



**Board of Trustees**  
Audit Committee

12:30 p.m.  
February 7, 2023

Innovation Room 304, Nettie Stevens Science & Innovation Center

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. December 20, 2022            | Trustee Jasmin |
| <b>3. Items for Information</b> |                |
| a. Audit Committee Charter      | Trustee Jasmin |
| <b>4. Items for Discussion</b>  |                |
| a. Risk Management Update       | Stephen Taksar |
| <b>5. Items for Action</b>      |                |
| a. Motion – Internal Audits     | Trustee Jasmin |

**Attachment(s):**

- a. Minutes 12-20-22 (Draft)
- b. Audit Committee Charter
- c. Motion – Internal Audits
- d. Internal Audits (Potential Audits)
- e. Internal Audits (Previous Internal Audits)



## Board of Trustees

Audit Committee

December 20, 2022

Minutes

Catherine Dower Center for the Performing and Fine Arts, Room 127

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

**MEMBERS EXCUSED:** Trustee Lydia Martinez-Alvarez

**TRUSTEE GUESTS PRESENT:** Trustees Melissa Alvarado [partial meeting], Madeline Landrau [partial meeting], Chris Montemayor, and Ali Salehi

**TRUSTEE GUESTS PARTICIPATING REMOTELY:** Trustees Dr. Robert Martin and Chloe Sanfacon

Also present and participating were Westfield State University President Dr. Linda Thompson, Administration and Finance Vice President Stephen Taksar, and Chief Information Officer Alan Blair. David Dilulis and Ryan Sheehan from O'Connor and Drew joined via Zoom.

The meeting was called to order at 12:36 AM by Committee Chair Jasmin who announced the meeting was being livestreamed. The committee members participating as listed above were also announced.

**MOTION** made by Trustee Williams, seconded by Trustee Reichelt, to approve the minutes of the October 12, 2022, meeting. There being no discussion, **Motion passed unanimously.**

Committee Chair Jasmin welcomed Messrs. Dilulis and Sheehan who presented on the second component of the FY22 Audit covering Federal Aid expenditure compliance and the report to the Commonwealth of Massachusetts on state grants and financial aid.

- The focus of the audit this year was on the high-risk Higher Education Emergency Relief Fund (HEERF) funding.
- The audit showed an unmodified opinion and there were no material weaknesses, significant deficiencies, or noncompliant material identified on either the financial statements or the single audit. This is the second year in a row that there were no single audit findings. It is uncommon for an institution to have no findings, so this is a testament to the diligence of the financial aid and finance offices at the institution.

- The University had no findings in the Massachusetts Office of Student Financial Assistance (MOSFA) report three years ago, so received a waiver for two years. The review this year resulted in no findings, giving two additional years of waivers with the next review due in June 2025.
- Mr. Taksar added that in addition to institution aid, the University received over \$6 million from the state for financial aid for our students (Mass Grant, Mass Grant Plus, etc.). Once Fair Share Amendment issues are resolved, additional allocations of financial aid is expected to be available for students at some point in the future.

Committee Chair Jasmin presented the following motions:

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

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

Mr. Dilulis shared that O'Connor and Drew is merging with the accounting firm of Withum, which specializes in nonprofits and higher education. The existing account managers will continue to provide services to the University and the fee structure will remain the same. Messrs. Dilulis and Sheehan left the meeting at this time.

FY22 Payment Card Industry (PCI) Assessment. Mr. Blair shared that there were no findings on the 2022 PCI Assessment and that new standards are being implemented on January 1, 2023. Credit card information never remains on our systems. If we fail the assessment over four-to-five years, we could lose the ability to accept debit and credit cards. The firewall is updated automatically. Monthly testing consists of external software trying to penetrate the firewall and internal software trying to find exposed information. PCI tests twice per month. A VLAN server recently had three external penetrations which were patched before any information left the system. Cyber-attacks have increased from 200,000 per day to over one million per day, most of which get stopped at the firewall. Since the multi-factor authorization started in April, there has been only one compromised account. Risk is being managed well but more resources are needed to support the IT department in maintaining and adapting to new security methods.

FY23 Internal Audit/Risk Management/Compliance. The Boston Consortium is willing to provide services to a public university and their representatives will provide a presentation to this committee at a special meeting in January 2023. Their contract is currently being reviewed. If engaged, their work would take place in the spring and be finished by July 1, 2023. The committee would then determine a different approach or continue with their engagement. The Boston Consortium's work would be specific to an internal audit by reviewing compliance and best practices in tandem with policies and procedures. There has not been any action taken on enterprise risk management yet.

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 1:20 PM.

