



Board of Trustees

Audit Committee

October 21, 2025, 8:30 a.m.

Minutes

President's Boardroom, Horace Mann Center

A live stream of the meeting for public viewing will also take place at the following link: <https://www.westfield.ma.edu/live>

Committee Members Present: Committee Chair Theresa Jasmin, Vice Chair William Reichelt, Secretary Michael O'Rourke, and Member Melissa Alvarado.

Committee Members Participating remotely: Tessa Lucey and Dr. Gloria Williams

Also present and participating were Westfield State University President, Dr. Linda Thompson; and Vice President, Facilities & Capital Planning, Thomas Therrien. Also participating was Kate Jun and Ryan Sheehan of WithumSmith and Brown P.C. and Samantha Spezeski and Michael Santolucito of Boston Consortium.

Committee Chair Theresa Jasmin called the meeting to order at 8:37 a.m., conducted a roll call of committee members, and stated the meeting was being livestreamed and recorded.

MOTION made by Trustee Reichelt seconded by Trustee O'Rourke to approve the meeting minutes of June 11, 2025. A roll call was completed. **Motion passed.**

FY25 Financial Statements

Kate Jun and Ryan Sheehan of WithumSmith and Brown P.C. presented the following:

- The University received an unmodified opinion on its financial statements, which is the "cleanest, highest level of opinion."
- A secondary opinion on internal controls under government accounting standards found no material weaknesses or significant deficiencies.
- As external auditors, they are responsible for communicating with governance.
- The auditors applied certain limits procedures to the required supplementary information (RSI), which includes pension and OPEB.

Independence and Services

- The audit firm is independent from the University, despite hiring former student board member, Daniel Currier, after ethics committee review.
- They assist with the preparation of the single audit financial statement and submission of the data collection form to the clearinghouse.

Accounting Pronouncements and Estimates

- Two new accounting pronouncements were adopted this year: Compensated Absences (sick bank for certain unions) and Risk Disclosures.
 - The Compensated Absences policy adoption had no material impact on the financial statements.
 - The Risk Disclosures pronouncement expands on required disclosures.
- Key management estimates include the useful lives of capital assets and pension and OPEB liabilities.
- There were no disagreements or issues with management during the audit.

Audit Risks and Financial Statements

- The auditors consulted with the auditors of the pension and OPEB liability financial statements.
- Audit risks assumed by the audit standards include the statement of revenue recognition and managed overhead of controls.
- The first three pages of the financial statements contain the clean opinion.
 - Pages 4-20 contain the management discussion and analysis (MDA), which provides management's view of the financial statements.

Assets and Deferred Outflow of Resources

- Cash: Combined cash is about \$50.7 million, slightly down from last year (\$53.8 million).
- Short term investments increased \$3.7 million, with \$1.7 million due to an increase in purchase on investment.
- Accounts receivable increased slightly due to grant receivable increases.
- Perkins loan receivables went to zero due to program liquidation.
- Capital assets total \$233 million, including \$112 million in leases with the CBA and \$121 million in hard assets.

Liabilities

- Net pension and OPEB liability, plus deferred inflows, totals approximately \$63.5 million.
 - This liability has caused a negative unrestricted net position for the last 8-10 years.
 - Without this liability, the university would have a positive unrestricted position of over \$62 million.
- Accounts payable was consistent with last year.
- Accrued salaries and wages increased due to normal salary increases and payroll timing.
- Net tuition and fees increased due to an increase in overall headcount of about 160 students.

Financial Overview

- Tuition fee charges increased, as did federal grants for student aid.
- Operating expenses increased by \$9.5 million (8%), mainly due to collective bargaining agreements with unions, budget investments, and scholarships.
- The university usually has an operating loss, relying on state appropriations to operate. Adding state appropriations would result in a positive balance of about \$10 million.
- The total increase in net positions for the year was \$13.5 million. Actuarial reduction in pension/OPEB liabilities was \$13.7 million, reducing expenses.

Cash Flow

- The University spent \$31.4 million on operating activities, with payments to employees being the main driver.
- Total operating activities cash used was about \$5.7 million, with \$5.2 million specifically from payments to employees.
- Cash decreased from \$53.8 million to \$47.7 million.

Footnotes and Internal Controls

- GASB 102 adoption: Expands the presentation of risks and concentrations in the financial statements.
- Report on internal controls: No deficiencies or weaknesses were identified during the audit.

Additional Points

- The compliance element for the single audit has not been released by the government yet due to a government shutdown.
- The benefit rate goes back into the coffers of the state to offset financial liability.
- The way financials are prepared distorts the true position. If the pension is taken out, the unrestricted net position would be a positive \$62 million.

