



Board of Regents

Audit Committee
Tuesday, May 9, 2023 @ 10:00 a.m.
Conducted Via Remote Participation

Meeting Minutes

AUDIT COMMITTEE MEMBERS	PARTICIPATING
Elease Wright, Chair	Yes
Rick Porth	No
Ari Santiago	Yes

OTHER REGENTS PRESENT:

JoAnn Ryan, BOR Chair

CSCU STAFF PRESENT:

Ben Barnes, Chief Financial Officer
Melinda Cruanes, Controller
Jim Vasquez, Chief Information Officer
Pete Carey, Chief Information Systems Officer
Pam Heleen, Recorder/Assoc. Director of Board Affairs

GUESTS:

Claire Esten, David Stoffel - Grant Thornton

1. CALL TO ORDER

With a quorum present, Chair Wright called the meeting to order at 10:03 a.m.

3. DISCUSSION ITEMS

• **Update on Audits of the Auditors of Public Accounts (APA) - Melinda Cruanes**

On March 29, 2023, the APA did release the statewide single audit which reviews and tests the compliance of grants statewide. Within the report, there were 3 findings related to CSCU:

- Cash Management - One college held excess federal funds longer than allowed. Corrective action was put into place.
- Return on Title IV Funds - One college and one university used an incorrect enrollment period and population for the return of Title IV funds after the student withdrew. Corrective action was set in place.
- Time and Effort Certification - One university did not certify the reports to provide confirmation that employees work on the relevant grants. This occurred as a result of a temporary staffing shortage. This finding should not be repeated.
- The APA is currently working on the financial audits for the 2021 and 2022 fiscal years for the System and results are not expected for quite some time.

- **Management Update** - Melinda Cruanes
System Office has been busy working on the CT State Community College merger, especially the transition to the Accounts Receivable Banner Financial System, including student billing, collections, and refunds for FY24. This transition should have no adverse effect on the FY23 close.
 - **Accounting Standards Update** - Melinda Cruanes
 - GASB 96 is required for FY23 and will be implemented this year. GASB 96 is similar to GASB 87 and is for subscription-based information technology arrangements (SBITA). These arrangements allow us to purchase and use a third party software; these have to be brought on to the balance sheet if they meet certain criteria. Because of the analysis required for each contract that may contain SBITA and to ensure consistency in data extraction, and accurate evaluation for the initial implementation year, Grant Thornton's Advisory Team is assisting in extracting and compiling data from the contracts and POs. They will not be performing calculations for entries as that is management responsibility.
 - GASB 101 is titled Compensated Absences. Implementation is not required until FY25, but early adoption will occur in FY23. GASB 101 clarifies and consistently applies the compensated absence liability calculation to lessen potential comparability issues between governments and differing types of leaves. For CSCU, GASB 101 removes the impact of the pension plan contribution from the vacation time pay calculation. The estimated impact (based of FY22 numbers) is an estimated \$23 million decrease in the accrued compensated absence liability.
 - Regent Wright asked what the relationship between the \$23 million decrease and the original amount was. Ms. Cruanes stated that the total FY22 accumulated absence liability across the system was \$112 million. This will have a positive impact on our unrestricted net position.
 - **2022 Bond Audit Planning** - CohnReznick
 - Representatives from Cohn/Reznick were unable to attend the meeting. The full PowerPoint is included as Attachment A. Committee members were asked to read through the presentation as there are required planning communications for those charged with governance. Questions should be forwarded to M. Cruanes for response.
 - Carolyn Kurth of CohnReznick noted that she had no concerns about planning or timing for the Audit.
 - **CSCU, CCC, COSC Financial Statement Audit Planning Presentation**- Grant Thornton
 - Claire Esten and Dave Stoffel of Grant Thornton provided an Audit Planning update. Their presentation (Attachment B) focused on:
 - timeline and scope (slide 2)
 - significant risks and other areas of focus (slides 3 - 5)
 - Grant Thornton Advisory and the GASB 96 and 101 work (slide 5 and 7)
 - Industry updates/trends in higher education, including IT and cybersecurity (slides 14 - 29)
2. **APPROVAL OF DECEMBER 14, 2022 AUDIT MEETING MINUTES**
With a motion from Regent Wright and a second from Regent Santiago, the minutes were approved by unanimous voice vote.
4. **EXECUTIVE SESSION**
- At 10:20 a.m. on a motion by Regent Santiago, seconded by Committee Chair Wright, the Committee voted to go into Executive Session for the purpose of discussing security issues. Committee Chair Wright announced that no votes would be taken in Executive Session. Chair Wright directed BOR Chair Ryan, CFO Ben Barnes, Melinda Cruanes, CIO Jim Vasquez, and Peter Carey to remain with the Committee in Executive Session.
5. **ADJOURNMENT**
- With the conclusion of the Executive Session, Committee Chair Wright declared the meeting adjourned at 11:05 a.m.