



Board of Trustees

Audit Committee

June 25, 2020

Minutes

Meeting held virtually via Zoom

In accordance with Massachusetts Gov. Charlie Baker's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20 dated March 12, 2020.

A live stream of the meeting for public viewing also took place on YouTube.

MEMBERS PARTICIPATING REMOTELY: Committee Chair Boudreau, Vice Chair Landrau, and Trustees Alvarado and Martin

MEMBERS EXCUSED: Secretary Martinez-Alvarez

TRUSTEE GUESTS PARTICIPATING REMOTELY: Trustees Magovern, Neves, Queenin, and Williams

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

The meeting was called to order at 1:00 PM by Committee Chair Boudreau.

MOTION made by Trustee Landrau, seconded by Trustee Martin, to approve the minutes of the April 30, 2020 meeting.

ROLL CALL VOTE taken:

Trustee Alvarado	Not audible
Trustee Boudreau	Yes
Trustee Landrau	Yes
Trustee Martin	Yes

Motion passed unanimously.

Committee Chair Boudreau asked Mr. Stephen Taksar, Vice President of Administration of Finance, to bring forth the items for discussion.

FY20 Audit Plan Presentation

- Mr. David Dilulis and Mr. Zachary Laflash from O'Connor and Drew were participating in the meeting and gave a presentation on the audit plan for FY20. The audit responsibilities by the audit firm, the Trustees, and management were shared.
- Preliminary audit work has been started remotely and key dates were identified.

- Internal controls (cash disbursements, cash receipts, payroll and student financial aid) will be reviewed and discussions will be held with management to document any new or updated policies or procedures.
- The single audit will include follow up on two findings from FY19.
- Fraud and regulatory matters were discussed.
- New GASB Statement 84 will need to be incorporated in the FY20 statements.
- GASB Statement 87 for leases will begin after June 15, 2021.
- Mr. Taksar stated that if O'Connor and Drew's scope of work would not include a review of our recently changed internal policies on electronic funds transfers (EFT) to protect against future fraud, as well as the vendor maintenance file, it is important that it be done to make sure internal controls are in compliance and in best practice. Mr. Dilulis stated they can show what they have done with the new procedures to see if it is adequate and look at the policy to see if there are any issues. When going through the testing and narratives, if there is anything seen with those, they will inform us. If more is needed, it would expand beyond the scope of the audit. Mr. Taksar stated the need to be compliant with state regulations for EFT and vendor maintenance. Trustee Boudreau stated there will be ongoing dialogue with the auditors so that this issue is satisfactory. If the audit work needs to be expanded, it will be brought back to the committee.

Office of the State Auditor: Performance Audit

- Mr. Taksar stated we are on the rotation for a performance audit from the state, which will review cyber risk and administration of transfer students. A preliminary meeting has taken place and the state auditors will be reviewing Information Technology policies and procedures to protect University resources. The last time the institution had a performance audit was four years ago on inventory control, which lasted approximately one year. Three other state institutions have also received a performance audit. We are identifying with the state any proprietary information we do not want to have included in the findings and conclusions. Any findings will be shared with O'Connor and Drew.

Internal Audit Function

- Mr. Taksar stated many positions have been put on hold due to the budget situation, one of which is the Associate Director of Risk Management. One role of that position is to provide internal audit support. The audit committee needs to discuss strategies for internal audit focus over the next several months.
- Mr. Dilulis suggested the best scenario is to have someone employed by the institution do this function. Otherwise, it would need to be outsourced to another firm where the University would have to take responsibility for the procedures and the firm would report on just those.
- Mr. Taksar suggested the finance staff put together an outline of key areas to review and pick the top two or three to do an internal review relative to the risk areas, and then do an assessment. We may need some outside confirmation of that process, but we do not have full-time resources to dedicate to this right now.
- It was questioned what the cost of outsourcing would be. If it is more than a full-time employee, it would not make sense. Maybe some of the functions could be internal with some outsourcing.
- It was suggested to look at sister institutions to see if we could partner with one that has an in-house auditor or to jointly hire an outside firm. Mr. Taksar noted that no other institution has an internal auditor on staff. Most have a compliance function associated with another job.
- Trustee Alvarado stated that an external auditor would cost as much as an employee's salary so it would not save money. By picking a couple of areas of high risk and hiring an intern, existing finance staff, or partnering with another institution to focus on high-risk data could work.

There being no other business, **MOTION** made by Trustee Martin, seconded by Trustee Landrau, to adjourn.

ROLL CALL VOTE taken:

Trustee Alvarado	Yes
Trustee Boudreau	Yes
Trustee Landrau	Yes
Trustee Martin	Yes

Motion passed unanimously.

Meeting adjourned at 1:33 PM.

Attachments presented at this meeting:

- a. Draft Minutes of April 30, 2020
- b. FY20 Audit Plan Presentation
- c. Office of the State Auditor (Engagement Letter)