MOTION made by Trustee Alvarado seconded by Trustee O'Rourke, the Audit Committee recommends approval to the full Board: To accept the annual report for fiscal year ending June 30, 2025, 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 FY25 Financial Statements, audited by WithumSmith and Brown, P.C. A roll call was completed. **Motion passed.**

Internal Audit – Building Access and Security

- Samantha Spezeski and Michael Santolucito present the findings of the internal audit reviews for key risk areas.
- The scope of the review included:
 - Building access security (assigning, deleting, monitoring key cards and keys)
 - Replacement procedures
 - Security camera placement
 - Visitor access reconciliation systems
 - Communication

Physical Key System Deficiency

- The key wizard system was being used (The key wizard is for physical keys).
 - It is an old system (Windows 95) with security issues and lacks proper security patching.
 - It has a single-user access model, so there are no conflicting records.
 - It lacks reporting functionality and integrations.
- Recommendation: Change the system.
 - Residential life included with a new housing system.
- Thomas Therrien said that upgrading the system was already on their radar and they are proceeding with a purchase order for new software which will cost \$8,000.

Physical Keys - Residential Life

- Residential Life has a good protocol of tracking keys and retooling locks if keys are lost.
- There is no way of telling which key belongs to which door.
- Oversight and tracking:
 - Keys were everywhere (bins, desks) and not orderly.
 - Keys were not being tracked and handed out usually on a semester basis.
- Student withdrawals:
 - Students are allowed to stay on campus for 48 hours after withdrawing.
 - There were issues with communication between the registrar and admissions, so Residential Life was not always notified of student withdrawals in a timely manner.
- Recommendation:
 - Schedule of reconciliation and increase communications.
- The new housing system will allow for more timely notifications of student withdrawals.
- Lockboxes are being used and a reconciliation of the keys was done before they were put in the lockboxes.
- Locksmiths are not informed until all spare keys are gone. Secretaries/admins give out spares until they run out, without retooling.

- Key access is inconsistent: some keys open all doors in a suite, others open specific offices or building sections.
- Space management procedures exist, approved in February, but staff said no one follows them. People move offices as they please. Solving the control issues will make space management more enforceable.

Key Policy Recommendations

- Establish a comprehensive key policy that is consistent across departments (e.g., HR, payroll).
- Lost keys should be recorded, and locks should be rekeyed when possible.
- Clearly define ownership and responsibility for keys.

Residential Life Communications

- Residential Life feels they lack effective communication mechanisms with students.
- Emails were blanket emails to the entire student body, and students often don't check email.
- They are developing a multifaceted approach for automated emails, social media, and text messages.
- Acknowledgment of policies is needed to ensure students are aware of housing rules.

Owl Bucks Financial Transactions

- Owl Bucks are used as a declining balance system on student ID cards for on-campus purchases.
- There is no PIN number associated with the cards, which poses a fraud risk if a card is lost.
- Recommendation: Investigate implementing a PIN or other security measures. Management reports no past fraud issues.

Policy Procedures

- Some policies and procedures were dated or had limitations.
- A team was formed to update and document policies and procedures.
- Training is essential to ensure staff understands and follows the policies. "You know, we can document all we want, but if no one knows what they are, they're going to still do whatever they want to do."

Cross Training

- Keycard creation involves multiple departments with segregated duties.
- Interdepartmental cross-training is needed to prevent disruptions if staff are unavailable (e.g., due to illness).

Key and Code Access Costs

- Converting a door to key access via card costs roughly \$5,000, including IP back end, hardware, and electronic locking.
- Converting everything to card access is expensive, though it is the "gold standard."

Internal Audit – Accounts Payable Review

- Controls are in place, but there is room for best practices.
- The first observation concerns the W9 form, which vendors must complete before payment.
 - It's important to verify W9 information, especially addresses, to prevent fraud.
 - Staff interviewed understood the risk of not verifying W9 information.
- The second finding was around auto debits.
 - Best practice is to not have auto debits through the operating account, but to set up a separate account for that.
- Other findings included process review of signing an authorization to pay and purchase orders.
 - Purchase orders are now being obtained for over \$500, raised from \$200.
- An addendum includes best practices, such as reviewing policies and procedures for contradictory wording and encouraging vendors to use ACH payments.

Next Internal Audit

- Samantha Spezeski and Stephen Taksar have discussed how to move forward, considering budget challenges.
- A plan will be presented at the December meeting, incorporating ideas for a three-year projection.
- The plan will assess the internal audit risk universe, considering areas like campus safety and security.
- One idea is to examine the Clery Act, which relates to building security and campus safety.

Compliance on Campus

- Speaker suggests the Clery Act as a starting point, noting its relevance in recent news.
- Larger audits, like an FY26 audit, can be coupled with hours from next year for a rolling approach.
 - This allows for a smaller 100-hour project to be combined with a 250-hour project.
- The speaker wants to have "deeper discussions about what is important here at Westfield State and the priorities of your internal audit universe and where ingredients like us to touch."
- The committee wants to continue pursuing internal audits but needs to moderate what they can do.
- Self-assessment checklists can be created for areas of interest, using the audit program as a guide.

There being no further business, **MOTION** made by Trustee Alvarado and seconded by Trustee Lucey to adjourn the meeting. There being no discussion, **motion passed unanimously**. Meeting adjourned at 9:37 a.m.

Attachment(s):

- Minutes 6-11-25 (Draft)
- Motion – FY25 Financial Statements
- FY25 Financial Statements (Required Communication)
- FY25 Financial Statements (Draft)
- Internal Audit – Building Access and Security
- Internal Audit – Accounts Payable

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 October 21, 2025.

Michael O’Rourke, Secretary

Date