel regarding knowledge of fraud
- Consideration of incentives, pressures, opportunities, and attitudes/tone at the top
- Follow up on matters, as necessary

## **Inquiries to Audit Committee:**

- Is the committee aware of any fraud, suspected fraud or allegations?
- Does the committee have any concerns about specific exposures to fraud or accounts that may be susceptible to fraud?
- Has management discussed internal control to prevent, detect and deter material fraud with the committee?
- Any communications from regulators (IRS, DOL, etc)?
- Are there any other risks/areas of concern?

# Relationship and Independence

- ❑ We are engaged to audit and prepare tax filings for the Foundation
- ❑ No consulting services outside of routine advice relative to accounting and tax matters
- ❑ No known roles of our staff or their relatives in any management or oversight role
- ❑ No known financial interrelationships of the firm or its staff with the University or Foundation

# Questions/Concerns

- Other questions, concerns, or specific issues to be reviewed as part of the audit engagement:
  - ❑ Are there any areas of concern or other areas that you would like us to investigate further?
  - ❑ Other?

# Executive Session

Discussion with the Committee without management present (if necessary)