



Board of Trustees

Audit Committee

April 25, 2024

2:00 p.m.

Loughman Living Room, Scanlon Hall

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

Committee Members Present: Committee Chair Theresa Jasmin, Vice Chair William Reichelt, Melissa Alvarado, and Dr. Gloria Williams.

Committee Members Excused: Madeline Landrau

Committee Chair Jasmin called the meeting to order at 2:05 p.m., announced committee members, and stated the meeting was being livestreamed and recorded.

MOTION made by Trustee Reichelt and seconded by Trustee Alvarado, to approve the minutes of the February 8, 2024, Audit Committee meeting. There being no discussion, **motion passed unanimously.**

Financial Audit Services

Associate Vice President of Finance, Lisa Freeman discusses formally granting WithumSmith & Brown, PC, audit of FY24.

MOTION made by Trustee Reichelt and seconded by Trustee Alvarado to recommend approval to the Board to approve engaging the financial audit services of WithumSmith & Brown, PC, for FY24.

There being no further discussion, **motion passed unanimously.**

Internal Audit Findings: Grants Office

Boston Consortium is an internal auditor Westfield State ~~Univeristy~~University hired last year to find best practices other universities are using in varying departments. The objective was to analyze and assess the effectiveness of controls over the pre and post grant award process. Many interviews took place ~~in many~~with several departments. Information was compared to policies on file. Observation (1) consider changing the Office of Grants and Sponsored Programs to a decentralizing the setup. Observation; (2) Existing policies and procedures are outdated and not in line with current practices; Observation (3) There are no standardized internal grant paperwork; Observation (4) There are student employees hired but funding is not in place; Observation (5) Department needs communication.

Annual Charter Review

The Charter is ~~actively being worked on and will be presented~~ under review and any changes will be proposed at the June Board meeting.

There being no further business, **MOTION** made by Trustee Williams and seconded by Trustee Alvarado to adjourn the meeting. There being no discussion, **motion passed unanimously**. Meeting adjourned at 2:49 p.m.

Attachment(s):

- a. Minutes 2-8-24 (Draft)
- b. Motion – Engagement of Financial Audit Services for FY24
- c. Engagement of Financial Audit Services for FY24
- d. Internal Audit Findings: Grants Office
- e. Annual Charter Review

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 April 25, 2024.

William Reichelt, Vice Chair

Date

Westfield State University

Audit Committee Meeting
June 20, 2024



25 Braintree Hill Office Park, Suite 102
Braintree, MA 02184
617.471.1120

Audit Staff

- Ryan Sheehan, CPA, Engagement Partner
- Kate Jun, CPA, Audit Manager
- Steven Cohen, CPA, Quality Control Partner
- Lauren Carnes, CPA, Tax Partner

Audit Responsibilities

- Our Responsibilities Include:
 - ❑ Forming and expressing an opinion on the fairness of the financial statements
 - ❑ Communicating significant matters related to the audit engagement
 - ❑ Forming and expressing an opinion on the supplementary information
 - ❑ Reporting under Government Auditing Standards
 - ❑ Reporting on compliance and internal control over compliance related to major federal programs

(Note: a complete list of responsibilities is included within the engagement letter)

Audit Responsibilities

- Those Charged with Governance Responsibilities Include:
 - ❑ Overseeing the financial reporting process
 - ❑ Overseeing the strategic direction of the University
 - ❑ Appointing the auditors and overseeing our work
 - ❑ Informing us of all known or suspected fraud involving the University
 - ❑ Resolving disagreements between management and the audit team

Audit Responsibilities

- Management's Responsibilities Include:
 - ❑ Making all management decisions
 - ❑ Preparing and presenting financial statements in conformity with U.S. GAAP
 - ❑ Allowing us access to all financial records
 - ❑ Selecting and applying appropriate accounting policies
 - ❑ Safeguarding of all assets
 - ❑ Adjusting financial statements to correct material misstatements
 - ❑ Complying with laws and regulations, contracts, agreements, and grants
 - ❑ Providing us with a written representation letter
 - ❑ Tracking the status of audit findings and recommendations, if applicable

Deliverables

- Audited Financial Statements
- Single Audit Report
- Management Letter – if deemed necessary

Key Dates

- April 29, 2024 Engagement Letter Signed
- June/July 2024 Preliminary Audit Work – Planning/Testing
- August 2024 Audit Fieldwork
- October 2024 Draft Financial Statements

