

**SPECIAL MEETING OF THE
AUDIT COMMITTEE**
Connecticut State Colleges and Universities
Board of Regents for Higher Education
39 Woodland Street
Hartford, Connecticut
Tuesday, September 19, 2016, at 10:00 a.m.

Minutes

REGENTS PRESENT

Elease Wright, Chair

REGENTS ABSENT

William McGurk

Gordon Plouffe

JoAnn Price

BOR/CONNSCU STAFF PRESENT

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

The meeting started at 10:00 a.m.

1. Minutes of June 14, 2016 Meeting were not approved due to the absence of quorum.
2. Interim Report by Grant Thornton

Claire Esten, Grant Thornton partner, stated that a more detailed update will be provided at the December 13, 2016 Audit Committee Meeting. She said that the Audit team have performed walkthroughs of certain key processes and controls to determine whether they are designed effectively and are operating as designed. Preliminary analytical procedures were performed to identify areas for investigation during fieldwork. Claire Esten added that design and operating effectiveness tests were performed for System, Southern and Charter Oak key financial applications. All observations were discussed with management. Currently the Auditors are working on the evaluation of component units as it relates to CCC with the focus on Magnet Schools. Brittany Kelley, a Senior Manager, explained that a critical component of the audit approach is to understand how information technology is used in supporting business operations and producing financial reports.

3. Update on Enterprise Risk Management

CFO Steiner gave an update on Enterprise Risk Management. She said that Enterprise Risk Management is a process-driven tool, not an audit. There are several risk categories: strategic, compliance, reputational, financial and operational. CFO Steiner stated that there

will be working groups established at each institution and those groups will focus on highest risk items. Enterprise Risk Management Governance: Executive Sponsor – President Ojakian, Project Owner – Erika Steiner, Steering Committee – Jane Gates, Alice Pritchard, Erika Steiner, Joe Tolisano, Ernestine Weaver, Steve Weinberger. The goal is to create uniform templates and provide definitions to ensure consistency; conduct nineteen evaluations (at four CSUs, twelve CCCs, COSC, System Office and System-wide); hold Cabinet meetings; talk to the Presidents and explain why things are being done. CFO Steiner added that the test will be done this month. Report to the Audit Committee will be done as progress allows.

4. Internal Audit Reports – Faculty Consulting and Research Policy Audits
 - a. CCC
 - b. NCCC
 - c. ACC
 - d. COSC
 - e. GCC
 - f. ECSU

Director Stone gave an update on Internal Audit Reports. She said that there were 6 packets issued and the documentation was very good. She stated that the results of the audit for the Capital Community College revealed that the control environment needs improvement. Timely corrective action is required in the areas of documentation and report submission. Director Stone pointed out that Northwestern Community College was the best one in the audit process. She complimented them on the knowledge of BOR Policy and well documented operating procedures and compliance forms. The results of the audit revealed that the control environment is strong which indicates that the internal control environment is well designed and operating effectively. The results of audit at Asnuntuck Community College revealed that the control environment needs improvement. The quality of risk management should improve once ACC enhances documentation. The results for Charter Oak State College revealed that the control environment needs improvement. Although COSC had documented procedures, they require enhancement since they did not address the BOR Policy requirement for two signatures in applicable documents and reports being required semiannually. The quality of risk management should improve once COSC enhances documentation. Audit results of Gateway Community College revealed that the control environment needs improvement. Although documented operating procedures were in process in 2015, the procedures were not finalized to ensure compliance to the policy and statute. Audit results for Eastern Connecticut State University showed that the control environment needs improvement. The results found that controls require improvement in the areas of report submission, compliance form completion and documentation.

Director Stone said that the System Office will continue working with the Institutions on the audit process.

Chair Wright wanted to know if there was any consequences for not complying with all requirements of the audit. Director Stone said that the consequences should be coming from the Presidents of the Institutions.

5. Executive Session (if required).

6. Adjournment

With no other business to discuss, the meeting ended at 10:54 a.m.