



Connecticut State
Colleges & Universities

MEETING OF THE AUDIT COMMITTEE

Board of Regents for Higher Education
Board Room – Ground Floor
61 Woodland Street, Hartford, Connecticut
Tuesday, October 15, 2019 at 10:00 am

AGENDA

1. Approval of the Minutes of June 11, 2019
2. Introductions
 - a. Shannon Walsh, Assistant Counsel, Compliance
 - b. Melinda Cruanes, Controller
3. APA Audit Reports Update (Ben Barnes)
4. Status of Audits and Year-End Financial Statements (Melinda Cruanes)
5. Interim Report by Grant Thornton (Claire Esten)

Claire Esten, Partner
Hassan Khan, Senior Manager (IT)
Brian Hopkins, Manager
Cory Stadelbauer, Manager

6. Executive Session (if required)
7. Adjournment

**Meeting of the
Audit Committee**
Connecticut State Colleges and Universities
61 Woodland Street
Hartford, CT
Tuesday, June 11, 2019 @ 10:00

MINUTES

Regents Present

Elease Wright, Chair
JoAnn Ryan – (via telephone)

Regents Absent

Aviva Budd

BOR Staff Present

Ben Barnes, Chief Financial Officer
Chris Forster, Controller
Michael Moriarty, CFO Charter Oak College

Guests

Claire Esten, Brian Hopkins, Dave Murphy – Grant Thornton

With a quorum present, Chair Wright called the meeting to order at 10:05 a.m.

1. Approval of the Minutes of December 11, 2018

Motioned by Regent Wright, seconded by Regent Ryan, the minutes of the December 11, 2018 meeting were approved as submitted.

2. Controller Update

a. Organizational Changes

CFO Barnes announced the organizational changes that have recently occurred in the System Office Finance Department. Regina Ferrante, Director of Finance and Accounting, recently returned to her prior position at Manchester Community College. In lieu of filling this position, a Controller will be hired. Chris Forster, who currently serves as Controller, will assume another role within the organization. Chris will continue to serve in the role as Controller until a successor is hired. An additional position within the Finance Department continues to remain vacant at this time.

Melissa Schwalbach, Assistant Counsel/Compliance Officer, who served a dual role for the Office of Legal Affairs and Finance Department, has also departed the System Office. The Office of Legal Affairs is in the process of recruiting for this position. It is anticipated that the individual hired will continue to serve in a dual capacity, providing support for operational and financial compliance matters for the Finance Department.

b. APA Audits

Chris Forster highlighted the Auditors' Report prepared for Eastern Connecticut State University for fiscal years ending 2014, 2015 and 2016. The Auditors' findings and recommendations were reviewed. Recommendations were rendered for the following areas requiring attention:

- Information System Disaster Recovery Plan
- Lack of Defined Eligibility Criteria for summer program
- Incorrect Student Employee Paid Sick Leave Records
- Documentation of equipment disposal
- Late termination of Banner information system access
- Lack of rental agreement for rental of Groton campus facilities

3. Introduction of CSCU 2020 Auditors, CohnReznick

One of the Auditing Committee's responsibilities is to approve the appointment of independent, external auditors. BlumShapiro has served in the capacity as auditors for the CSCU 2020 program for the past five years. In accordance with State statutes, auditors are appointed for five consecutive years and cannot be reappointed at the expiration period.

A request for proposals was conducted, and proposals were reviewed to identify a new auditing firm. Management recommended the firm of CohnReznick due to their best value proposal to succeed BlumShapiro as the CSCU 2020 auditors.

Motioned by Regent Wright, seconded by Regent Ryan, the appointment of CohnReznick as CSCU 2020 auditor was unanimously approved.

