



Board of Trustees

Audit Committee

October 13, 2021

Minutes

Owl's Nest (Room 018), Ely Campus Center

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

MEMBERS PRESENT: Committee Chair Paul Boudreau, Vice Chair William Reichelt, Secretary Dr. Gloria Williams

MEMBERS EXCUSED: Trustee Alvarado

TRUSTEE GUESTS IN ATTENDANCE: Trustees Madeline Landrau, Dr. Robert Martin, Kevin Queenin, and Ali Salehi

Dr. Linda Thompson, President of Westfield State University, was also present.

The meeting was called to order at 1:02 PM by Committee Chair Boudreau and it was announced that the meeting was being livestreamed.

MOTION made by Trustee Reichelt, seconded by Trustee Williams, to approve the minutes of the June 29, 2021 meeting. There being no discussion, **Motion passed unanimously.**

Uniform Guidance Audit: Findings Follow-Up. Lisa Freeman, Associate Vice President for Administration and Finance, stated that there was an audit finding from the FY20 financial aid compliance. It has been resolved and the action plan accepted. The matter has been closed with no additional action needed on our part.

State Audit: Findings Follow-Up. Stephen Taksar, Vice President for Administration and Finance, stated that last year's audit identified two items that needed to be addressed, IT training and vendor database revisions. New procedures have been implemented in how changes are made to the vendor database file, which are reviewed and documented by a supervisor. All changes are being documented to the master file for the state, and they have closed the matter. Alan Blair, Chief Information and Security Officer, stated that the first IT training campaign has started and has been completed by ten percent of employees. An internal phishing campaign gave a baseline of where to focus the training. Once training has been completed, minimal monthly internal phishing campaigns will start in order to target ongoing training needed. The training will eventually include students. All employees will be required to take the IT training within 30 days of hire and then annually. All training has been impact bargained and agreed to. The better everyone is trained, the less risk of cyber-attack.

FY22 Internal Audit/Risk Management/Compliance. As an update to the last meeting, there has not been a resolution to the issue of an internal audit/risk management officer. One area of progress is the hiring of a Title IX coordinator to ensure compliance in that area.

FY21 Audit Report. Dave Dilulis and Zach Laflash from O'Connor and Drew, P.C. reviewed the required communications and stated the financial statements give an opinion on internal control and showed no findings or deficiencies. Both are clean reports. There were no difficulties in performing the audit and no fraud discovered. There are no GASB implementations this year. Significant transactions include HEERF and SIP federal funding in response to the COVID-19 pandemic. The MSCBA also partially refunded the University's outstanding bonds to provide budgetary relief for FY21 and FY22.

Mr. Taksar stated that the interpretation of the financial statements is limited due to OPEB liabilities in our financial statements. A liability of \$103 million is required to be reported for GASB purposes. From a resource point of view, financial statements need to be looked at in a different way. There is concern about required reporting on obligations we are not financially responsible for.

Assets, liabilities and net position were discussed. There was an increase in cash, accounts receivable, and capital assets as a result of deferred outflows of resources driven by reports from the state, with similar reporting under liabilities. Current liabilities increased due to accounts payable and an increase in bonds payable due to the MSCBA bonds funding. It was questioned how there was an increase in net position with challenges discussed in the budget. The increase is due to recognition of state capital appropriation revenue for work completed during the year on the steam line and Parenzo Hall projects. There was also \$4.3 million in investment growth, which is not a budgeted item, and an unrealized gain to be added to the bottom line. HEERF funds were drawn down for lost revenue expense. One-time transactions have no material effect on reducing the structural deficit. It is the University's responsibility to manage the funds and the auditors' responsibility to check that management. Most one-time fund changes are related to COVID-19 changes in income and expenses.

The audit focuses on the financial statements. It was questioned whether, since the University does not have an internal auditor or risk process set up, it would be worthwhile to have an audit of our internal control processes. O'Connor and Drew conducts tests of internal controls and if they believe that something is not right, they would expand their testing to see if it was systematic and may recommend additional internal review. Sample testing is performed throughout the year and select testing after June 30. The sample size is 25 to 40 percent, depending on the risk for that area and any previous findings. They currently conclude the internal processes are working well. Trustee Boudreau stated the committee has discussed hiring a risk management/audit officer, and that needs to stay on the radar to fill when the University is in a better financial position and can find qualified people to apply. Currently, the Title IX compliance officer position rose to the top of the priority list and the university funded this new position this year.

MOTION made by Trustee Reichelt, seconded by Trustee Williams, to accept the annual report for fiscal year ending June 30, 2021, 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 FY21 Financial Statements, audited by O'Connor & Drew, P.C.

There being no discussion, Committee Chair Boudreau requested a roll-call vote:

Trustee Reichelt	Yes
Trustee Williams	Yes
Trustee Boudreau	Yes

Motion passed unanimously.

There being no other business, **MOTION** made by Trustee Reichelt, seconded by Trustee Williams, to adjourn. There being no discussion, **Motion passed unanimously.**

Meeting adjourned at 1:51 PM.

Attachments presented at this meeting:

- a. Draft Minutes of 6-29-21 Meeting
- b. Uniform Guidance Audit (Follow-Up)
- c. State Audit (Update)
- d. State Audit (Communication)
- e. State Audit (Final Report)
- f. Motion – FY21 Audit Report
- g. FY21 Audit Report (Required Communication)
- h. FY21 Audit Report (Draft)