



## Board of Trustees

### Audit Committee

12:30 p.m.  
December 20, 2022

Room 127, Catherine Dower Center for Performing & Fine Arts

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

For information about Westfield State's COVID-19 procedures, visit: [www.westfield.ma.edu/covid](http://www.westfield.ma.edu/covid)

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|---|-------------------------------|
| <b>1. Called to Order</b>   | Trustee Jasmin                |
| <b>2. Minutes</b>   |                               |
| a. October 12, 2022   | Trustee Jasmin                |
| <b>3. Items for Action</b>  |                               |
| a. Motion – Massachusetts Office of Student Financial Aid Report (OSFA) | O'Connor and Drew, P.C.       |
| b. Motion – Uniform Guidance Report                                     | O'Connor and Drew             |
| <b>4. Items for Information</b>   |                               |
| a. FY22 Payment Card Industry (PCI) Assessment                          | Alan Blair                    |
| <b>5. Items for Discussion</b>  |                               |
| a. FY23 Internal Audit/Risk Management/Compliance                       | Trustee Jasmin/Stephen Taksar |
| b. Planning for January Audit Committee Meeting                         | Stephen Taksar                |

#### Attachment(s):

- a. Minutes 10-12-22 (Draft)
- b. Motion – Massachusetts Office of Student Financial Aid Report (OSFA)
- c. Massachusetts Office of Student Financial Aid Report (OSFA) (Draft)
- d. Motion – Uniform Guidance Report
- e. Uniform Guidance Report (Draft)
- f. FY22 Payment Card Industry (PCI) Assessment
- g. FY22 Payment Card Industry (PCI) Assessment (Executive Summary)
- h. FY23 Internal Audit/Risk Management/Compliance
- i. FY23 Internal Audit/Risk Management/Compliance (Summary of Services)



## Board of Trustees

Audit Committee

October 12, 2022

Minutes

Arno Maris Gallery, Room 201, Ely Campus Center

And 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.

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**MEMBERS PRESENT:** Committee Chair Theresa Jasmin, Vice Chair William Reichelt, Secretary Dr. Gloria Williams, and Trustee Lydia Martinez-Alvarez

**TRUSTEE GUESTS PRESENT:** Trustees Melissa Alvarado, Dr. Robert Martin, Chris Montemayor, and Ali Salehi

**TRUSTEE GUESTS PARTICIPATING REMOTELY:** Trustee Madeline Landrau

Also present and participating were Westfield State University President Dr. Linda Thompson, Administration and Finance Vice President Stephen Taksar and Associate Vice President Lisa Freeman, as well as Dave Dilulis and Ryan Sheehan from O'Connor and Drew.

The meeting was called to order at 1:15 PM by Committee Chair Jasmin. A roll call was taken of the committee members participating as listed above and it was announced that the meeting was being livestreamed and recorded.

**MOTION** made by Trustee Williams, seconded by Trustee Reichelt, to approve the minutes of the June 28, 2022, meeting. There being no discussion, **Motion passed unanimously.**

Motion – FY22 Audit Report. Committee Chair Jasmin welcomed Dave Dilulis and Ryan Sheehan of O'Connor and Drew, P.C. to the meeting. They shared the required communications and the audit report, highlighting the following.

- There was an unmodified opinion based on the annual audit and report on internal controls.
- All Higher Education Emergency Relief Fund (HEERF) related income from 2020 through 2022 has been recognized or spent based on Department of Education guidelines.
- The right of use (ROU) lease liabilities replaces the old MSCBA rent expenses regarding classification of the residential life facilities based on the new GASB regulations. They are "bookkeeping" issues, but the interest rate still needs to be applied. In the first year, the interest was more than principal. The cash flow does not change and has a negative impact on total net assets for the first year. Trustee Jasmin stated this helps to understand the long-term obligation of leases.

- The statement of net position showed an increase in overall net position of \$12 million.
- The footnote disclosures showed \$26 million received in CARES funding since inception. The University has recognized, spent, or allocated (to students) all the funds they were awarded.
- The overall summary of capital assets and long-term liabilities were shown.
- Lease liabilities showed the extensive list and payout over the life of the leases.
- Pension and OPEB notes were added.
- State appropriation increased this year.

There has been no feedback from the Internal Control questionnaire submitted to the state comptroller, which is required annually of all state entities. Trustee Martin asked what areas should be focused on for an internal audit if there were resources for one. The areas of payroll, cash receipts, HEERF receipts, and Massachusetts financial aid were suggested. There have been no single audit findings and no internal control findings. The IT systems penetration testing should continually be reviewed to assess cyber threats to our data and systems. Mr. Taksar stated that there is much work being done at the state level to support higher education cyber security. President Thompson stated there is also collaboration between state universities on this topic.

Mr. Taksar stated that recovery of funds, for OPEB and pension allocations from the state, comes from increasing the benefit rate charged by the state to the campus. There is already a mechanism in place to fund these costs via the benefit rate, yet they are still being pushed out to our financials to cover current and long-term liabilities. Pages 5 and 6 show the net position of the University without these liabilities to the financial statement which help us know where we truly stand. Ultimately, the campus is not liable for them, and they skew the value of the financial statements.

**MOTION** made by Trustee Williams, seconded by Trustee Reichelt, to accept the annual report for fiscal year ending June 30, 2022, 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 FY22 Financial Statements, audited by O'Connor & Drew, P.C. There being no discussion, **Motion passed unanimously.**

FY23 Internal Audit/Risk Management/Compliance. Mr. Taksar has connected with the Boston Consortium who have 10-to-12 core members of schools who have developed a robust internal audit function. The Consortium has five full-time staff that provide a variety of internal audit functions to the schools they serve. We would be the only public university using their services. They could provide an internal audit function once the committee identifies key topics and determines the scope of work and timing. Their services may also answer the broader question of ongoing support for the compliance function in the University, and they would need to get approval from their advisory board to work with a public institution. Committee Chair Jasmin stated these services would be important for efficiency, compliance, and effectiveness and would encourage ways to make the resources available to ensure a strong control environment and protect the University. Trustee Martin stated that identifying and mitigating risks is a top role of trustees, and it is important to take proactive steps through the Consortium, position sharing, or through creating our own position. Trustee Alvarado shared that we are looking for three distinct skill sets which are almost impossible to find in one person. Trustee Salehi encouraged Mr. Taksar to work with Trustees Jasmin and Alvarado due to their background and expertise to help guide the committee on what to do. Mr. Taksar will discuss the matter further with the Boston Consortium and provide background, alternatives, and a plan to move forward.

