



## Board of Trustees

### Audit Committee

June 11, 2025, 8:30 a.m.

### Minutes

Conference Rooms A & B, University Hall

A live stream of the meeting for public viewing will also take place at the following link: <https://www.westfield.ma.edu/live>

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**Committee Members Present:** Committee Chair Theresa Jasmin, Vice Chair William Reichelt, Secretary Michael O'Rourke, Melissa Alvarado, Tessa Lucey and Dr. Gloria Williams.

Also present and participating were Westfield State University President, Dr. Linda Thompson; Provost and Vice President for Academic Affairs, Dr. William Salka; Vice President for Administration and Finance, Stephen Taksar; Vice President for Enrollment Management and Student Affairs, Dr. Kevin Hearn; Assistant Vice President for Information and Instructional Technology, Alan Blair; Vice President, Facilities & Capital Planning, Tom Therrien; and Director of Emergency Response and Risk Management, Sam Lemanski. Also participating was Kate Jun and Ryan Sheehan of WithumSmith and Brown P.C. and Samantha Spezeski and Mike Santolucito of Boston Consortium.

Committee Chair Theresa Jasmin called the meeting to order at 8:32 a.m., conducted a roll call of committee members, and stated the meeting was being livestreamed and recorded.

**MOTION** made by Trustee O'Rourke seconded by Trustee Lucey to approve the meeting minutes of April 22, 2025. A roll call was completed. **Motion passed.**

#### Audit Committee Charter Review

- The audit committee charter is required to be reviewed annually.

**MOTION** made by Trustee Reichelt seconded by Trustee O'Rourke; the audit committee recommends to the full board to approve revisions to the Westfield State University, Board of Trustees, Audit Committee Charter, as presented. A roll call was completed. **Motion passed.**

#### Whistleblower and Bullying Policies

- Motions related to the whistleblower policy and the bullying policy were removed from the agenda for additional refinement.

**MOTION** made by Trustee Lucey seconded by Trustee Alvarado to take from the table, agenda items 3B and 3C. A roll call was completed. **Motion passed.**

## **Financial Audit Services for FY25**

- The audit is performed under governmental audit standards, which is a higher level than for-profit companies, and includes reporting on compliance with internal controls.
- The board oversees the University's management and the auditors. The board is required to report any fraud they are aware of.
- Management sets accounting policies, safeguards assets, and maintains proper books and records.
- Three attest engagements are being performed: audit of financial statements, single audit, and a mass state aid attestation (every three years).
- Key dates:
  - Engagement letter signed in April.
  - Planning and testing in June/July.
  - Year-end fieldwork in August.
  - Financial statements to the board and state in October (expecting deadline extension to 10/31).
  - Finalizing single audit and monster report by the end of the calendar year.
- The planning phase focuses on compliance of internal controls (cash flow, expenses, receipts, grants, payroll, financial aid).
- Year-end fieldwork tests balances on the balance sheet and income statements (cash, receivables, loans, capital expenditures, leases, pension, OPEB).
- Significant risks identified: management override of controls, improper revenue recognition, and significant accounting estimates.
- The single audit is for federal awards received by the university, with student financial aid typically being a high-risk program.
- There was one minor finding on last year's single audit regarding the timing of reporting to the National Student Loan Data System (NSLDS).
- Auditors are not hired to find fraud but will report it to those charged with governance if discovered.
- The firm is independent from the university.

### Non-Attest Services

- The university provides non-attest services outside of the audit opinion.
  - These services include helping with financial preparation and calculating assets/liabilities for leases and subscription services.
- Management takes responsibility for these balances.

### Hiring a Student Trustee

- A student trustee is being hired, but their tenure ends before their hiring date, so there shouldn't be a conflict of interest.

### New GASB Accounting Pronouncements

- There are new GASB accounting pronouncements for the year.
  - They won't significantly impact the university but will be disclosed in the financial statements.

### Peer Review Board

- The accounting firm's peer review board resulted in a pass.

### Risk Specific to Westfield State University

- The risk specific to Westfield State relates to estimates.
  - This is due to the value of leases, subscriptions, and capital assets related to depreciation.
  - These are subjective to estimates for the useful lives of those assets.

## **Internal Audit of Building Security**

- An internal audit of building security is in progress, conducted by the Boston Consortium.

- The audit is not yet ready, but the report is being drafted and vetted with management. Will be presented in the fall.
- The presentation will provide an overview of the building access security review.
- The scope includes controls over building access security.
  - Policies and procedures.
  - Key cards and keys (assigning, deleting, monitoring).
  - Access monitoring systems.
  - Coordination between internal departments.
- The system is antiquated (30-35 years old) and lacks key criteria.
- There is one login used by three employees.
- There is no integration with housing systems.
- There is no report that can be pulled from the system to reconcile keys to new hires or terminations.
- A better system for tracking keys is needed.

