



## Board of Trustees

### Audit Committee

12:30 to 1:30 p.m.

April 25, 2023

Scanlon Banquet Hall A

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

For information about Westfield State's COVID-19 procedures, visit: [www.westfield.ma.edu/covid](http://www.westfield.ma.edu/covid)

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| <b>1. Called to Order</b>                                   | Trustee Jasmin              |
| <b>2. Minutes</b>   |                             |
| a. January 18, 2023   | Trustee Jasmin              |
| b. February 7, 2023   | Trustee Jasmin              |
| <b>3. Items for Action</b>                                  |                             |
| a. Motion – Engagement of Financial Audit Services for FY23 | Lisa Freeman                |
| <b>4. Items for Discussion</b>                              |                             |
| a. Annual Review of Audit Committee Charter                 | Trustee Jasmin              |
| <b>5. Items for Information</b>                             |                             |
| a. FY23 Internal Audit Update                               | Stephen Taksar/Lisa Freeman |
| b. Risk Management Update                                   | Stephen Taksar/Tom Kettle   |

#### Attachment(s):

- a. Minutes 1-18-23 (Draft)
- b. Minutes 2-7-23 (Draft)
- c. Motion – Engagement of Financial Audit Services for FY23
- d. Engagement of Financial Audit Services for FY23
- e. Annual Review of Audit Committee Charter (Track Changes)
- f. Annual Review of Audit Committee Charter (Clean)
- g. FY23 Internal Audit Update
- h. Risk Management Update
- i. Link to Video: Risk Management



## Board of Trustees

Audit Committee

January 18, 2023

Minutes

Via Zoom, in accordance with Massachusetts Gov. Charlie Baker's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20 dated March 12, 2020.

A live stream of the meeting for public viewing also took place on YouTube.

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**MEMBERS PARTICIPATING REMOTELY:** Committee Chair Theresa Jasmin, Vice Chair William Reichelt, Secretary Dr. Gloria Williams, and Trustee George Gilmer<sup>1</sup>

**TRUSTEE GUESTS PARTICIPATING REMOTELY:** Trustees Melissa Alvarado, Dr. Robert Martin, Chris Montemayor, and Ali Salehi

Also participating remotely were Westfield State University President Dr. Linda Thompson, Administration and Finance Vice President Stephen Taksar and Associate Vice President Lisa Freeman, as well as Mike Santolucito and Samantha Spezeski from The Boston Consortium (Consortium).

Board Chair Martin welcomed George Gilmer to the Board of Trustees and this committee and Committee Chair Jasmin called the meeting to order at 3:08 PM. A roll call was taken of the committee members participating as listed above and it was announced that the meeting was being livestreamed.

Mr. Taksar stated that the office of the Inspector General recommended the establishment of an internal audit office to report to the Board of Trustees, and a full-time position was created that combined internal audit and risk management functions and reported to the Board of Trustees and the Vice President for Administration and Finance. The position has been vacant for a few years.

- Although some sister universities have risk management and compliance positions, none have full-time internal audit positions.
- The Boston Consortium is a collaboration of eastern Massachusetts universities to leverage shared services in a unique way. The Audit Committee Charter allows outsourcing functions if the committee deems it appropriate.
- Two routine performance audits, which were managed and implemented by the office of the state auditor to determine compliance in state regulations and laws, have taken place in the last seven years.

FY23 Internal Audit Services Overview. Representatives from the Consortium gave a presentation on shared internal audit services as follows:

- They have five full-time staff members and report directly to audit committees.
- The services provided include general audits, special investigations, and consulting.

- Top risk areas include Bursar/Student Accounts, Payroll, Advancement, Top Contracts (Dining), and Accounts Payable. Many organizations also outsource specific IT audits.
- Annual Audit Plans are typically created in the spring using risk assessment.
- They are a resource and provide advice on future best practices for institutions.
- The audit process includes:
  - Planning
  - Fieldwork on campus
  - Audit report with management responses presented to senior executives and audit committee
  - Audit follow-up – informally through phone calls and formally in 3-6 months
  - Open issues matrix – a standing audit agenda item which is removed once completed

Answers to Committee Questions:

An audit typically takes 200-250 hours, which includes 100-125 hours of fieldwork and the rest being preliminary, scope, samples, information. If more than 300 hours is anticipated, it is better to break the scope into two audits. Projects can be scoped up or down in hours based on the institution's budget.