4. Financial Statement Audits – GrantThornton

Representatives of Grant Thornton, Claire Esten, Partner, Dave Murphy and Brian Hopkins, reviewed the 2019 Audit Planning outline for the Connecticut State Colleges and Universities. The audit timeline began in April with the client's reacceptance and issuing of engagement letter, and continues through December with the final fieldwork and deliverables. The Materiality of the report was discussed regarding the Great Path Academy Magnet School and the recommendation to change the terms of magnet school reporting mechanism by the year 2020. Significant risks and other areas of focus and technology support as part of the audit process

were also discussed. There is no awareness of fraud within the System. Management and the Committee are requested to report any known fraud.

5. Internal Control Audit

CFO Barnes commented that the report is a useful starting point given the change in the workforce, pension agreement and organizational changes. A review will be conducted during the summer before Grant Thornton begin their work.

With no other business to discuss, the meeting adjourned at 10:37 a.m. on motion of Regent Wright, seconded by Regent Ryan.



Status update to the Audit Committee of the Connecticut State Colleges and Universities

October 15, 2019



Status Update - CSUS

1. Central

- Year end fieldwork 9/9-9/18
- On track in all audit areas; Journal entry testing is currently in process
- No audit adjustments identified to date

2. Eastern

- Year end fieldwork 9/23-10/2
- On track in all audit areas; Journal entry testing is currently in process
- No audit adjustments identified to date

3. Southern

- Year end fieldwork 9/9-9/18
- On track in all audit areas; Journal entry testing is currently in process
- No audit adjustments identified to date

4. Western

- Year end fieldwork 9/23-10/2
- On track in all audit areas; Journal entry testing is currently in process
- No audit adjustments to date

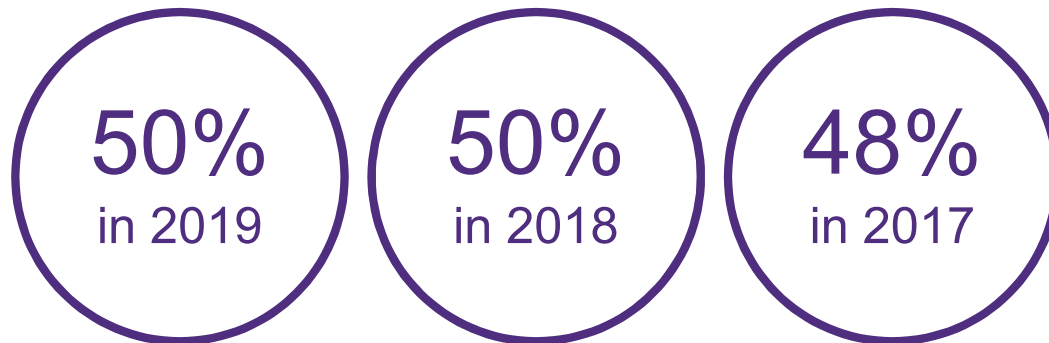
5. System Office

- Fieldwork begins on October 15th

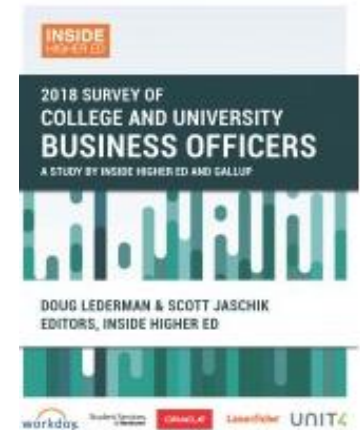


What chief business officers say overall:

"Confident my institution will be financially **stable over ten years**"



Confidence has remained steady with an even split between public (50%) and private (49%) with public master's & baccalaureate colleges having the least ten year confidence at 28% while public doctoral is the highest at 66%.



What chief business officers say overall

On mergers (next five years)...

12%

Institution had serious talks with another

18%

Believe their institution should merge with another

1%

Institution likely to merge with another

On shared services or programs (next three years)...

43%

Likely to share administrative services with another

62%

Should share administrative services with another

66%

Should combine academic programs with another