The state has extended the deadline for financial statement submission from 10/15 to 10/31. We do not intend to change the normal timing from previous years for the audit completion and financial statement delivery

Discussion of Draft Financial Statements with the Audit Committee
Review Management letter (if necessary)
Finalize Financial Statements

- By calendar year end 2024 Finalize Single Audit Report

Audit Approach

Planning

- Internal control compliance testing – documentation and systems walkthroughs
 - Cash disbursements / expenses
 - Cash receipts / student & grant / donation revenues
 - Payroll
 - Student Financial Aid & other major Single Audit programs, as applicable
- Preliminary analytics and development of expectations
- Discussions with management to document any new or updated policies or procedures, and significant transactions
- Discussions with audit committee members as to any additional procedures/concerns and potential areas of additional testing

Audit Approach-Continued

Year End Field Work – Key Areas Expected to Include:

- Existence and valuation of receivables and reserves
- Student loans and related reserves
- Testing of significant capital expenditures, projects
- Cut-off related to completeness of liabilities
- Valuation of Pension and OPEB related liabilities
- Compliance and control testing related to federal funds (SFA & other major programs if necessary)
- Evaluation of the completeness and accuracy of presentation of the financial statements and footnote disclosures.

Audit Risks

- As part of our audit planning, we have identified the following as significant risks of material misstatement:
 - Management override of controls
 - Improper revenue recognition
 - Management's ability to make significant accounting estimates and the assumptions included in those estimates .

- Should we determine that there are additional risks during the course of our audit procedures, we will communicate those risks with the Board

Single Audit

- **Office of Management and Budget (OMB) Uniform Guidance** is the Federal law that governs the spending of Federal funds for governmental units
- OMB requires an audit if an organization spends more than \$750,000 of Federal funds per year
- The goal of the audit is to provide reasonable assurance to the Federal government that Federal funds are being spent as intended
- There were no findings from the prior year (FY 23) that require follow up on our part.

Fraud and Regulatory Matters

Our Approach:

- ❑ We will interview key personnel regarding knowledge of fraud
- ❑ Consideration of incentives, pressures, opportunities, and attitudes/tone at the top
- ❑ Follow up on matters, as necessary

Inquiries to Audit Committee:

- ❑ Is the committee aware of any fraud, suspected fraud or allegations?
- ❑ Does the committee have any concerns about specific exposures to fraud or accounts that may be susceptible to fraud?
- ❑ Has management discussed internal control to prevent, detect and deter material fraud with the committee?
- ❑ Any communications from regulators (IRS, DOL, etc)?
- ❑ Are there any other risks/areas of concern?

Relationship and Independence

- We are engaged to audit and prepare tax filings for the Foundation
- No consulting services outside of routine advice relative to accounting and tax matters
- We will provide the non-attest services listed below to be overseen and approved by University management. These services do not impair our independence:
 - Assistance with the preparation of the University's financial statements and schedule of federal awards
 - Assistance with the maintenance and calculation of GASB 87, Leases, and GASB 96, Subscription-based Information Technology Arrangements
 - Assistance with the preparation of the data collection form
- Known relationship of the firm with the University or Foundation – Daniel Currier, Student Trustee and Intern at Withum
 - Communicated with the State Ethics Commission who directed Daniel to abstain from any voting matters relating to the external audit
 - Daniel is not a member of the audit team for either the University or the Foundation
 - Daniel has signed an internal document agreeing to these terms

New GASB Pronouncements & Updates

- No new GASB pronouncements being adopted that would have a significant impact to the University
- During FY24, bonds held with MSCBA were refunded and the right-of-use lease assets and liabilities for the refunding will need to be recast accordingly.

Peer Review Report



Report on the Firm's System of Quality Control

January 4, 2023

To the Shareholders of WithumSmith+Brown, PC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of WithumSmith+Brown, PC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; and examinations of service organizations (SOC 1[®] and SOC 2[®] engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of WithumSmith+Brown, PC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. WithumSmith+Brown, PC has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP

cbh.com

Questions/Concerns

- Other questions, concerns, or specific issues to be reviewed as part of the audit engagement:
 - Are there any areas of concern or other areas that you would like us to investigate further?
 - Other?