One-year plans are difficult. It is better to have a three-year rolling audit plan with the flexibility to change if needed. For schools that have enterprise risk management implemented, their internal audit can work off that. After the first few years, there needs to be a systematic approach on why risks are chosen to be audited.

Typical findings are in 1099-T calculations, payroll taxes, and student payroll. When guidelines or regulations change, there tend to be issues. Contract management is handled using their own attorneys. With procurement cards, there is a great deal of data mining for trends and fraud.

It will take some time for Administration and Finance staff to assist the Consortium but the tradeoff will be better. Timing and staying on schedule would be important. The Consortium has experience and knows best practices for higher ed.

Based on the hours estimated, Mr. Taksar and President Thompson have strategized to fund a pilot year of audit services for one year (split between this and next fiscal year) while working on a budget plan for 2024. It is important to ensure we are paying attention to issues of compliance and risk.

The Consortium does not currently have issues of staff retention. Because of collaboration, they can assign staff appropriately, having the flexibility to move timing of services if needed.

Comments from committee:

- It would be valuable to collaborate with the Consortium on an internal audit, allowing Administration and Finance to focus on compliance.
- The ability to implement an internal audit quickly with the Consortium, who are experts in higher ed, will help mitigate risk in the institution and will identify ways to be more efficient.
- It would be cost effective to use the Consortium for one year while the institution determines a long-term strategy on internal audits. There are no other state universities who have a full-time internal audit function; they have risk management and compliance embedded into other jobs. One area with a high risk profile is the bursar/student account area, which should be at the top of the list for consideration.
- The contract would be for one year with extensions if mutually agreed. The hourly rate is based on the scope of work, i.e. the number of hours needed. The hourly rate is \$159 per hour. For a 250-hour audit the cost would be just under \$40,000.

- The committee would create an audit plan with four-to-five areas to discuss with the Consortium and agree on two audits per year at approximately 250 hours per audit. The committee would vote to recommend to the full board an audit plan with an estimated cost for the year.

Motion – FY23 Internal Audit Services. Mr. Taksar

**MOTION** made by Trustee Williams, seconded by Trustee Jasmin, to recommend that the University enter into an agreement with the Boston Consortium for internal audit services. The agreement should be for one year. All University procurement procedures and policies will be followed in executing said agreement.

There being no further discussion, **ROLL CALL VOTE** passes motion unanimously with Trustees voting in the affirmative: Reichelt, Williams, and Jasmin.

At the next committee meeting, a topic for an internal audit will be selected.

There being no other business, **MOTION** made by Trustee Reichelt, seconded by Trustee Williams, to adjourn. There being no discussion, **ROLL CALL VOTE** passes motion unanimously with Trustees voting in the affirmative: Reichelt, Williams, and Jasmin.

Meeting adjourned at 4:25 PM.

Attachments presented at this meeting:

- a. FY23 Internal Audit Services Overview
- b. Motion – FY23 Internal Audit Services
- c. FY23 Internal Audit Services (Previous Internal Audits)

**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 January 18, 2023.

\_\_\_\_\_  
Dr. Gloria Williams, Secretary

\_\_\_\_\_  
Date

<sup>1</sup>Trustee Gilmer has not yet been sworn in so will not be voting at this meeting.



## Board of Trustees

Audit Committee

February 7, 2023

Minutes

Nettie Stevens Science and Innovation Center, Room 304

A live stream of the meeting for public viewing also took place on YouTube.

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**MEMBERS PRESENT:** Vice Chair William Reichelt and Secretary Dr. Gloria Williams

**MEMBERS PARTICIPATING REMOTELY:** Committee Chair Theresa Jasmin

**MEMBERS EXCUSED:** Trustee George Gilmer

**TRUSTEE GUESTS PRESENT:** Trustees Melissa Alvarado, Dr. Robert Martin, Chris Montemayor, Ali Salehi, and Chloe Sanfacon

Also present and participating were Westfield State University President Dr. Linda Thompson and Administration and Finance Vice President Stephen Taksar and Associate Vice President Lisa Freeman. Mike Santolucito and Samantha Spezeski from The Boston Consortium (Consortium) joined the meeting remotely.

The meeting was called to order at 12:37 PM by Committee Chair Jasmin. A roll call was taken of the committee members participating as listed above and it was announced that the meeting was being livestreamed and recorded.

**MOTION** made by Trustee Reichelt, seconded by Trustee Williams, to approve the minutes of the December 20, 2022, meeting. There being no discussion, **ROLL CALL VOTE** passes motion unanimously with Trustees voting in the affirmative: Reichelt, Williams, and Jasmin.