Attachments presented at this meeting:

- 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)

**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 December 20, 2022.

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Dr. Gloria Williams, Secretary

Date

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

**I. STATEMENT OF POLICY**

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

**II. COMPOSITION OF THE AUDIT COMMITTEE**

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

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

**III. MEETINGS**

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

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

The primary duties and responsibilities of the Audit Committee are to oversee and monitor the University's financial reporting process, internal controls and risk management systems and review and evaluate the performance of the University's

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

1. The Audit Committee shall review and reassess this Charter annually and recommend any proposed changes to the Board for approval.
2. The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any independent auditor engaged (including resolution of disagreements between administration and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University. The independent auditor must report directly to the Audit Committee.
3. The Audit Committee shall act as a liaison with University administration and staff and the independent external auditor to develop an annual audit plan and schedule.
4. The Audit Committee, in its capacity as a committee of the Board, shall determine, and the University shall provide, providing the Board has approved the expenditure of funds for such engagements, funding for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University; (ii) compensation to any advisers, including, without limitation, an independent financial expert, employed by the Audit Committee, and as permitted by this Charter; and (iii) ordinary and reasonable administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
5. As part of the audit process, the Audit Committee shall meet with the independent auditors to discuss and determine the scope of the audit. The Audit Committee shall determine that the independent audit team engaged to perform the external audit consists of competent, experienced, auditing professionals.
6. The Audit Committee shall require the independent auditors to submit, on an annual basis, a formal written statement setting forth all relationships between the independent auditors and the University that may affect the objectivity and independence of the independent auditors, consistent with Independence Standards Board Standard No. 1, and the Audit Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the

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independent auditors. The Audit Committee shall take, or recommend that the full Board take, appropriate action to ensure the independence of the independent auditors.

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

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

## REVIEW

This policy shall be reviewed every year by the Board of Trustees Audit Committee Chair and the Vice President for Administration and Finance, prior to June 30<sup>th</sup>.



## Board of Trustees

February 7, 2023

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### MOTION

To conduct an internal audit on \_\_\_\_\_ with the agreed upon scope of work to be completed by June 30, 2023, and a final report issued to the Audit Committee within 45 days after completion of the audit.

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Robert A. Martin, Ph.D., Chair

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Date



**To:** Audit Committee, Westfield State University  
**From:** Samantha Spezeski, *Director of Internal Audit*  
**CC:** Stephen Taksar, *Vice President for Administration and Finance*  
**Date:** February 7, 2023  
**Subject:** Potential Internal Audit Projects

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**Areas to Consider**

**Bursar/Student Accounts (250 hours)**

- Understand and document the process and controls of student accounts/bills
  - How are charges approved
  - Charge reversals and associated approvals
  - Billing accuracy
  - Interfaces with other departments, i.e., housing, dining, parking
- Controls around the payment and refund process
- Cash Handling
- Credit Balances
- IRS Requirements, 1098T Process and Calculation
- Policies and Procedures Outstanding Balances
- Confidentiality Policies

**Grants (250 Hours)**

Pre/Post Award Processes and Controls:

- |                                  |  |
|----------------------------------|--|
| • Proposals                      | • Record retention                           |
| • Reporting structure            | • Close out procedures                       |
| • Deadlines and timing           | • Problematic Principal Investigators (PI's) |
| • Budget creation                | • Payables/Receivables/Aging                 |
| • IDS rates                      | • Deliverables                               |
| • Award acceptance               | • Authorized signers                         |
| • Award setup                    | • Department staff responsibilities          |
| • Inter-Department communication | • Programmatic reporting                     |
| • Authorized signers             |  |

**Procurement Card (175 Hours)**

- Understand and document the process and controls of how procurement transactions are recorded and approved
- Review documented policies, procedures, training materials for procurement cardholders
- Data Mine the entire population and select samples based on higher risk transactions to review for compliance with policies
- Other specific institution controls for the process

**Anyone of the following three projects would have to be tailored for controls at the institution level**

**Accounts Payable**

**Procurement**

**Payroll**

**Objectives and Scope**

The objective of the audit is to analyze and to assess the effectiveness of controls over the Project that will be selected. Our audit techniques typically include, but are not limited to, interviews, data analysis, the review of documentation in support of transactions, and physical observations of processes and assets.

**Audit Results and Timeframes**

We will discuss findings with appropriate personnel during the course of the audit. We will make recommendations and work with the responsible personnel to identify corrective action(s) to be taken by management to address the issue(s). At the conclusion of our fieldwork, we will hold a structured exit conference to discuss aspects of the audit and our observations. We expect that a draft report would be issued shortly after the exit conference and you will have time to draft your responses for the final report to be distributed at the following Audit Committee meeting.

**Westfield State University**  
Audit Committee

**FY23 Internal Audit Services**  
January 18, 2023

**PREVIOUS INTERNAL AUDITS**

- Dining Services Audit (2018)
- Procurement Audit (2017)
- Travel Audit (2017)
- Key Control Audit (2017)
- Payroll Trust Fund Audit (FY16)
- Inventory and Equipment Audit (FY16)

**FY15 Cash Receipts**

1. Athletics Dept Cash Receipts Audit
2. Biology and Environmental Science Cash Receipts Audit
3. Campus Card Office Cash Receipts Audit
4. Campus Center Cash Receipts Audit
5. Career Center Cash Receipts Audit
6. Ely Library Cash Receipts Audit
7. English Theatre Program Cash Receipts Audit
8. Event Management Cash Receipts Audit
9. International Programs Cash Receipts Audit
10. Musical Theatre Cash Receipts Audit
11. Nursing Dept Cash Receipts Audit
12. Payroll Office Cash Receipts Audit
13. Public Safety Cash Receipts Audit
14. Registrar Cash Receipts Audit
15. SGA Cash Receipts Audit
16. Student Affairs Office Cash Receipts Audit