Westfield STATE UNIVERSITY

INTERNAL AUDIT REPORT PRE/POST AWARD GRANT REVIEW

June 20, 2024

To:

Members of the Audit Committee

From:

Samantha Spezeski, *Director of Internal Audit*
Michael Santolucito, *Assistant Director of
Internal Audit*

Distribution:

Mark St. Sauveur, *Director, Office of Grants and Sponsored Programs*
Brian Jennings, *Associate Provost*
David Caruso, *Chief Academic Officer / Interim Provost*
Stephen Taksar, *Vice President of Administration and Finance*
Lisa Freeman, *Associate Vice President of Finance*

THE BOSTON CONSORTIUM 
FOR HIGHER EDUCATION
Shared Internal Audit Services

Babson College, Bentley University, Berklee College of Music, Brandeis University,
Emerson College, Rhode Island School of Design, Suffolk University, Wheaton College

Executive Summary

Background

The Office of Grants and Sponsored Programs (OGSP) helps manage responsibilities of public or government awards. The OGSP is also the lead Westfield State University office for grant oversight and works closely with the Financial Accounting Office in pre- and post-award financial reporting.

The Office of Internal Audit is a shared function provided by the Boston Consortium for Higher Education. One of the goals of this shared function is to share best practices among the member schools. In this spirit, Internal Audit may document and compare policies and procedures for grants pre and post award processes at the institutions that share this internal audit function.

Audit Objectives and Scope

The objective of the audit was to analyze and to assess the effectiveness of controls over the Grant Pre/Post award processes. Our audit techniques included interviews, data analysis, and the review of documentation in support of transactions. Special emphasis was placed on the following controls/processes:

- Banner processes, access, and controls
- Proposals
- Reporting structure
- Deadlines and timing
- Budget creation
- Indirect cost rates
- Award acceptance
- Award setup
- Department communication
- Programmatic reporting
- Authorized signers
- Record retention
- Close out procedures
- Principal Investigators (PI's) Responsibilities
- Payables/Receivables/Aging
- Deliverables
- Department staff responsibilities

Conclusion

Existing controls over processes and procedures related to Pre/Post grant awards need significant improvement. Specifically:

- Department processes, structure, and staffing is severely lacking.
- There are many missing or outdated policies and procedures related to grant matching, gifts in kind, authorized signers, pre-award criteria, close out procedures, etc.
- There are no standardized internal grant workpapers that exist and the current setup has lots of duplicated work and many risks associated with potential data

Executive Summary

entry errors, missing important deadlines, deliverables, accountability, compliance with internal policies, etc.

- Hiring practices are decentralized and sometimes contract workers are not paid in line with the Federal Labor Standards Act.
- Department communications between the OGSP and PI's are lacking resulting in disconnect on many processes, policy, or compliance questions.

Additionally, the research support structure is not in line with common practice. Typically, at other institutions, Department leadership at either the Dean or Department Chair level has a major role in grant administration. As a result, this leaves most day-to-day operations to the OGSP, leaving little time to strategically plan, strengthen controls, and streamline processes. The current structure is not conducive if Westfield State University decides to expand its award portfolio.

Throughout the review, additional opportunities for improvement to internal controls and procedures were noted. These have been included in the observation section below for your consideration.

Observations are assigned a **high**, **medium**, and **low** risk evaluation. Management is only asked to create action plans for high and medium observations. Those items that are classified as low risk are discussed with management. Factors including inherent, reputational, compliance and financial risks were used to assign a rating to each issue. This rating is to aid management in determining priorities of corrective actions and should be used solely for this purpose.

The courtesies and cooperation extended by the employees of the OGSP, Accounting, Advancement, and Procurement departments as well as the provost and PIs during the review were sincerely appreciated. If you have any comments, questions or suggestions with respect to this review, please contact the Director of Internal Audit, Samantha Spezeski at 781-296-7824.

Audit Observations

1.) Process/Department Structure/Staffing

The structure of the grants process and departments are not in line with common practice.

At Westfield State, PIs work directly with the OGSP on all tasks. However, the OGSP operates in a centralized manner; responsible for all tasks including answering all PIs questions, helping to create/submit proposals, manage sub recipients, budget monitoring, ensure all paperwork is completed including all administrative requirements, and oversee all procurement and documentation requirements of the University related to grant expenses, etc. The grant department is also required to ensure that PI's follow internal policies and deadlines.

Typically, at other institutions, Department leadership (College Deans) have a major role in grant administration. They usually perform all tasks mentioned above, but also keep the PIs in compliance with internal deadlines and policies and procedures.