Audit Committee Charter. The committee charter is being provided for information. The Governance and Nomination Committee created a new template for all the charters to include the committee mission, authority, responsibility, and organization. The Audit Committee's charter is unique since it is a formal University policy, so the formatting is different. At the next meeting the committee will review and revise the charter/policy, being sure to pull in information from the bylaws and include term limits if applicable.

Risk Management Update. Mr. Taksar stated that the enterprise risk management plan had been revived and added to the Director of Emergency Management's tasks. The plan includes the top ten risks of the University and action plans to mitigate them. A presentation on enterprise risk management in higher education will be brought to a future meeting from our insurance company.

Motion – Internal Audits. Trustee Jasmin shared that on January 18 the committee voted to recommend to the full board a partnership with The Boston Consortium for internal audit services and the committee

needs to determine which items to consider for audit. Representatives of the Consortium gave insight into the organization, which the University partners with for travel services.

The committee considered previous internal audits from 2015 to 2018. The Consortium suggested the following areas to consider for an internal audit and provided detailed processes on each suggestion.

1. Bursar/Student Accounts (250 hours). They would also be able to provide best practice on our new system.
2. Grants (250 hours)
3. Procurement Card (175 hours)

For each area being considered, the committee was asked to think about the amount of money and people involved, and the reputational risk of those in the audit area. Discussion of audit topics included:

- Student accounts: there are significant funds going through this office.
- Grants: this office has had a turnover in personnel, but it is growing. There would be value in understanding best practices as the office processes more grants. Federal awards are audited through the annual financial aid audit.
- Procurement cards: there is less than \$500,000 in annual activity for less than 50 cards, but this was a sensitive area several years ago.
- Two of the top “cash out” areas for internal audit are Payroll and Dining Services.

Committee Chair Jasmin stated the plan is to engage The Boston Consortium for 500 hours, which will be for one audit in the spring and one in the fall. The committee agreed that the first audit should be for Bursar/Student Accounts, so she requested a motion.

**MOTION** made by Trustee Williams, seconded by Trustee Reichelt, to conduct an internal audit on Bursar/Student Accounts with the agreed upon scope of work to be completed by June 30, 2023, and a final report issued to the Audit Committee within 45 days after completion of the audit.

There being no discussion, **ROLL CALL VOTE** passes motion unanimously with Trustees voting in the affirmative: Reichelt, Williams, and Jasmin.

There being no other business, **MOTION** made by Trustee Williams, seconded by Trustee Reichelt, to adjourn. There being no discussion, **ROLL CALL VOTE** passes motion unanimously with Trustees voting in the affirmative: Reichelt, Williams, and Jasmin.

Meeting adjourned at 1:13 PM.

Attachments presented at this meeting:

- a. Minutes 12-20-22 (Draft)
- b. Audit Committee Charter
- c. Motion – Internal Audits
- d. Internal Audits (Potential Audits)
- e. Internal Audits (Previous Internal Audits)

#### **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 February 7, 2023.

\_\_\_\_\_  
Dr. Gloria Williams, Secretary

\_\_\_\_\_  
Date



## Board of Trustees

April 25, 2023

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### MOTION

To engage the financial audit services of WithumSmith & Brown, PC, for FY23.

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Robert A. Martin, Ph.D., Chair

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Date

April 25, 2023

Ms. Theresa Jasmin  
Audit Committee Chair  
Westfield State University  
577 Western Avenue  
Westfield, MA 01086

Dear Ms. Jasmin:

You have requested that we audit the financial statements of the business-type activities, and the aggregate discretely presented component unit of Westfield State University, (the “University”) as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements as listed in the table of contents (the “Services”).

In addition, we will audit the University’s compliance over major federal award programs for the year ended June 30, 2023. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter (“Engagement Letter”).

Please read the Engagement Letter and Attachment A, attached hereto (collectively the “Agreement”) carefully because it is important to both Withum and you that you understand what you can and cannot expect from Withum’s work.



Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the University's major federal award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS") *Government Auditing Standards*, always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America ("U.S. GAAP"), as promulgated by the Governmental Accounting Standards Board ("GASB") require that supplementary information, such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information ("RSI") in accordance with GAAS. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's discussion and Analysis
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions-Pension
- Notes to the Required Supplementary Information-Pension
- Schedule of Proportionate Share of Net OPEB Liability
- Schedule of Contributions-OPEB
- Notes to the Required Supplemental Information-OPEB

Supplementary information other than RSI will accompany the University's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Schedule of Expenditures of Federal Awards ("SEFA")

## ⚡ SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (“SEFA”)

We will subject the schedules of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with GAAS. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Also, the document we submit to you will include the following other additional information that *will not* be subjected to the auditing procedures applied in our audit of the financial statements:

- Schedules of Net Position-Dormitory Trust Fund Report
- Schedules of Revenues, Expense and Changes in Net Position-Dormitory Trust Fund Report

## ⚡ DATA COLLECTION FORM

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management’s responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditor’s reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

## ⚡ AUDIT OF THE FINANCIAL STATEMENTS

We will conduct our audits in accordance GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) As part of an audit of financial statements in accordance with GAAS and *Government Auditing Standards* we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including

the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America, and the Uniform Guidance. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls/improper revenue recognition due to fraud.
- Management's ability to make significant accounting estimates and the assumptions included in those estimates.
- New, significant or unusual transactions are not properly recognized and recorded due to error or fraud.
- Related party transactions
- Adoption and presentation of GASB 96, *Subscription-based Information Technology Arrangements*
- Management does not record and/or disclose significant litigation or subsequent events.

We will issue a written report upon completion of our audit of the University's basic financial statements. Our report will be addressed to the Board of Trustees of the University. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

We will also issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Trustees of the University.

## ⚡ **AUDIT OF MAJOR PROGRAM(S) COMPLIANCE**

Our audit of the University's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the University's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and in accordance with *Government Auditing Standards*, Uniform Guidance, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the University's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the University's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the University's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the University's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the University's major federal award programs, and a report on internal control over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

## MANAGEMENT RESPONSIBILITIES

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP");
- For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
- For maintaining records that adequately identify the source and application of funds for federally funded activities;

- For preparing the schedules of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance requirements;
- For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the University is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
- For identifying and ensuring that the University complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award programs, and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
- For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
- For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
- For taking prompt action when instances of noncompliance are identified;
- For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
- For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
- For submitting the reporting package and data collection form to the appropriate parties;
- For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
- To provide us with:
  - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
  - Additional information that we may request from management for the purpose of the audit;
  - Unrestricted access to persons within the University from whom we determine it necessary to obtain audit evidence;
- For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- For informing us of any known or suspected fraud affecting the University involving management, employees with significant roles in internal control and others where fraud could have a material effect on compliance;
- For the accuracy and completeness of all information provided;
- For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
- For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the schedules of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform

Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards and in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

## ⚡ NONATTEST SERVICES

With respect to any nonattest services we perform,

At the end of the year, we agree to perform the following:

- Propose adjusting or correcting journal entries, if necessary, to be reviewed and approved by the University's management.
- Assistance with preparation of financial statements and related footnote disclosures.
- Assistance with the preparation of the schedule of expenditures of federal awards and related note disclosures.
- Assistance with the preparation of the data collection form.
- Assistance with the maintenance and calculation of the GASB 87, Leases, asset and liability and related footnotes
  
- If requested by you, we will assist in the maintenance and calculation of GASB 96, Subscription-based Information Technology Arrangements

We will not assume management responsibilities on behalf of the University. However, we will provide advice and recommendations to assist management of the University in performing its responsibilities.

The non-attest services that we will perform do not constitute audit services in accordance with *Government Auditing Standards* of the Comptroller General of the United States of America.

The University's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal control, including monitoring ongoing activities.

You have designated Lisa Freeman, Associate Vice President, Finance, to be responsible for these services, and you have determined that this designated person has suitable skills, knowledge, and experience to oversee such services.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the items previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. The University must make all decisions with regard to those matters.

## ✦ OTHER

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing. Furthermore, whenever possible, we will attempt to use University personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with a copy for our review and approval before such publication. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or your personnel via e-mail or other electronic means, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications. The University's data provided to Withum is hosted and maintained by a third-party cloud-based content management solution. Withum requires that all confidential, proprietary, and personally identifiable information be uploaded directly to this third party cloud-based content management solution and not sent by electronic mail. In the event confidential, proprietary, or personally identifiable information is sent by you to Withum through email, you agree that Withum will not be responsible for incomplete, lost, late, damaged, illegible, stolen, or misdirected email, mobile messages, or any other electronic transmitted information. You agree and acknowledge to the use of such communications during the conduct of our audit.