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

Meeting adjourned at 2:02 PM.

Attachments presented at this meeting:

- a. Draft Minutes 6-28-22 (Draft)
- b. Motion – FY22 Audit Report
- c. FY22 Audit Report (Required Communication)
- d. FY22 Audit Report (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 October 12, 2022.

\_\_\_\_\_  
Dr. Gloria Williams, Secretary

\_\_\_\_\_  
Date



## **Board of Trustees**

December 20, 2022

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### **MOTION**

To accept the agreed upon procedures report pursuant to the Massachusetts Office of Student Financial Assistance attestation guide for fiscal year ended June 30, 2022 as prepared by the firm of O'Connor & Drew, P.C., and to authorize the submission of this report to the State Comptroller's Office and the Department of Higher Education.

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Robert A. Martin, Ph.D., Chair

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Date

# **WESTFIELD STATE UNIVERSITY**

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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO THE MASSACHUSETTS OFFICE OF STUDENT FINANCIAL ASSISTANCE ATTESTATION GUIDE**

**JUNE 30, 2022**

# WESTFIELD STATE UNIVERSITY

## Independent Accountants' Report Pursuant to the Massachusetts Office of Student Financial Assistance Attestation Guide

June 30, 2022

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## **Independent Accountants' Report on Compliance with Specified Requirements Applicable to the Massachusetts Office of Student Financial Assistance Program Cluster**

To the Board of Trustees of  
Westfield State University  
Westfield, Massachusetts

We have examined Westfield State University's (the "University") compliance with the following requirements as specified in the Massachusetts Office of Student Financial Assistance ("MOSFA") *Student Financial Assistance Attestation Guide, Fifth Edition (The "Guide")* for the year ended June 30, 2022:

- Institutional eligibility
- Student eligibility
- Reporting
- Disbursements
- Refunds

Management is responsible for the University's compliance with those requirements. Our responsibility is to express an opinion on the University's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical guidelines related to the engagements.

In our opinion, the University complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2022.

**Certified Public Accountants  
Braintree, Massachusetts**

**DATE**

# **WESTFIELD STATE UNIVERSITY**

## **Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2022**

There are no current year findings to report.

DRAFT

# **WESTFIELD STATE UNIVERSITY**

## **Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2022**

There were no prior findings.

The University has not been subjected to these procedures since fiscal year ended June 30, 2019, as the University received a two year exemption from performing the examination of the Massachusetts financial assistance from the Massachusetts Office of Student Financial Assistance.

DRAFT

# **Opinion on Financial Statements and Supplementary Schedule of Population, Items Tested and Findings for Massachusetts Office of Student Financial Assistance Program Cluster**

## **Independent Auditors' Report**

To the Board of Trustees of  
Westfield State University  
Westfield, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Westfield State University (the "University"), which comprise the statement of net position as of June 30, 2022, the related statements of activities and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **DATE**.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

### **Report on Schedule of Population, Items Tested, and Findings for Massachusetts Office of Student Financial Assistance Program Cluster**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Population, Items Tested, and Findings for Massachusetts Office of Student Financial Assistance Program Cluster is presented for purposes of additional analysis as required by the Massachusetts Office of Student Financial Assistance Compliance Attestation Guide, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE**, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**Certified Public Accountants  
Braintree, Massachusetts**

**DATE**

(except for the Schedule of Population, Items Tested, and Findings for Massachusetts Office of Student Financial Assistance Program Cluster, for which the date is **DATE**)

DRAFT

**Westfield State University**  
 Schedule of Population, Items Tested, and Findings for the  
 Massachusetts State Financial Assistance Program Cluster

Year Ended June 30, 2022

	<b>Description of Category</b>	<b>Number of students</b>	<b>Percent of population</b>	<b>Amount of awards</b>	<b>Percent of population</b>
Commonwealth Commitment Rebate Credit	Population	5	100%	\$ 4,332	100%
	Tested	2	40%	931	21%
	Findings	-	0%	-	0%
John and Abigail Adams Scholarship	Population	380	100%	347,866	100%
	Tested	4	1%	3,880	1%
	Findings	-	0%	-	0%
DCF Adopted Child Tuition Waiver and Fee Assistance	Population	34	100%	357,554	100%
	Tested	3	9%	38,987	11%
	Findings	-	0%	-	0%
Financial Aid Tuition Waiver	Population	758	100%	593,103	100%
	Tested	3	0%	2,425	0%
	Findings	-	0%	-	0%
Early Childhood Educator's Scholarship	Population	7	100%	40,000	100%
	Tested	2	29%	10,000	25%
	Findings	-	0%	-	0%
DCF Foster Child Tuition and Fee Waiver	Population	23	100%	207,067	100%
	Tested	3	13%	33,417	16%
	Findings	-	0%	-	0%
Massachusetts Foster Grant	Population	15	100%	79,300	100%
	Tested	2	13%	12,000	15%
	Findings	-	0%	-	0%

*See accompanying report.*

**Westfield State University**  
 Schedule of Population, Items Tested, and Findings for the  
 Massachusetts State Financial Assistance Program Cluster - Continued

Year Ended June 30, 2022

	<b>Description of Category</b>	<b>Number of students</b>	<b>Percent of population</b>	<b>Amount of awards</b>	<b>Percent of population</b>
Massachusetts GEAR UP Scholarship	Population	9	100%	\$ 10,800	100%
	Tested	1	11%	1,200	11%
	Findings	-	0%	-	0%
Massachusetts High Demand Scholarship	Population	20	100%	76,000	100%
	Tested	1	5%	4,000	5%
	Findings	-	0%	-	0%
Koplik Mastery Tuition Waiver	Population	24	100%	22,310	100%
	Tested	1	4%	970	4%
	Findings	-	0%	-	0%
Massachusetts Rehab Tuition Waiver	Population	41	100%	36,860	100%
	Tested	3	7%	2,425	7%
	Findings	-	0%	-	0%
Mass Grant Plus	Population	477	100%	1,024,300	100%
	Tested	3	1%	7,892	1%
	Findings	-	0%	-	0%
Paraprofessional Teacher Preparation Grant	Population	1	100%	5,400	100%
	Tested	1	100%	5,400	100%
	Findings	-	0%	-	0%
Part Time Student Grant Program	Population	22	100%	13,000	100%
	Tested	2	9%	1,134	9%
	Findings	-	0%	-	0%
Paul E. Tsongas Scholarship Tuition Waiver	Population	17	100%	16,490	100%
	Tested	1	6%	970	6%
	Findings	-	0%	-	0%