In addition, decentralizing most of the administrative processes, such as having PIs or departments fill out requisitions with basic information such as cost center charge codes, classification of expense, etc. is necessary. Without decentralization the burden of grant processes would become unworkable and would require hiring countless staff to keep up with university and compliance requirements as the portfolio grows. If this practice remains then costs could become unmanageable, which would prohibit the existence of the department.

There is also no proper foundation for the OGSP to act strategically, resulting in inability to learn lessons, look for award efficiencies and cost savings, perform analytics, strengthen controls, etc. This is directly tied to proper staffing.

It is an important balance and there still needs to be staffing considerations at the department level as PIs can become overwhelmed with day-to-day tasks or can reach their threshold of what they can manage, which is already occurring in some cases under the current setup. Alleviating these roadblocks would allow more grants to be applied for/managed and keep the process manageable for everyone involved.

Recommendation:

Management should investigate how they want to structure the OGSP. A focus should be put on process design, staffing, and allocating resources accordingly.

Management Response:

We concur with the analysis and recommendations. The following steps will be implemented to address the recommendations:

- Add two staff positions to the OGSP (1) associate director; (2) part-time administrative assistant ensuring that the OGSP can support the development and

Audit Observations

submission of grants and function in compliance with OGSP and University policies and procedures.

- In order to implement a more decentralized approach, grant principal investigators with the assistance of department administrative assistants will assume more responsibility for overall grant management, with support from OGSP and the College Dean's office. This will include functions such as managing budgets and sub-recipients and carrying out administrative tasks such as procurement, personnel, preparing mid-course and final reports.

Audit Observations (Cont'd)

2.) Policies and Procedures

There are many policies and procedures missing at Westfield State pertaining to grant proposals, administration, and post award. Missing policies and procedures include:

- Award Thresholds – are awards too small/big for the institution.
- Capacity limitation – is equipment needed for award not able to be housed on campus.
- Authorized signers for grants – if grants are proposed/accepted by unauthorized parties, a policy needs to be constructed to void all awards that are not approved by appropriate personnel.
- Policies outlining punitive actions for employees who do not follow institution policy.
- Awards from a country or company of concern - In today's climate, reputational risks could emerge from the student body or outside entities discovering funding from sources inconsistent with the Institutions values.
- Awards are in line with the institution's mission statement and field of work.
- Award matching and gifts-in-kind contributions – no official policy, instead managed on case-by-case basis.
- Grants 'close out' checklist does not exist
 - There is no process in place to track that payables and receivables are complete before closing out awards and awards are fully expended before closing. There have been issues in the past of awards being closed without being fully expended.
- Most existing documented policies and procedures are outdated (more than 12 years old) and no longer represent current practice.
- There is also no training for new PIs, so there is no opportunity to grow awards among existing staff who do not have any grant experience.

In addition, some procurement policies need to be specifically updated with the OGSP department in mind and both departments should work together in constructing those policies. Examples include contract and bidding requirements, expense reimbursements, record retention, etc. At minimum, there should be a footnote to existing policies directing the purchaser to the OGSP if making a purchase on a grant as requirements may differ from University requirements.

Recommendation:

Management should ensure that policies and procedures are documented and updated. Policies and procedures should be constructed to ensure compliance with internal policies, ensure best practice standards are considered, and reflect current practices.

Management Response:

We concur that there are many policies and procedures missing pertaining to grant proposals, administration, and post award.

Audit Observations (Cont'd)

- OGSP will review current policies and procedures in collaboration with the Provost's Office, college deans, and appropriate finance office staff to determine the need for revisions and/or new policies and procedures to comply with state and federal laws and regulations, internal policies, and best practices. This process will be completed by the end of the 2024-2025 academic year.
- Standard practices will be implemented to ensure routine policy and procedure review, revision, and updating.
- Provost's Office and College Deans will ensure that OGSP, department chairs, and PIs follow all policies and procedures appropriately.

Audit Observations (Cont'd)

3.) Grant Administration System risks

Grant systems utilized by Westfield State are very rudimentary using Microsoft Office and network drives. There are no standardized internal grant workpapers. These should be implemented and put on network drives to be shared with pertinent departments. This will deliver consistency across the institution pertaining to updated policies, procedures, compliance, deliverables, etc., and ensures a standard operating environment.

It is important to note that network drives do not have any data entry controls. All data entry is manual so errors can and most likely will occur. A secondary review of all data entry should be performed, however change controls for network drives do not exist. If an error is discovered or someone makes unauthorized changes to a document, the only control to restore the file is restoring the file from backup if this is a process IT follows.

