

**Meeting of the  
Audit Committee**  
Connecticut State Colleges and Universities  
Board of Regents for Higher Education  
61 Woodland Street  
Hartford, CT  
Tuesday, October 16, 2018 @10:00

**MINUTES**

**Regents Present**

Elease Wright, Chair  
Aviva Budd  
JoAnn Ryan

**BOR Staff Present**

Erika Steiner, Chief Financial Officer; Chris Forster, Controller; Michael Moriarty, CFO Charter Oak College; Keith Epstein, Vice President for Facilities and Infrastructure Planning; Joe Tolisano, Chief Information Officer (telephone)

**Guests**

Frederick Hughes, Virendra Shah – Blum Shapiro; Hassan Khan, Justin Morrow, 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 May 22, 2018**

*Motioned by Regent Ryan, seconded by Regent Budd, the minutes of the May 22, 2018 meeting were approved as submitted.*

**2. Status of Year-End Financial Statements**

Chris Forster, Controller, commented on the close of FY18, development of the financial statements and the FY18 audit work is currently running 1-2 weeks behind schedule. It is anticipated that the delay can be overcome in the remaining weeks of the audit and financial statement development. A few critical items and challenges were faced that are being worked through.

- **Charts of Accounts** - Successfully implemented a unified chart of accounts that is in place for FY19. The year-end took longer to work through than in a normal fiscal year as a result.

- **Banner** – Last fiscal year shifted our banner instance to a cloud based hosting with our vendor Ellucian. Due to the complexity of the community college accounting structure coupled with the significant number of customizations implemented over time to improve efficiencies, the Ellucian team was not fully prepared to properly support the college Banner instance as configured.
- **Other Post-Employment Benefits (OPEB)** - for FY18 GASB 75 requires us to book the net OPEB liability associated with the retiree health benefits. This liability in addition to the net pension liability will put all three of our financial statements into a negative net position.
- **Component Units** - As part of the financial statements, we have to include certain component units of the CSCU system. This includes the foundations and Great Path Academy magnet school. Staff is actively working with the magnet school administration managed by the Hartford Public Schools to ensure their information is accurate and responsive to the auditor's requests. We are also waiting on the annual reports from nine of our foundations.

Each of these challenges have been or are being addressed and the financial statements are expected to be on time for the December 11<sup>th</sup> Audit Committee meeting.

Mike Moriarty, CFO, Charter Oak State College, reported on the assets true-ups. There is no standardization across the board. The librarians used new software and two universities finished with software. Currently, Charter Oak is the only institution not on Banner and is scheduled to go on Banner in 2020.

### **3. CSCU 2020 Audit Report by Blum Shapiro**

Frederick Hughes, Virendra Shah, and Joseph Queno of Blum Shapiro reported on the independent auditor's report on expenditures paid during the year ended June 30, 2018 of CSCU 2020 construction expenditures – cash basis of the Connecticut State Colleges and Universities System. It is the opinion of the auditors that the Schedule presents fairly, in all material respects, the construction expenditures related to identified CSCU 2020 projects of the System that were paid during the year ended June 30, 2018 in conformity with the cash basis of accounting.

The Cost Schedule of the CSCU 2020 construction expenditures and the draft communication letter were reviewed and discussed. CFO Steiner noted that by Statute we are required to change auditors every five years. This requirement will be addressed with the legislature and we will seek to have the Statute changed.

*Motion by Regent Budd, seconded by Regent Ryan, that the Acceptance of CSCU 2020 Audit Report for the Year-Ended June 30, 2018 be approved as stated in the amended resolution. The motion carried.*

#### **4. Interim Report by Grant Thornton**

Hassan Khan, Justin Morrow, Brian Hopkins, and Dave Murphy of Grant Thornton provided a mid-audit report update on the colleges and universities. The on-campus audit fieldwork began mid-September at the Universities, September 24 at the Community Colleges and October 1 at Charter Oak. Everything is on track in all audit areas with no audit adjustments to date.

An important component of the audit approach is to understand how IT is used in supporting business operations and producing financial reports. The testing of System Office, Community Colleges and Central instance of Banner has been completed and is currently going through the quality review process and any findings will be communicated to management later this month. The testing of Charter Oak system (Jenzabar) has been completed and is moving through the quality review process.

It was noted that the technology support for the System of Colleges, Universities and Charter Oak is compared to European standards. Three distinct interface of security, Banner and Jenzabar. All five Banner systems are on the Cloud with Charter Oak moving to the Cloud in 2020.

Regent Wright thanked CFO Steiner for her services during her four years on the Audit Committee and commented on the great progress that has been made.

*There being no further business, on motion of Regent Budd, seconded by Regent Ryan, the meeting adjourned at 11:35 a.m.*