*See accompanying report.*

**Westfield State University**  
 Schedule of Population, Items Tested, and Findings for the  
 Massachusetts State Financial Assistance Program Cluster - Continued

Year Ended June 30, 2022

	<b>Description of Category</b>	<b>Number of students</b>	<b>Percent of population</b>	<b>Amount of awards</b>	<b>Percent of population</b>
State University Internship Incentive Program	Population	83	100%	\$ 236,830	100%
	Tested	1	1%	5,000	2%
	Findings	-	0%	-	0%
Mass Grant	Population	1,061	100%	1,653,093	100%
	Tested	21	2%	34,900	2%
	Findings	-	0%	-	0%
Massachusetts Transfer Tuition Waiver	Population	113	100%	95,545	100%
	Tested	6	5%	5,820	6%
	Findings	-	0%	-	0%
Mass Teach Grant	Population	5	100%	34,000	100%
	Tested	1	20%	2,000	6%
	Findings	-	0%	-	0%
Massachusetts Rehab Commission	Population	34	100%	138,458	100%
	Tested	5	15%	12,275	9%
	Findings	-	0%	-	0%
Massachusetts Cash Grant	Population	628	100%	1,002,645	100%
	Tested	7	1%	10,810	1%
	Findings	-	0%	-	0%
Native American Tuition Waiver	Population	1	100%	970	100%
	Tested	1	100%	970	100%
	Findings	-	0%	-	0%

See accompanying report.

**Westfield State University**  
 Schedule of Population, Items Tested, and Findings for the  
 Massachusetts State Financial Assistance Program Cluster - Continued

Year Ended June 30, 2022

	<b>Description of Category</b>	<b>Number of students</b>	<b>Percent of population</b>	<b>Amount of awards</b>	<b>Percent of population</b>
OSFA Emergency Grant	Population	52	100%	169,096	100%
	Tested	1	2%	5,000	3%
	Findings	-	0%	-	0%
OSFA Completion Pilot	Population	61	100%	153,500	100%
	Tested	1	2%	1,100	1%
	Findings	-	0%	-	0%

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*See accompanying report.*



## **Board of Trustees**

December 20, 2022

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### **MOTION**

To accept the audit report on the audit procedures required pursuant to the Office of Management and Budget (OMB) Uniform Guidance for fiscal year ending June 30, 2022, as prepared by the firm of O'Connor & Drew P.C., and to authorize the submission of this report to the Federal Audit Clearinghouse and to other parties as required by OMB Uniform Guidance and the Commonwealth of Massachusetts.

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Robert A. Martin, Ph.D., Chair

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Date

**WESTFIELD STATE UNIVERSITY**  
(an Agency of the Commonwealth of Massachusetts)

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**INDEPENDENT AUDITORS' REPORTS AS REQUIRED  
BY THE UNIFORM GUIDANCE AND *GOVERNMENT*  
*AUDITING STANDARDS* AND RELATED  
INFORMATION**

**JUNE 30, 2022**

**WESTFIELD STATE UNIVERSITY**  
(an Agency of the Commonwealth of Massachusetts)

**Independent Auditors' Reports as Required by the Uniform Guidance and  
*Government Auditing Standards* and Related Information**

**June 30, 2022**

**C O N T E N T S**

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# **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees of  
Westfield State University  
Westfield, Massachusetts

## **Report on Compliance for Each Major Federal Program**

We have audited Westfield State University's (an Agency of the Commonwealth of Massachusetts) (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditors' results accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

## ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of University's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to University's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be

prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the University, as of and for the year ended June 30, 2022. We issued our report thereon dated October 12, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Certified Public Accountants**  
**Braintree, Massachusetts**

December 20, 2022

(except for the Schedule of Expenditures of Federal Awards, for which the date is October 12, 2022)

# **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of  
Westfield State University  
Westfield, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Westfield State University (the "University"), and its discretely presented major component unit, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 12, 2022.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal controls. Accordingly, we do not express an opinion on the effectiveness of the University's internal controls.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Certified Public Accountants  
Braintree, Massachusetts**

October 12, 2022

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**SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**WESTFIELD STATE UNIVERSITY**  
(an Agency of the Commonwealth of Massachusetts)

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Through to Subrecipients
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 295,448	\$ -
Federal Work-Study Program	84.033	N/A	N/A	298,147	-
Federal Pell Grant Program	84.063	N/A	N/A	6,427,552	-
Federal Perkins Loan Program (beginning of year)	84.038	N/A	N/A	253,679	-
Federal Perkins Loan Program (current year expenditures)	84.038	N/A	N/A	-	-
William D. Ford Federal Direct Loan Program (Note 4)	84.268	N/A	N/A	<u>27,056,226</u>	-
Total Student Financial Assistance Cluster				<u>34,331,052</u>	-
<b>TRIO CLUSTER</b>					
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
Student Support Services	84.042	N/A	N/A	<u>320,384</u>	-
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>National Science Foundation:</b>					
<b>Pass-through Awards:</b>					
Education and Human Resources	47.076	University of Nebraska at Omaha	1925188	<u>10,145</u>	-
<b>NON-CLUSTER</b>					
<b>Library of Congress</b>					
<b>Pass-through Awards:</b>					
Teaching with Primary Sources Eastern Region	42.010	Waynesburg University	GA08C0016	<u>25,000</u>	-
<b>U.S. Department of Health and Human Services</b>					
<b>Direct Awards:</b>					
Mental and Behavioral Health Education and Training	93.732	N/A	N/A	<u>377,779</u>	-
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
COVID-19 -Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion	84.425E	N/A	N/A	6,571,937	-
COVID-19 -Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425F	N/A	N/A	6,321,907	-
COVID-19 -Higher Education Emergency Relief Fund (HEERF) - Strengthening Institutions Portion	84.425M	N/A	N/A	<u>569,984</u>	-
Subtotal - Direct Awards HEERF				<u>13,463,828</u>	-
<b>Pass-through Awards:</b>					
COVID-19 -Governor's Emergency Education Relief Fund	84.425C	Massachusetts Department of Education	ISARGT70092020WSC22A	<u>13,183</u>	-
* Subtotal of Assistance Listing 84.425 Programs				<u>13,477,011</u>	-
<b>U.S. Department of the Interior</b>					
<b>Direct Awards:</b>					
National Wild & Scenic Rivers System	15.962	N/A	N/A	<u>85,494</u>	-
<b>Federal Emergency Management Agency:</b>					
<b>Passthrough Awards:</b>					
COVID-19 - Disaster Grants - Public Assistance	97.036	Massachusetts Emergency Management Agency	PA-01-MA-4496-PW-01185(1034)	<u>1,326,407</u>	-
Total Non-Cluster				<u>15,291,691</u>	-
				<u>\$ 49,953,272</u>	<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**WESTFIELD STATE UNIVERSITY**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2022**

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Westfield State University (the “University”) under programs of the Federal Government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University.