Grant deliverables and timelines are also tracked separately on personal Outlook email accounts for the OGSP and PIs. If there is an error in data entry or with Outlook, important compliance-based requirements could be missed. In the past, important deliverables have been missed as Outlook notifications were not seen.

Recommendation:

Management should determine if they want to continue using Microsoft Office as the system of records for the OGSP. If so, then controls need to be strengthened such as:

- Secondary review of data entry.
- Shared calendars for deliverables so more than one person is accountable.
- Forms and workpapers should be standardized with input from all departments that help administer grants and access to network drives should be assigned accordingly. If this is considered, then Westfield IT should have system access control, folder backup, and secondary approval to delete documents.

Management Response:

We concur that grant administration systems utilized by the OGSP and other University offices are very rudimentary and that there are not standardized internal grant workpapers.

- Explore the implementation of the Banner grant administration module to provide consistency through the use of a common software system in order to ensure a standard operating environment across all departments involved with grant management and finance.
- A common software solution will be implemented to provide a shared calendar, monitor grant deliverables and to store and share all grant-related documents and workpapers.

Audit Observations (Cont'd)

4.) Contract Worker Hiring Practices

Hiring practices at Westfield appear to be decentralized for contract workers specific to grants. When contract employees are hired, the contracts and other pre-hire requirements are administered at department level and then sent to OGSP to complete paperwork. Without strong controls in place, compliance issues can arise.

There have been multiple instances where student employees are “hired” and start working, but due to funding not being in place at the time of “hire” the paperwork is not submitted to payroll and the student worker is not paid in line with federal/state payroll laws. This is specifically against university policy, but there is no control to detect these outliers. Payroll does not know about these workers until after the paperwork is submitted.

In order to comply with Federal Labor Standards Act (FLSA), employees must be paid for time worked in line with the payroll calendar.

Recommendation:

Management should implement controls to detect contract workers who are not being paid in line with university requirements. Contracts should not be considered executed until Payroll/Human Resources sign off. Additionally, language should be put into all standard worker contracts instructing them not to start until they receive an executed contract signed by appropriate parties.

Management Response:

The University will implement the following improvements to contracted hiring processes in an effort to mitigate non-compliance with existing controls.

- A campus-wide communication will be sent prior to the start of each Fall and Spring semester emphasizing the requirements of the contracted hiring process.
- Our temporary employment contract form will be revised to add a banner at the top warning staff not to allow contracted workers to start until authorized by the Payroll office.
- The existing Grant Process Approval Form will be updated to include more specific questions regarding anticipated student employment or internship opportunities. The routing of this form will be expanded to include a representative from Administration and Finance to understand the general scope and impact of the grant on financial and payroll operations. The updated form will be in place by 10/1/24. Additionally, a clearing account will be established to allow for timing gaps between the grant award letter and receipt of funding if students must start their internship or employment prior to receiving grant funds.

Audit Observations (Cont'd)

- Discussions will be held to explore the feasibility of adding grant funded positions as a pilot program to utilize HR's online application and onboarding system to replace our current paper process.

Audit Observations (Cont'd)

5.) Department Communication

Communication between the OGSP and PI's needs improvement. There appears to be a disconnect in disseminating changes in policies downward with PI's, resulting in confusing University requirements.

There is also an issue with upward communication where PI's are getting questions (compliance/processes) answered or working directly with other departments instead of going through OGSP.

Recommendation:

Management should ensure that communication is improved regarding the OGSP and PIs. There needs to be a standardized communications process to address any questions that may arise.

Management Response:

We concur with the conclusion that communications should be improved with the principal investigators and Grants Office along with various departments on campus. The following recommendations will address the primary issues in this observation:

- A grant improvement checklist will be developed and jointly completed by the Grants Office and the PI with the intent of ensuring the various offices (procurement, accounting, facilities, etc.) are alerted that an award has been received. This checklist will reference the appropriate policies (and provide copies if necessary) on the Procurement policies and procedures and the current Grants Policy.
- Campus administration will ensure greater collaboration of policy issues between the Grants Office/Provost Office and division of Administration and Finance before policies are approved by the Board of Trustees.
- The Procurement Office will continue to provide communications and training opportunities for Academic Affairs on state laws and campus policies.

