

**SPECIAL MEETING OF THE
AUDIT COMMITTEE**
Connecticut State Colleges and Universities
Board of Regents for Higher Education
39 Woodland Street
Hartford, Connecticut
Tuesday, June 14, 2016, at 10:00 a.m.

Minutes

REGENTS PRESENT

Elease Wright, Chair
Gordon Plouffe
JoAnn Price

REGENTS ABSENT

William McGurk

BOR/CONNSCU STAFF PRESENT

Erika Steiner, Chief Financial Officer; Karen Stone, Director of Internal Audit; Ernestine Weaver, Counsel; Christopher Forster, Controller; Louisa Despins, Administrative Assistant for Finance

With a quorum present, Chair Wright called the meeting to order at 10:04 a.m.

1. Approval of the Minutes of March 15, 2016 and May 3, 2016 Special Meeting.

Motion by Chair Wright, seconded by Regent Plouffe to approve the Minutes of March 15, 2016 and May 3, 2016 Special Meeting. Motion carried unanimously.

2. Grant Thornton Audit Plan and Introductions
 - a. Audit Plan and Trends in Higher Education
 - b. Introduction of Audit Team (Engagement Partner Claire Esten was unable to rearrange her schedule but will attend the next meeting in person and attended this meeting via dial-in)
 - c. In attendance was:
 - i. Brittany Kelley, Lead Audit Manager
 - ii. Dana Wilson, Hartford Office Managing Partner
 - iii. Jeff Su, Senior Manager on CCC Audit
 - iv. Mary Foster, Managing Director – Higher Education Industry Expert

Dana Wilson explained that Grant Thornton is responsible for performing an audit under US GAAS of the financial statements prepared by management; forming and expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance

with US GAAP; forming and expressing an opinion on whether certain supplementary information is fairly stated in relation to the financial statements as a whole; reading other information and considering whether it is materially inconsistent with the financial statements. She gave an overview of the preliminary timeline:

June 2016 – client acceptance, planning and preliminary risk assessment procedures

June – July 2016 – Interim Procedures

September – October 2016 – Final Fieldwork

November – December 2016 – deliverables (tie out and review financial statements and foot notes, meet with management to discuss results, and present results to the Audit Committee)

Mary Foster discussed the state of the industry and strategic directions in higher education. She emphasized the need to focus on student outcomes and current use of technology to support student achievements.

The team discussed the importance of enterprise risk management and the current focus on reputational risks. In addition, higher education boards are increasingly focused on financial sustainability.

Jeff Su reported that 2016 rating agency outlook for higher education is stable for next 18 to 24 months. There is a moderate revenue growth at or above 3%, with investments in technology and related spending expected to increase. Further, the 2016 federal budget will remain positive for higher education with increases in research funding, minority serving institutions, and Pell grants, and Perkins loans will continue through the 2017-18 school year

3. Update on Auditors of Public Accounts (“APA”) Draft Reports

CFO Steiner gave an overview of the Auditors of Public Accounts reports. She said that reports will be followed by management in draft form and by Internal Audit after the reports are final.

CFO Steiner stated that there were several minor items of a human-error nature, and multiple community college findings, including:

- part-time lecturer time sheets - regarding the three colleges
- payments at separation – two colleges failed to follow all of the steps required by CORE, one college inaccurately calculated payment for two terminating employees
- personal service agreements (PSA) – two colleges were found to have allowed a contractor to begin work before the PSA was appropriately approved, as well as a few other issues with payments.

CFO Steiner added that the Internal Audit will follow up on these items.

4. Internal Audit Update

- a. Issue Tracking Follow-up at the System Office and all Institutions

- b. Internal Audit Annual Risk Assessments
- c. FY 2017 Audit Plan

Director Stone gave an update on open audit recommendations tracked by Internal Audit; there were a total of 149 items reviewed (134 items were still open and 15 items were closed; 26 items were new, 103 items had a revised date and 5 items were on track).

Director Stone gave an overview of the FY 2017 Audit Plan. She added that there were several IT Projects for scheduled for FY 2017.

Motion by Chair Wright, seconded by Regent Plouffe to approve the FY Audit Plan. Motion carried unanimously.

5. Executive Session to Discuss IT Security Plan

At 11:28 a.m. on a motion by Regent Price, seconded by Regent Plouffe, the Committee voted to go into Executive Session for the purpose of discussion IT Security Plan. Chair Wright announced that no votes would be taken in Executive Session.

6. Adjournment

With no other business to discuss, the meeting was adjourned at 11:45 a.m. on a motion by Regent Price, seconded by Regent Plouffe.