Note 2 - **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3 - **Indirect Cost Rate**

The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - **Federal Student Loan Programs**

*Perkins Loan Program*

The Federal Perkins Loan Program (“Perkins”) is administered directly by the University and balances and transactions relating to this program are included in the University’s basic financial statements. During the year ended June 30, 2022, there were no loans advanced under the Perkins program. During the year ended June 30, 2022, \$5,080 of administrative costs were incurred. As of June 30, 2022, loan balances receivable, net under Perkins was \$178,934.

There was no federal capital contribution or match by the University during the current year.

**WESTFIELD STATE UNIVERSITY**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Schedule of Expenditures of Federal Awards - Continued**

**Year Ended June 30, 2022**

Note 4 - **Federal Student Loan Programs - Continued**

*Direct Student Loan Program*

The University disbursed \$27,056,226 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the University under the program as of June 30, 2022. The University is only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements.

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**WESTFIELD STATE UNIVERSITY**  
**(an Agency of the Commonwealth of Massachusetts)**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2022**

**Section I – Summary of Auditors’ Results:**

***Financial Statements***

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   no

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes      x   no

***Federal Awards***

Type of auditors’ report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   no

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_\_\_ yes      x   no

**WESTFIELD STATE UNIVERSITY**  
**(an Agency of the Commonwealth of Massachusetts)**

**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2022**

*Identification of Major Programs*

Name of Federal Program or Cluster	Assistance Listing Number
Federal Emergency Management Agency COVID-19 - Disaster Grants - Public Assistance	<b>97.036</b>
Education Stabilization Fund (ESF):	
CARES Act Higher Education Emergency Relief Fund - Students	<b>84.425E</b>
CARES Act Higher Education Emergency Relief Fund – Institutional	<b>84.425F</b>
CARES Act Higher Education Emergency Relief Fund – Strengthening Institutions Program (SIP)	<b>84.425M</b>
COVID-19 - Governor’s Emergency Education Relief Fund	<b>84.425C</b>

Dollar threshold used to distinguish between  
type A and type B programs:

\$1,498,598

Auditee qualified as a low-risk auditee?

  x   yes           no

**WESTFIELD STATE UNIVERSITY**  
**(an Agency of the Commonwealth of Massachusetts)**

**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2022**

**Section II – Financial Statement Findings:**

None

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**WESTFIELD STATE UNIVERSITY**  
**(an Agency of the Commonwealth of Massachusetts)**

**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2022**

**Section III – Federal Award Findings and Questioned Costs:**

None

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ADMINISTRATION AND FINANCE

**Management's Summary Schedule of Prior Audit Finding**

**Year Ended June 30, 2021**

**Section IV – Management's Summary Schedule of Prior Audit Findings:**

None.

DRAFT

OFFICE OF INFORMATION AND INSTRUCTIONAL TECHNOLOGY

To: Audit Committee, Board of Trustees

From: Alan R. Blair,  
Chief Information Officer  
Chief Information Security Officer

Office of Information and Instructional Technology

Date: December 20, 2022

RE: PCI Assessment Overview

Over the past seven years, Information Technology Services (ITS) has been working diligently to become 100% Payment Card Industry Data Security Standard (PCI-DSS) compliant. The most significant challenge in this endeavor is the ever changing and evolving requirements of the PCI Security Standards Council.

In 2015, we found ourselves in a position where the new standards were published but not effective until 2016. ITS requested to be held to the 2016 standard during our assessment. This led to 38 sub requirement failures and 5 major requirement failures. After the final report was published, ITS put in place an action plan to mitigate the risks associated with the failures. Because of that action plan, we were able to reduce the sub requirement failures to 3 and major requirement failures to 2 during the 2016 assessment. Prioritization of other projects, funding and time constraints were the major contributing factors to ITS not being able to mitigate the remaining failures. Again, in 2016, we put an action plan in place to mitigate the remaining risks. As a result of the remainder of the that action plan and gaining a head start on the new requirements published by the PCI Security Standards Council in 2016, we were able to mitigate all risks and pass all requirements for the first time in 2017 and successfully adhere to that standard again in 2018, 2019, 2020, 2021and once again in 2022. By leveraging costs savings within our departmental budget allocation, we were able to fund software requirements and upgrade our existing security information training to meet the requirements necessary to be 100% PCI compliant.

The challenges we face in the next year are an ever-increasing threat landscape, the lack of human resources on our information security team and the new PCI-DSS standards that we will need to review and adapt our process and procedures to so that we can remain compliant.

PCI Requirement		2015 Result	2016 Result	2017 - 2022 Result
1	Install and Maintain a Firewall Configuration	PASS	PASS	PASS
2	Do Not Use Vendor Supplied Defaults for System passwords and other Security Parameters	PASS	PASS	PASS
3	Protect Stored Data (Electronic)	PASS	PASS	PASS
4	Encrypt Transmission of Cardholder and Sensitive Information across Public Networks	PASS	PASS	PASS
5	Use and Regularly Update Anti-Virus Software	PASS	PASS	PASS
6	Develop and Maintain Secure Systems and Applications	PASS	PASS	PASS
7	Restrict Access to Data by Business Need-To-Know	PASS	PASS	PASS
8	Assign Unique ID to Each Person with Computer Access	FAIL	PASS	PASS
9	Restrict Physical Access to Cardholder Data	FAIL	PASS	PASS
10	Track and Monitor All Access to Network Resources and Cardholder Data	FAIL	PASS	PASS
11	Regularly Test Security Systems and Processes	FAIL	FAIL	PASS
12	Maintain a Policy that Addresses Information Security for Employees and Contractors	FAIL	FAIL	PASS



Risk Assessment Executive Report  
Payment Card Industry Data  
Security Standard 3.2.1  
SAQ-C & SAQ-P2PE



For	Westfield State University <a href="http://www.westfield.ma.edu">www.westfield.ma.edu</a>
Address	577 Western Ave Westfield, MA 01086
Point of Contact	Alan Blair <a href="mailto:Alan@westfield.ma.edu">Alan@westfield.ma.edu</a> (413) 572-8455
Date	6/20/2022
Prepared by	Patrick Hughes, CISA, CDPSE <a href="mailto:phughes@compassitc.com">phughes@compassitc.com</a> (401) 353-3024
Account Executive	William DePalma <a href="mailto:wdepalma@compassitc.com">wdepalma@compassitc.com</a>
Document Version	1.0

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## Confidentiality Notice

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This document and its contents represent confidential information between Compass IT Compliance, LLC and Westfield State University. As such this document may not be shared with any outside party without the expressed consent of Westfield State University.