Withum may, from time to time, and depending on the circumstances, use third-party service providers to assist us with the Services rendered. We may share confidential information about you with the third-party service providers, but remain committed to maintaining the confidentiality of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your information. Furthermore, Withum will remain responsible for the work performed by such third-party service providers. We will notify you and obtain your consent in the event that we need to utilize such third parties.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this Engagement Letter, you affirm that you have all the data and records required to make your books and records complete.

The audit documentation for this engagement is the property of Withum and constitutes confidential information. However, we may be requested to make certain audit documentation available to federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Withum's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

We expect to begin our audit on or around June 2023 and to have the audit substantially completed by October 15, 2023.

David Dilulis is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Withum's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the University's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

## **⚡ FEES, INVOICING, AND PAYMENT TERMS**

Our fees are based on the amount of time required at various levels of responsibility based on our standard hourly rates, plus actual out-of-pocket expenses. Our fee for these services is \$83,500 which includes testing one major program as part of the Single Audit.. Any additional programs that require testing will be billed at \$4,500 per program. Fees for non-attest services related to GASB 87 and GASB 96 will be billed at standard billing rates. Unless there are unforeseen circumstances, such as information not being available to us in a timely manner. Whenever possible, we will attempt to use the University's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. We will notify you immediately of any circumstances we encounter that could significantly affect this estimate.

Invoices will be rendered monthly and will reflect the progress billings received. If any payment is past due in excess of 30 days, we may at our election, stop work until such payments are brought current, or we may withdraw from the engagement. The University agrees that we are not required to continue work in the event of the University's failure to make the above payments on a timely basis for Services rendered, as required by this Engagement Letter. The University acknowledges that Withum shall not be liable to the University for any damages that may occur as a result of Withum's ceasing to render Services as a result of the University's failure to make such payments.

We will provide you with separate engagement letters for any additional services that may be requested and we agree to perform.



**✦ PEER REVIEW REPORT**

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

**✦ AUTHORIZATION**

This Agreement sets forth the entire understanding between the University and Withum regarding the provision of the Services described herein and supersedes any previous proposals, correspondence and understandings, whether written or oral. To the extent Withum is performing an audit or other attest engagement for either the Company or a related party of the Company, any provision in this Agreement which would impair independence for such engagement would be null and void. Further, if any provision of this Agreement is determined to be unenforceable or invalid, all other provisions shall remain in force. Withum appreciates the opportunity to be of service to the University. Should you have any questions regarding this Agreement, or need further information, please do not hesitate to contact us.

If the above agrees with your understanding of the terms of our Agreement, please sign in the space indicated and return it to us at your earliest convenience.

Respectfully submitted,



**WithumSmith+Brown, PC**

**RESPONSE:**

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Westfield State University by:

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Attachment A

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### WITHUM ENGAGEMENT TERMS

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The terms in this Attachment A apply to the Agreement described in the Engagement Letter dated April 25, 2023 and apply to any additional work we may be asked to perform for you ("Client") in an amendment or addendum to the Engagement Letter. In the event that there is a conflict between the Engagement Letter and this Attachment A, the terms of Attachment A shall control, unless specifically stated otherwise in the Engagement Letter.

- 1. Cooperation and Participation.** Withum shall endeavor to be alert to any information provided by or on behalf of Client that is incorrect or missing and shall apply its normal diligence in this regard; nevertheless, Withum shall be entitled to rely on the accuracy, completeness, and reliability of all information provided by, and on all decisions and approvals of Client (and Client's retained advisors, consultants, or legal counsel). Client is responsible to authorize third parties to provide information to Withum upon request.
- 2. Use and Reliance.** The work papers associated with the Services pursuant to this Agreement are the property of Withum and constitute proprietary information. We will retain the work papers in accordance with our document retention policies, which may be amended from time to time. Client's use of our deliverables, if any, from this engagement shall in any event be limited to the item's stated purpose.
- 3. Confidentiality.** In connection with this engagement, Withum will come into possession of proprietary or confidential information of the Client ("Confidential Information"). Withum will not disclose such Confidential Information to any third party except (a) as may be required by law, regulation, judicial or administrative process, or (b) in accordance with applicable professional standards, provided that, to the extent legally permissible, Withum provides Client with prompt notice of such requirement so that Client, at Client's sole cost and expense, may seek a protective order or otherwise try to limit disclosure. Notwithstanding the foregoing, Confidential Information shall not include such information (i) that shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by Withum in breach hereof, (ii) becomes available to Withum on a non-confidential basis from a source other than Client which to Withum's knowledge is not prohibited from disclosing such information to Withum, (iii) is known by Withum prior to its receipt from Client without any obligation of confidentiality with respect thereto, or (iv) is developed by Withum independently of any disclosures made by Client to Withum of such information. In addition, Client acknowledges and agrees that any such information that comes to the attention of Withum while performing this engagement may be considered and used by Withum in the context of responding to its professional obligations.
- 4. Agreed Upon Scope of Work.** Withum shall be obligated only for work or deliverables specified in the Agreement, and only for changes in such scope that are set forth in writing and duly executed by the parties hereto. To the extent all specific details of the engagement are not so documented, the parties shall work diligently and in good faith to document them at the request of either party. Unless expressly provided for, Withum's Services do not include giving testimony or appearing or participating in discovery proceedings, in administrative hearings, in court, or in other legal or regulatory inquiries or proceedings.
- 5. Access to Resources and Information.** Unless specified herein as the responsibility of Withum to provide, Client shall have obtained for Withum, on a timely basis, any internal and third-party permissions, licenses or approvals that are required for Withum to perform the Services contemplated hereunder (including use of any necessary software or data). Client

