

**Meeting of the
Audit Committee**
Connecticut State Colleges and Universities
61 Woodland Street
Hartford, CT
Tuesday, December 11, 2018 @10:00

MINUTES

Regents Present

Elease Wright, Chair
Aviva Budd
JoAnn Ryan

BOR Staff Present

Chris Forster, Controller; Michael Moriarty, CFO Charter Oak College; Melissa Schwalbach, Assistant Counsel/Compliance Officer

Guests

Claire Esten, Brian Hopkins, Dave Murphy – Grant Thornton

With a quorum present, Chair Wright called the meeting to order at 10:00 a.m.

1. Approval of the Minutes of October 16, 2018

Motioned by Regent Budd, seconded by Regent Ryan, the minutes of the October 16, 2018 meeting were approved as submitted.

2. Update on Audits of the Auditors of Public Accounts (APA)

Melissa Schwalbach provided an audit update of the Auditors of Public Accounts. The Audit Team lead by Ramona Weingart continues to focus on monitoring the 120 day rule for rehired retirees at the Community Colleges; Payroll Exception Reports; and monitoring the Colleges' ability to do more with less given the challenges of the budget cuts. In addition, the auditors have indicated that they may focus on campus security/budget cut issues and cross-enrollment with a balance due on different campuses. It is the opinion of counsel that campus security is not within the audit authority, but no current audit has approached this issue.

The bi-annual Faculty Consulting and Research Reports are due to the BOR President on May 1 and November 1 in accordance with State Statute and Board policy. All of the Universities and Colleges are compliant with the exception of Gateway.

3. Year-End Reports and Discussion

Chris Forster provided an overview of the draft audited financial statements for the fiscal year ended June 30, 2018 and Michael Moriarty provided a GASB update for the Universities, Colleges and Charter Oak. The auditor's report noted that all three audits resulted in unqualified opinions and there were no disagreements with management.

The senior engagement team of Grant Thornton, lead by Claire Esten, Lead Engagement Partner, noted that two items were identified as significant deficiencies. Library assets should have been written down in prior periods and accrued compensated absences were not accurately calculated in the report received from the State. Both deficiencies have been rectified by management. There remains one open item related to Great Path Academy (GPA), a component of Manchester Community College. It was noted that GPA is the only magnet high school that is classified as a component unit. The auditors recommended the renewal contract with the Hartford Public Schools be amended to align with similar arrangements between magnet high schools and other institutions within our system that do not require us to identify the high schools as component units.

The implementation of GASB 75 in FY18, requires the System to recognize the unfunded portion of Other Post Employment Benefits (OPEB), primarily health benefits that are attributed to the CSCU system. These are liabilities of the State of Connecticut but are recognized on our financial statements as required by accounting standards. The impact of recognizing the net pension and OPEB liabilities results in a negative net position for all three of our reporting entities.

4. Management Report of Audited Foundation Financial Statements (all institutions)

A summary was provided for the seventeen University and College Foundation Reports for fiscal year 2018. The Foundations are required to submit their financial statements to the BOR annually, as well as other supplemental information identifying any major changes in organizational structure, policies and governance. Each of the audits resulted in unqualified opinions and the Auditors states that the financial statements present fairly, in all material respects, the financial position of the Foundations.

With no other business to discuss, the meeting adjourned at 11:30 a.m. on a motion by Chairman Wright, seconded by Regent Ryan.