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Westfield State University **Westfield State University** Table of Contents

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## Objectives and Scope

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### Scope Summary

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The objective of this risk assessment is to examine and report on the controls put in place by Westfield State University to outline the PCI DSS compliance status at the time of the assessment. It is not intended to and will not prevent a compromise of cardholder data on any system or protect against any potential fines or penalties associated with a lack of compliance with the PCI DSS requirements

### Glossary of Abbreviations

- **CHD** - Cardholder Data
- **CDE** - Cardholder Data Environment
- **PAN** - Primary Account Number
- **SAD** - Sensitive Authentication Data
- **CVC** - Card Verification Code or Value (CVV2, CVC2, CID, CAV2)
- **POI** - Point of Interaction Devices
- **POS** - Point of Sale
- **ASV** - Approved Scanning Vendor
- **PCI DSS** - Payment Card Industry Data Security Standard

### Timeframe of Assessment

The Assessment was performed from 3/24/2022 through 6/30/2022

### Date of Report Completion

6/20/2022

### Version of PCI DSS

This PCI DSS Risk Assessment was performed using the PCI DSS 3.2.1 requirements and Security Assessment Procedures.

### Business Description

Westfield State University is an accredited public university founded in 1838 and located in Westfield, Massachusetts. Westfield State University offers both undergraduate and graduate degrees and certifications.

### Payment Card Environment

Westfield State University uses VRF (Virtual Routing and Forwarding) to segment the computers and devices that have credit card swipe devices attached to them from the rest of the campus. The only path to the VRF is through a primary firewall, a HA pair of Cisco Firepower 4120 Threat Defense Appliances. The PCI VRF is assigned a separate zone so no network traffic can pass into that VRF without an explicit permit statement in the access-list protecting that zone. All computers and devices within this VRF are assigned an RFC-1918 address (in the 192.168.xxx.xxx/24 range.) This range is included during monthly vulnerability scans.

**Wireless Networks and/or Wireless Payment Applications**

There are no wireless networks or Wireless Payment Applications connected to the CDE.

**Third Party Service Providers**

Service Provider Name	Function / Purpose
Heartland Payment Systems	Third Party Processor
FreedomPay	Third Party Payment Platform

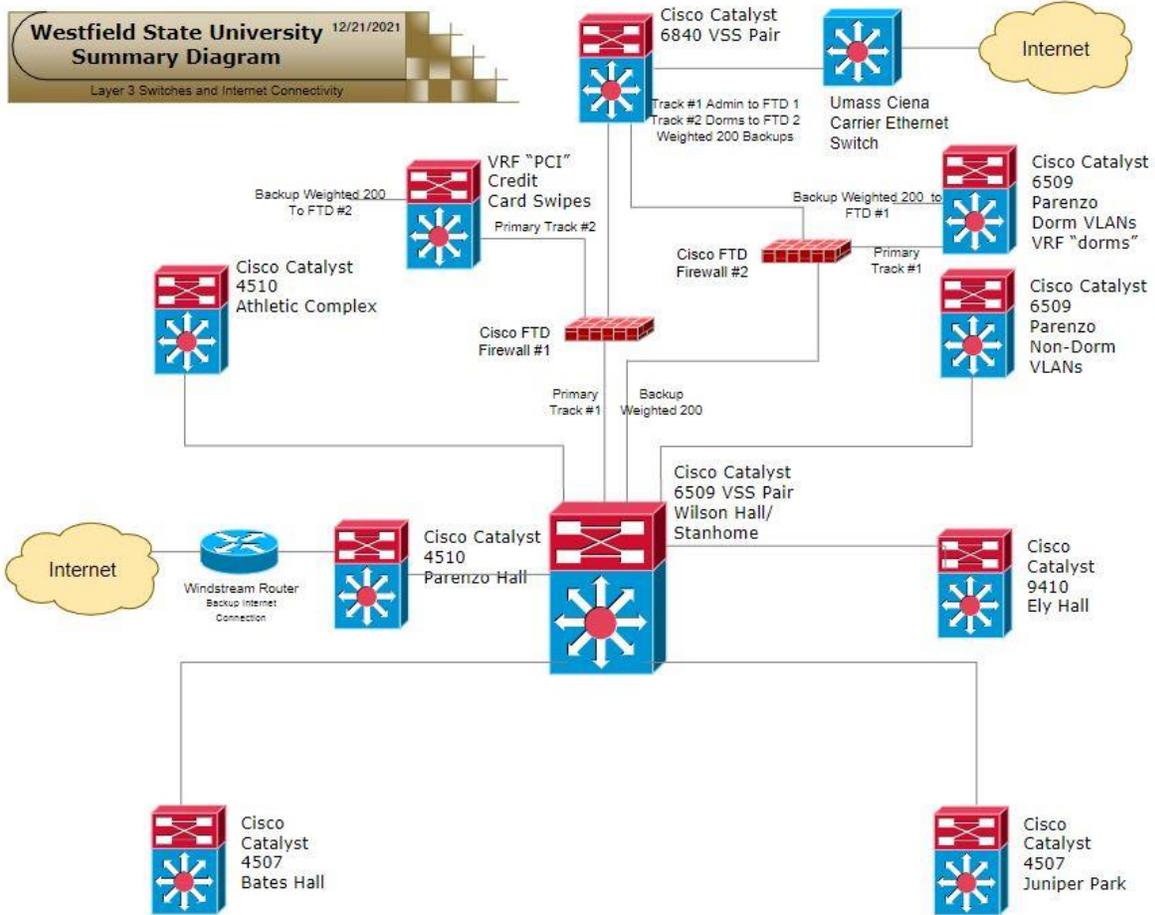
**Locations in Scope**

Name	Address	Date Visited
Westfield State University	577 Western Ave Westfield, MA 01086	Remote Assessment