#### Residence Life

- Keys were kept in unlocked office bins and scattered on desks.
- Lockboxes for master keys were not in use pending relocation.
- Management had concerns about physical keys and temporary IDs.

#### Key and ID Card Management Issues

- Manual keys and student ID keys are used.
  - Departments use dummy key cards for students who haven't received their IDs.
  - Physical keys and ID cards reconciliation is inconsistent (annual, biannual, or every other year), leading to unrecorded missing keys.
- Different processes exist for student and administrative keys.
  - Administrative staff assistants have access to spare keys, leading to uncontrolled duplication.
  - Relocation policy isn't followed due to widespread key access.
- Lost keys are handled differently.
  - On the student side, the lock mechanism is replaced and reused after being retooled.
  - On the administrative side, the key is duplicated, potentially risking PII dissemination, especially in areas like grants.

#### Recommendations and Next Steps

- More regular reconciliation of temporary ID cards is needed.
- A consistent key management process across all departments (student and admin) is recommended.
- More control is needed around the administrative side of things.
- The audit will be finalized in the coming weeks, with the full report, addendum for best practices, and audit committee tracker tool to be presented in the fall.

#### Key Usage

- Key cards are used for building access, student ID, Owl Bucks, and printing services.
- Manual keys are used for administrative offices, dorm rooms, and suites.
- Some bathrooms were key carded due to vandalism, but many locks are broken and can't be repaired.

#### Additional Information

- Replacing manual locks with electronic locks costs approximately \$5,000 per door.
- The current key policy was approved around 2003 and needs updating.
- Security protocols are in place, such as changing the lock when a key is lost.
- The findings will be added to the audit tracker to monitor progress.
- "We're waiting for this report to be modest so we can really take an objective assessment."

### **Enterprise Risk Management Update**

- Completed the first round of enterprise risk management in under a year.

- Goals were to identify, assess, and respond to the institution's top risks.
- Top three risks: cybersecurity, deferred maintenance, enrollment and retention.
- Risk leads are tasked with establishing focus areas, developing performance indicators/metrics, and initiating mitigation strategies.

#### Cybersecurity

- Focus areas included access control and patch management.
- Implementing mitigation strategies (a multi-year process).
- Focusing on automation to get notified quicker and be more proactive.
- Average 581 million attacks on a daily basis.

#### Deferred Maintenance

- Working on the biggest ticket items (critical studies, steam water infrastructure).
- Steam study should be updated by the end of the month.
- Broke down into infrastructure, building, and decarbonization.
- Using software for tracking critical facilities and condition assessment to identify equipment that needs replacement or poses the greatest risk of failure.
- Partnering with DCAM for large, identified infrastructure projects.
- Advocating for the BRIGHT Act.
- Deferred maintenance adds up to hundreds of millions of dollars.
- Prioritizing with limited resources and strategizing to get external resources.

#### Enrollment

- Enrollment is a comprehensive term that refers to admissions and retention.
- Strategic Enrollment Committee was created (13 individuals, including faculty representation).
- Three priorities: undergraduate admissions, graduate and continuing educational admissions, and student retention.
- Director of undergraduate admissions chairs the undergraduate admissions subcommittee, the director of DGCE admissions chairs the second subcommittee, and the new associate provost chairs the committee on student retention.

#### Additional Points

- Running a university is complex and multifaceted.
- The administration is working hard and intelligently.
- The team is fighting the battle against cybersecurity threats every day.

There being no further business, **MOTION** made by Trustee Lucey and seconded by Trustee O'Rourke to adjourn the meeting. There being no discussion, **motion passed unanimously**. Meeting adjourned at 9:12 a.m.

#### **Attachment(s):**

- Minutes 4-22-25 (Draft)
- Motion – Audit Committee Charter
- Audit Committee Charter
- Motion – Reporting Violations of Laws, Rules or Regulations (Whistleblower) Policy (0440)
- Reporting Violations of Laws, Rules or Regulations (Whistleblower) Policy (0440) TRACK CHANGES
- Reporting Violations of Laws, Rules or Regulations (Whistleblower) Policy (0440) CLEAN
- Motion – Anti-Bullying, Mobbing and Harassment Policy (1340)
- Anti-Bullying, Mobbing and Harassment Policy (1340) TRACK CHANGES & CLEAN VERSIONS
- Financial Audit Services for FY25 (Planning Presentation)
- Internal Audit Update (Building Security)

k. Enterprise Risk Management Update

**Secretary's Certificate**

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees, Audit Committee meeting held on June 11, 2025.

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Michael O'Rourke, Secretary

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Date