Addendum

THE BOSTON CONSORTIUM



FOR HIGHER EDUCATION

Shared Internal Audit Services

BABSON COLLEGE, BENTLEY UNIVERSITY, BERKLEE COLLEGE OF MUSIC, BRANDEIS UNIVERSITY,
EMERSON COLLEGE, RHODE ISLAND SCHOOL OF DESIGN, SUFFOLK UNIVERSITY, WHEATON COLLEGE

To: Mark St. Sauveur, *Director, Office of Grants and Sponsored Programs*

From: Samantha Spezeski, *Director of Internal Audit*

CC: Brian Jennings, *Associate Provost*
David Caruso, *Chief Academic Officer / Interim Provost*
Stephen Taksar, *Vice President of Administration and Finance*
Lisa Freeman, *Associate Vice President of Finance*

Subject: Grant Pre/Post Award Review 2024-2-O

The shared Internal Audit Services for the Boston Consortium for Higher Education has additional observations that do not require Management responses as these were rated as low risk from an internal controls perspective. These observations represent common operational practices in the higher education industry from both public and private institutions and benchmarked Westfield State's processes, specifically related to Grants processes.

Low bidding Thresholds/Procurement Signing Policy:

The bidding policy thresholds at Westfield State University are low when compared to other institutions. Current practice requires three quotes for purchases from \$200-\$25,000 if a non-State contracted vendor is utilized, where most institutions require multiple bids (2) for amounts \$10,000-\$24,999 and three bids over \$25,000.

No Electronic Document Signing Capabilities:

At Westfield, when signing off on grant proposals and other official forms, physical signatures must still be gathered. In this new hybrid working world, most institutions have implemented electronic signature processes such as DocuSign. This is already a process for other Westfield departments, not for OGSP other than contract for services. Without this option, the process of getting required signatures can be tedious or slow down the process, which has already occurred.



Board of Trustees

June 20, 2024

MOTION

The Audit Committee recommends approval to the full Board:

To recommend the University continue with an agreement with the Boston Consortium for internal audit services. All University procurement procedures and policies will be followed in executing said agreement.



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

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:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Proposals • Reporting structure • Deadlines and timing • Budget creation • IDS rates • Award acceptance • Award setup • Inter-Department communication • Authorized signers | <ul style="list-style-type: none"> • Record retention • Close out procedures • Problematic Principal Investigators (PI's) • Payables/Receivables/Aging • Deliverables • Authorized signers • Department staff responsibilities • Programmatic reporting |
|---|---|

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.



**BOARD OF TRUSTEES
AUDIT COMMITTEE
CHARTER**

I. Mission

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 a transparent manner. 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. Authority and Responsibilities

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 independent auditors. The Audit Committee will also evaluate the performance of the University'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:

Independent External Audits

1. 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.
2. 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.

3. 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.
4. 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.
5. 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 independent auditors. The Audit Committee shall take, or recommend that the full Board take, appropriate action to ensure the independence of the independent auditors.
6. 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.
7. 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.
8. 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.

Internal Audit

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

Other Responsibilities

1. The Audit Committee shall oversee the University's administration of the University's conflict of interest policy.
2. The Audit Committee shall establish procedures for the confidential, anonymous submission by University staff and administration of concerns regarding questionable accounting or auditing matters.
3. The Audit Committee shall review the regulations and current audit trends and requirements and recommend appropriate policy and practice applications to University administration.

4. 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.
5. 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.
6. 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.

III. Organization

Review of Charter

This charter shall be reviewed and reassessed by the Audit Committee annually, prior to June 30th.

Membership/Structure/Quorum

Per Westfield State University Board of Trustees 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 Financial Affairs and Advancement Committee. The Audit Committee chairperson shall be appointed by the Board chairperson.

Staff Liaison

The president shall designate a member of the University's senior administration to serve as a liaison to the Audit Committee.

Meetings

The Audit Committee shall, at a minimum, meet in advance of each Board of Trustees meeting, unless the committee chairperson and Board chairperson determine that a meeting is not necessary. A quorum of any meeting of the Audit Committee shall consist of a majority of its voting members. Committee members may participate by teleconference as permitted by state laws. All meetings will conform to Massachusetts open meeting laws. Meeting materials will be posted on the University's website within 14 days after each committee meeting.

Agenda, Minutes and Reports

The chair, in collaboration with the staff liaison, shall be responsible for establishing the agenda for each meeting. An agenda, together with relevant materials, shall be

provided to committee members at least five days in advance of the meeting. Minutes for all meetings shall be drafted by the staff liaison or designee, reviewed by the committee chair, and approved by committee members at the following meeting.