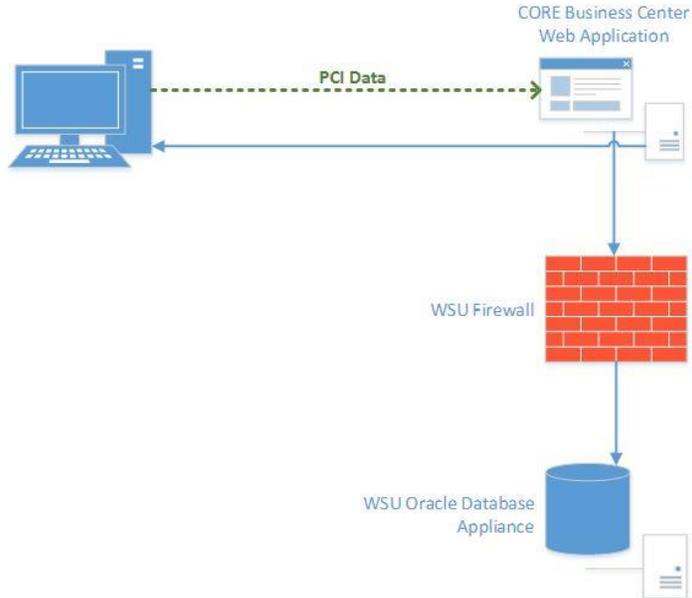
**Interviews Conducted**

Name	Official Title	Organization
Alan Blair	Chief Information Security Officer	Westfield State University
Aaron Childs	Director of Infrastructure Services	Westfield State University
Deborah Grobe	Administrative Assistant	Westfield State University

High Level Network Diagram



**Cardholder Data Flow Diagram**



TITLE	WSU Administrative Systems PCI Data	PAGE	1 OF 1	DATE	3/21/2022
DESCRIPTION	PCI data flow for online student bill and admissions application payments	DRAWN BY	PATRICK, ERIC	REVISED	3/21/2022

## Executive Summary

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### PCI DSS Scope Summary

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The following requirements and controls were tested during this assessment. Any control that did not meet the control requirement was identified and a detailed remediation recommendation was provided in the Detailed Findings and Recommendations of this report.

- Requirement 1: Install and maintain a firewall configuration to protect data.
- Requirement 2: Do not use vendor-supplied defaults for system passwords and other security parameters
- Requirement 3: Protect Stored Data (Electronic)
- Requirement 4: Encrypt transmission of cardholder and sensitive information across public networks
- Requirement 5: Use and regularly update anti-virus software
- Requirement 6: Develop and Maintain Secure Systems and Applications.
- Requirement 7: Restrict access to data by business need-to-know.
- Requirement 8: Assign unique ID to each person with computer access
- Requirement 9: Restrict physical access to cardholder data.
- Requirement 10: Track and monitor all access to network resources and cardholder data.
- Requirement 11: Regularly test security systems and processes.
- Requirement 12: Maintain a policy that addresses information security for employees and contractors

Compass assessors, along with Westfield State University IT staff scoped the cardholder data environment (CDE) and determined that Westfield State University meets the criteria to qualify for an SAQ-C and SAQ-P2PE.

### High Level Results

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The results of the assessment of Westfield State University controls against the Payment Card Industry Data Security Standard identified the following:

Status	Number
Pass:	99
Fail:	0
N/A:	125
<b>Total Controls in Scope:</b>	99

**Any result with a failing status is deemed a risk and contains a remediation recommendation to address the identified risk.**

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## Detailed Findings and Recommendations

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There were no findings at the time of the assessment.

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## End of Document

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This report contains no further pages. Additional documentation or reference materials may be included with the delivery of this document.

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# Westfield State University

## Audit Committee

### Update on Internal Audit Planning

December 20, 2022

At the last Audit Committee meeting, a requested action item was to further develop a plan to implement an internal audit process. What follows is an update on the planning to move this process forward.

The University has been working with the Boston Consortium to discuss an arrangement to provide limited internal audit services in the spring semester as a pilot program. The Boston Consortium provides internal audit services to their core members, about 10 private universities, to varying degrees. While they have not worked directly with a public university, they are willing to explore this partnership and have received approval from their governing body to do so. They have a staff of 5 full time employees whom are fully deployed and have a depth of experience in higher education internal audit services.

Westfield State is a member of the consortium in terms of participating in their Travel Program.

The Director of Internal Audit at the consortium has provided an initial contract for review and an estimate of the average number of hours per audit. Additionally, general audit topics were discussed as potential functional areas that may be of interest to explore.

The Shared Internal Audit Services of the Boston Consortium complies with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

The University is currently assembling a list of previous internal audits conducted in the most recent past along with developing a funding strategy for the spring semester.

The Chair of the Audit Committee has recommended a January 2023 Audit Committee meeting be arranged in order to discuss the internal audit process with the consortium staff. A presentation is expected to understand the level of experience and process with the consortium and expectations of the trustees in order to move forward, since this function has direct board oversight.

**THE BOSTON CONSORTIUM**



FOR HIGHER EDUCATION

Shared Internal Audit Services

**SHARED INTERNAL AUDIT SERVICES  
THE BOSTON CONSORTIUM  
FOR HIGHER EDUCATION**

**SUMMARY OF SERVICES  
JUNE 2022**

*Samantha C. Spezeski*  
*Director of Internal Audit*  
*(781) 296-7824 Cell*  
*sspezeski@boston-consortium.org*

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## INTERNAL AUDIT AS A SHARED RESOURCE

For smaller institutions, Internal Audit can be a costly endeavour. The Boston Consortium for Higher Education (TBC) created a successful model that not only provides the essential components of an Internal Audit department, but a method to share operational best practices among common risk areas. In 2008, the Boston Consortium for Higher Education began a shared resource Internal Audit function. Four of its member schools, Babson College, Berklee College of Music, Brandeis University, and Wheaton College, recruited and hired a Director of Internal Audit to lead the initiative and implement an Internal Audit function.

The department has grown rapidly since April of 2008. Shared Internal Audit Services serves as the Internal Audit function for eight member schools and employs five full time equivalents.