shall also provide Withum, on a timely basis, with such information, approvals and assistance as may be necessary to Withum's work or as may reasonably be requested.

6. **External Factors: Standards of Performance.** Client acknowledges that this engagement will involve analysis, judgment and other performance from time to time in a context where the participation of Client or others is necessary, where answers often are not certain or verifiable in advance and where facts and available information change with time. It is understood that unless Client and Withum agree otherwise, in writing, Withum shall have no responsibility to update any of its work after its completion. Withum reserves the right to in whole or in part decline to perform Services if information comes to its attention indicating that performing any Services could cause Withum to be in violation of applicable law, regulations or standards or in a conflict of interest, or to suffer damage to its reputation.

7. **Affiliates.** Client agrees that Withum may authorize or allow its affiliates to assist in performing this engagement and to share in Withum's rights hereunder, provided any such party shall commit (as applicable) to be bound by the restrictions set forth in this Agreement and Withum obtains such express commitments as are necessary.

8. **Business Risk Allocations.** With respect to the Services, and any related work product or other deliverables, pursuant to this Agreement, Withum's liability shall in no event exceed the fees paid or payable for the Services hereunder; provided however this limitation shall not apply to acts or omissions by Withum that constitute Withum's gross negligence or willful misconduct. Withum shall not be liable for any special, consequential, punitive, incidental or exemplary damages. Also, because of the importance of the information that Client provides with respect to Withum's ability to perform the Services, Client hereby releases Withum and its partners, principals and employees from any liabilities, costs, fees, expenses, and damages (including defense costs) relating to the Services hereunder, that are attributable to any information provided by Client or Client's agents that is not complete, accurate or current.

Upon the receipt of notice, Client shall be responsible for any liabilities, costs, fees, expenses, and damages associated with any third-party claim arising from or relating to Client's misrepresentations, false or incomplete information provided to Withum or third-party reliance on Withum's work product or deliverable without Withum's prior written consent.

9. **Governing Law.** This contract shall be constructed under and governed by the laws of the Commonwealth of Massachusetts.

10. **Statute of Limitations.** Client agrees that Withum shall not be liable for any claim arising out of or relating to this Agreement that is first asserted more than one (1) year after a Termination Event, as defined below, regardless of legal theory. This limitation shall apply for all purposes notwithstanding any law, statute, rule or regulation to the contrary.

11. **Termination.**

(a) This engagement ends upon the earlier of: (i) delivery of the final work product, or (ii) where applicable, filing of the final work product for which Withum was engaged, or (iii) in the event no final work product is delivered or filed, the engagement shall end on the date which the last invoice for the services was issued, not including any subsequent account payable reminder, revised bill, or other communications concerning completed services or future services.

(b) We acknowledge your right to terminate Withum's services at any time and you acknowledge Withum's right to resign at any time subject in either case to Withum's right to payment for all fees incurred through the date of termination or resignation or thereafter as circumstances and this Agreement may require. In the event the Client or Withum exercise the right to terminate Withum's Services, such termination

shall be in writing and shall be effective upon delivery by mail, overnight mail, or email transmission with a Read Receipt requested.

(c) The termination events set forth in this Section 11 shall each be referred to as a "Termination Event."