Each institution is unique and has different needs. The time it takes to conduct an audit is specific to each institution. Similar audits may take more or less time to complete depending on the scope of the review and the processes employed by each institution. A primary goal of this function was to leverage the audit work across all institutions to gain economies of scale and share best practices. This has been accomplished through common audits such as, Procurement Card, Dining Services, and Student Financial Services. When appropriate, we have issued Best Practice Advisories to advise institutions regarding risks common to each operational area.

The shared internal audit services function of TBC has had opportunities to serve non-member schools. Several reviews have been conducted at the following institutions;

Lasell College  
Cambridge College  
Roger Williams University  
Bowdoin College  
Regis College  
Merrimack College  
Wentworth Institution of Technology  
Worcester Polytechnic Institute



## INTERNAL AUDIT METHODOLOGY

Internal Audit applies an opportunity / risk-based methodology when developing the annual audit plan. We incorporate management's assessment of the business opportunities and risks to ensure that appropriate processes and controls are in place to optimize opportunities and mitigate associated risks. The Internal Audit department is shared among eight institutions. One of the initiatives of this shared function is to communicate best practices and gain economies of scale, by completing similar audits across the eight institutions. While this is not always possible, it is factored into the development of the Internal Audit plan.

### ***Our audit approach:***

- Meet with a cross section of management to understand the underlying control processes that management relies on and to learn about new business opportunities, initiatives, and related risks that may be introduced in the near future. This information is captured through a risk assessment document.
- Evaluate risk exposure and opportunities building on information from meetings with management, board members, previous knowledge, and experience.
- Assess the materiality of risks and opportunities for the upcoming year weighed against the effectiveness of control processes to mitigate risk, as a basis for developing an Internal Audit plan.
- Validate initial assessment through Internal Audits and report observations.

*When the Internal Audit department is a new function; the process of defining the audit universe and confirming management's risk assessment is an ongoing process. The goal over the first few audit years is to assign a high, medium, or low rating to each auditable entity. The proposed audit plan for the first three years is to perform 60% in the high area, 30% in the medium area, and 10% in the low area. This plan will be developed based on a preliminary risk assessment and will continue to be validated as the plan is completed. It is also important to keep in mind that current trends in higher education may sometimes cause a shift in priorities in the annual audit plan.*



<b>Internal Audit Common Reviews</b>	
Payroll	Facilities/Work-Order Process
Executive Travel	New Hire/Termination Process
Events and Conference Services	Library Services
Federal Grant Cost Transfers Review	Dining Contract
Procurement Card Review	Bookstore Contract
Development – Advancement Office	Theater Operations
Capital Change Order / Vendor Review	Institutional Loan Process
Student Housing	Institutional Scholarships and Grants
Athletics Operations	Student Financial Services
Human Resources Benefit Contributions	Travel and Expense Review
Departmental Reviews	Cash Management – Treasury Services
Study Abroad – Int’l Studies	Clery Act Compliance
I-9 Compliance	Accounts Payable
Student Activities	Student Health Services
Procurement Operations	Financial Aid Process Review
Tuition Reimbursement Review	Admission Processes
Endowment Fund Donor Restrictions	Abandoned Property
Third Contract Compliance Reviews	Non-Tuition Revenue
Campus Police/Safety	Key Card Access Safety
Workday Business Operations	Workday User Access Reviews
<b>Other Internal Audit Activities</b>	
Risk Assessments in coordination Enterprise Risk Management (ERM)	
Audit Follow-ups	
Best Practice Advisors	
Fraud Investigations	
Periodic Monitoring Reviews	



**To:** Audit Committee

**From:** Samantha Spezeski, Director of Internal Audit

**Subject: Periodic Monitoring Controls Audit Plan**

---

Typically a portion of any annual Internal Audit has hours allocated for some sort of fraud prevention/program. Due to current economic conditions more and more Internal Audit functions have adapted this practice into a “Periodic Controls Monitoring” program. In coordination with college management, the following areas have been identified to fall under this category of ongoing monitoring of controls:

- Random Pcard reviews
- Periodic reviews of travel and expense reports
- Periodic review of new vendors
- Tuition reimbursement eligibility verification
- Property disposal testing
- Cash control procedures, including identification of where cash is collected and maintained on campus

Internal Audit will update management on the results of this periodic monitoring and spread these reviews throughout the audit year.



## **Shared Internal Audit Department Charter**

### **Mission and Scope of Work**

The mission of Internal Audit is to provide independent assessment, objective assurance and consulting designed to add value and improve operations of the member institutions. Internal Audit helps each member institution accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The scope of work of Internal Audit is to determine whether the member institutions risk management, control, and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure that:

- Operations are transacted in accordance with sufficient internal controls, good business judgment, and high ethical standards
- Assets are safeguarded
- Accounting and administrative controls are effective and efficient
- Risks are appropriately identified and managed
- Significant financial, managerial, and operating information is accurate, reliable, and timely
- Employee actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- Quality and continuous improvement are fostered in conjunction with control processes
- Significant legislative or regulatory issues impacting the member institutions are recognized and addressed properly

### **Accountability**

The Director of Internal Audit shall be accountable to member institutions management and the audit committees to:

- Provide annually an assessment on the adequacy and effectiveness of processes for controlling activities and managing risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the organizational activities, including potential improvements to those processes, and provide information concerning such issues through resolution.



**Shared Internal Audit Department Charter**  
*(Continued)*

**Independence**

The scope of audit coverage is enterprise-wide and no function, activity, or unit of the member institutions is exempt from audit and review. To provide for the independence of the internal auditing department, its staff reports to the Director of Internal Audit. Administratively, the Director of Internal Audit reports to the Executive Director of the Boston Consortium and the member institutions Chief Financial Officers or equivalent. Functionally the Director of Internal Audit reports to the member Boards of Trustees and the audit committees in a manner outlined in the above section on accountability.

The Director and members of the audit staff are authorized to have full, free and unrestricted access to all member institutions functions, records, properties, manual and automated systems, and personnel.

**Consulting**

Internal Audit may be asked to participate in management committees or project teams, analyze controls built into processes, development systems, or analyze security products. Because Internal Audit is not a management decision-making function, decisions to develop, adopt and implement policies and/or procedures as a result of an internal audit advisory service must be made by management. Internal audit objectivity will not be impaired as a result of decisions made by management.

**Standards of Audit Practice**

The internal auditing department seeks to fully comply with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.



**INTERNAL AUDIT DEPARTMENT BIOGRAPHIES**

**SAMANTHA C SPEZESKI, CIA, MBA, (DIRECTOR INTERNAL AUDIT)** Master of Business Administration, Plymouth State University, B.S., Accounting, Southern New Hampshire University. Mrs. Spezeski was hired in April, 2008 to implement the shared function of Internal Audit for the Boston Consortium for Higher Education. She most recently was the Director of Internal Audit for the Massachusetts Turnpike Authority and prior to that worked for the University System of New Hampshire Internal Audit department as Interim Director/Manager. She is on the board for the New Hampshire chapter of Institute of Internal Auditors, and is currently chair of the Academic Relations committee. She is also an adjunct professor at Clark University.

**MICHAEL SANTOLUCITO, CIA, MBA, (ASSISTANT DIRECTOR INTERNAL AUDIT)** Master of Business Administration, Plymouth State University, B.S., Business Administration, with a concentration in Accounting, University of Massachusetts, Lowell. Mr. Santolucito joined the shared audit function in June 2010. He previously worked for KPMG and his last position was Senior Audit Associate.

**GREGORY MONTY, CIA, CISA (SENIOR AUDITOR III)** B.S., Business Administration from University of New Hampshire and B.S., Accounting from Franklin Pierce College. Mr. Monty joined the shared audit function in June 2015. He previously held positions at Standex International Corporation, Anthem BC/BS, Riverstone Resources and Courier Corporation performing operational and IT audits.

**LAURA KOWAL, CIA, CFSA, CRMA (Senior Auditor III)** B.S., Liberal Arts from Providence College. Ms. Kowal joined the shared audit function in July of 2019. She brings over 25 years of internal audit experience with MetLife to our team. Ms. Kowal has also spent several years volunteering on the board of the Rhode Island Chapter of the Institute of Internal Auditing.

**AISHA BOURSQUOT (Staff Auditor I)** B.S., Business from Penn State. Ms. Boursiquot joined the shared audit function in October of 2021. She comes to us from, Direct Federal Credit Union, where she worked as a Member Service Associate Supervisor.



EXAMPLE RISK ASSESSMENT

Responsible Operation	Audit Entity	Risk Assessment Score	
Academic Operations	University Library	3	High
Academic Operations	International Programs	3	High
Application Systems (University-Wide)	Cash Management Office	3	High
Application Systems (University-wide)	Fixed Asset System	3	High
Application Systems (University-wide)	Payroll Time Keeping System	3	High
Application Systems (University-Wide)	Donor Contributions and System	3	High
Application Systems (University-wide)	Grants System	3	High
Application Systems (University-wide)	Human Resources/Payroll System	3	High
Application Systems (University-Wide)	Student Loan Operation	3	High
Athletic Association Operations	Athletic Expenditures / Revenues	3	High
Auxiliary Services	Conference Center	3	High
Auxiliary Services	Dining - Operations	3	High
Compliance	Conflict of Interest	3	High
Compliance	Intellectual Property	3	High
Compliance	Clery Act Review	3	High
Compliance	Office of Sponsored Research	3	High
Compliance	Business Continuity Planning	3	High
Facilities	Construction	3	High
Facilities	Mail Services	3	High
Facilities	Utilities	3	High
Facilities	Facilities Maintenance Shops	3	High
Financial Operations (University-Wide)	Financial Accounting and Reporting	3	High
Application Systems (University-wide)	Financial Accounting System	2	Medium
Application Systems (University-wide)	Endowment System	2	Medium
Compliance	PCI Credit Card Compliance	2	Medium
Financial Operations (University-Wide)	Accounts Payable	2	Medium
Financial Operations	Student Accounts Receivable	2	Medium
Student Affairs	Student Clubs	2	Medium
Student Affairs	Greek Life	2	Medium
Student Services	Student Services Security	2	Medium
Athletic Association Ops	Recreation Complex Operations	1	Low
Human Resources	Employee Benefits	1	Low



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**EXAMPLE RISK ASSESSMENT (CONT'D)**

<b>Responsible Operation</b>	<b>Audit Entity</b>	<b>Risk Assessment Score</b>	
University Advancement	Alumni Association	1	Low
Financial Operations (University-Wide)	Capital Expenditures	0	Not Complete
Financial Operations (University-Wide)	Travel and Expense	0	Not Complete
Financial Operations (University-Wide)	Vendor Bidding	0	Not Complete
Financial Operations (University-Wide)	Procurement Card Prog (Sampling of Depts.)	0	Not Complete
Student Affairs	Residential Life Operations (Residential Halls)	0	Not Complete
Student Affairs	Health Services	0	Not Complete

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AREA	AUDIT SCOPE	2022	2023	2024
<b>Capital Projects</b>	<ul style="list-style-type: none"> <li>*Flowcharting Internal process</li> <li>*Bid Process</li> <li>*Execution of contracts</li> <li>*Approval of Change Orders</li> </ul>	X	X	X
<b>Operational Audits</b>	<ul style="list-style-type: none"> <li>*Accounts Payable</li> <li>*Athletics Operations</li> <li>*Facilities - work order system, inventory, general operations</li> <li>*Executive Travel and Entertainment Expense (Annual)</li> </ul>	X	X	X
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>*Security Of Personnel Records</li> <li>*New Hire and Termination Security procedures</li> <li>*Employee Contributions Reconciliations, Health, Dental, 403B</li> <li>*Conflict of Interest Policy</li> <li>*Code of Conduct Policy</li> <li>*Tuition Reimbursement Policy and Procedures</li> <li>*Communication/Coordination of Payroll and HR</li> <li>*Compliance; FMLA, FLSA, ADA, I-9 Requirements</li> </ul>	X	X	X
<b>Grants</b>	<ul style="list-style-type: none"> <li>*Pre and Post Award Communication</li> <li>*Drawdown of Federal Funds</li> </ul>		X	
<b>Auxiliary Services</b>	<ul style="list-style-type: none"> <li>*Health Services Contract Review</li> <li>*Dining Contract Review</li> <li>*Conference Services</li> </ul>	X	X	X

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AREA	AUDIT SCOPE	2022	2023	2024
<b>Development Office</b>	*Processing of Gifts *Setting up Donors Funds, both endowed verses restricted *System Interfaces with the GL			X
<b>Student Receivable Process</b>	Best practices from other shared institutions.			X
<b>Procurement Card Procedures</b>	To evaluate and procedures in place to control procurement card transactions.			
<b>Risk Assessment Introduction Meeting</b>				
<b>Audit Planning FY22</b>	Planning Audit year for FY22			
<i>Total College Hours FY22</i>	<b>1005</b>			