**12. Record Retention.** It is our policy to keep records related to this engagement in accordance with our document retention policy. Generally, Withum stores a computerized PDF document of Your records. We will return all original documents forwarded to us at the completion of the Services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect such records for possible future use, including potential examination by any government or regulatory agencies. By your signature below, you acknowledge and agree that upon the expiration of the document retention period, Withum shall be free to destroy our records related to this Agreement.

**13. Subpoena Request.** In the event Withum, its successors and assigns, partners, principals, or employees are requested by you or Withum is required by government regulations, subpoena, or other legal process, to produce documents or our personnel as witnesses with respect to its engagement(s) for you, so long as Withum is not a party to the proceeding in which the information is sought, Client will reimburse us for our professional time and expense, as well as the reasonable fees and expenses of our counsel, incurred in responding to such requests.

**14. Withum Personnel.** Withum strives to staff engagements with quality, superbly trained professionals. In recognition of the extensive investment made to recruit and develop its personnel, Client agrees that it shall not solicit for employment or hire any of Withum's employees that provided professional services during the term of this Agreement and for twelve (12) months after termination. In the event Client breaches this Section 14, Client shall pay Withum a placement fee equal to the employee's annual compensation in effect on the date such employment was contracted. Such fee is payable when the employee accepts such position. This Section 14 shall not apply, and no fee shall be payable for general solicitations of employment not specifically directed toward Withum or its employees.

**15. Third-Party Service Providers.** Further, Withum may, from time to time, and depending on the circumstances, use third-party service providers to assist it with the Services rendered. We may share confidential information with the third-party service providers but remain committed to maintaining the confidentiality of the Client's information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. Withum will remain responsible for the work performed by such third-party service providers.

**16. General.**

- (a) Other than a payment obligation, neither party shall be liable to the other for any delay or failure to perform its obligations under this Agreement as a result of a Force Majeure Event. For the purposes of this Agreement, "Force Majeure Event" means an event beyond the reasonable control of the affected party, including but not limited to strikes, lock-outs, act of God, war, riot, civil commotion, compliance with any law or governmental order, rule, regulation or direction, or natural disaster.
- (b) Except to the extent expressly provided hereto to the contrary, this Agreement is between Withum and the Client listed herein. Third-party beneficiaries are not intended under this Agreement.
- (c) Neither party shall use the other party's name or trademarks or publish any identifying information about the other party in any public manner without obtaining that party's prior written consent.

- (d) Client will in all events remain responsible for the care and control of its information and recordkeeping. Client is responsible to obtain any missing information whether personally or from third party sources as well as clarifying or answering any questions which may arise during the course of the engagement. The completeness and timeliness of the flow of information may affect the expected completion date of this engagement.
- (e) Each party is an independent contractor with respect to the other and shall not be construed as having a trustee, joint venture, agency or fiduciary relationship.
- (f) Neither party shall assign any rights, obligations or claims relating to this Agreement unless agreed to in a writing between the parties.

17. **HLB International.** Withum is a member of HLB International (“HLB”), a worldwide organization of accounting firms and business advisors. Each member of HLB, including Withum, is a separate and independent legal entity and is not owned or controlled by any other member of HLB. Each member firm of HLB is solely responsible for its own acts and omissions, and no member firm assumes liability for such acts or omissions. Unless Withum specifically engages such HLB firm for this Agreement, neither Withum nor any of its affiliates are responsible or liable for any acts or omission of HLB or any other member firms and hereby specifically disclaim any and all responsibility, even if Withum or any of its affiliates are aware of such acts or omissions of another firm of HLB.

18. **Compliance with Economic Sanctions Laws & Regulations.** Client agrees that it will comply with all anti-corruption, anti-money laundering, anti-bribery and other economic sanctions laws and regulations (collectively, the “ABC/AML/Sanction Laws”) in connection with this Agreement. Client further agrees that it shall not, and it shall procure its employees not to, pay or cause other person(s) to pay Withum using any funds that would result in a violation of any of the ABC/AML/Sanction Laws by either Client or Withum, or otherwise take any action that would result in a violation of any of the ABC/AML/Sanction Laws by either Client or Withum. Client shall promptly notify Withum in the event of any violation or failure to comply with ABC/AML/Sanction Laws in connection with this Agreement, or allegations relating thereto, by the Client or its directors, officers, employees or agents.

## Report on the Firm's System of Quality Control

January 4, 2023

To the Shareholders of WithumSmith+Brown, PC  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of WithumSmith+Brown, PC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; and examinations of service organizations (SOC 1<sup>®</sup> and SOC 2<sup>®</sup> engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of WithumSmith+Brown, PC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. WithumSmith+Brown, PC has received a peer review rating of *pass*.



Cherry Bekaert LLP



February 17, 2023

William Hagaman  
WithumSmith+Brown, PC  
1 Spring St  
New Brunswick, NJ 08901-2276

Dear William Hagaman:

It is my pleasure to notify you that on February 16, 2023, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2025. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Wagner", written in a cursive style.

Michael Wagner  
Chair, National PRC

+1.919.402.4502

cc: Jeffrey Sabetta, David Dacey

Firm Number: 900010077278

Review Number: 594738



**BOARD OF TRUSTEES  
AUDIT COMMITTEE  
CHARTER**

**I. Mission**

The primary function of the Audit Committee of Westfield State University (the "University") is to oversee the accounting and financial reporting processes of the University, audits of the University's financial statements, reports and records, and risk management systems. In addition, the Audit Committee must provide assistance to the University's Board of Trustees (the "Board") in fulfilling its responsibilities to the University's students, parents, faculty, donors and staff as to the University's accounting, auditing and reporting practices and controls. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication among the Board, independent auditors, internal auditors and members of the senior administration of the University.

**II. Authority and Responsibilities**

The primary duties and responsibilities of the Audit Committee are to oversee and monitor the University's financial reporting process, internal controls and risk management systems and review and evaluate the performance of the University's independent auditors. The Audit Committee will also evaluate the performance of the unit's internal auditing staff as it directly relates to internal audit functions. In fulfilling these duties and responsibilities, the Audit Committee shall take the following actions, in addition to performing such functions as may be assigned by law or regulation, or the Board:

- ~~1. The Audit Committee shall review and reassess this Charter annually and recommend any proposed changes to the Board for approval.~~

[Independent External Audits](#)

- ~~1. 2.~~ The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any independent auditor engaged (including resolution of disagreements between administration and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University. The independent auditor must report directly to the Audit Committee.

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~~2. 3.~~—The Audit Committee shall act as a liaison with University administration and staff and the independent external auditor to develop an annual audit plan and schedule.

~~3. 4.~~—The Audit Committee, in its capacity as a committee of the Board, shall determine, and the University shall provide, providing the Board has approved the expenditure of funds for such engagements, funding for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University; (ii) compensation to any advisers, including, without limitation, an independent financial expert, employed by the Audit Committee, and as permitted by this Charter; and (iii) ordinary and reasonable administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

~~4. 5.~~—As part of the audit process, the Audit Committee shall meet with the independent auditors to discuss and determine the scope of the audit. The Audit Committee shall determine that the independent audit team engaged to perform the external audit consists of competent, experienced, auditing professionals.

~~5. 6.~~—The Audit Committee shall require the independent auditors to submit, on an annual basis, a formal written statement setting forth all relationships between the independent auditors and the University that may affect the objectivity and independence of the independent auditors, consistent with Independence Standards Board Standard No. 1, and the Audit Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors. The Audit Committee shall take, or recommend that the full Board take, appropriate action to ensure the independence of the independent auditors.

~~6. 7.~~—The Audit Committee shall require the independent auditors to advise the University of any fact or circumstance that might adversely affect the outside auditors' independence or judgment with respect to the University under applicable auditing standards, including any significant changes to the University's accounting principles and any items required to be communicated by the independent auditor under prevailing audit standards.

~~7. 8.~~—The Audit Committee shall require the independent auditors to advise the University if it becomes aware that any officer or employee of the University, or its direct or indirect subsidiaries or affiliates, is related to a partner, employee or other representative of the independent auditors, to the extent that such relationship might adversely affect the University under applicable auditing standards.

~~8. 9.~~ Upon the completion of the annual audit, the Audit Committee shall review the audit findings, including any comments or recommendations of the independent auditors, with the entire Board and obtain the approval of such report from the Board. The Audit Committee shall report to the Board on any issues which may be unresolved.

### Internal Audit

~~1. 13.~~ The Audit Committee shall review the internal audit function of the University, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year and the coordination of such plans with the independent auditors.

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~~2. 15.~~ The Audit Committee shall determine, with consultation from the University's leadership, whether the internal audit function may be performed by a staff internal auditor or may be outsourced to a third party, as deemed appropriate.

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~~3. 14.~~ The Audit Committee shall recommend, with consultation from the University's leadership, the appointment, replacement, reassignment or dismissal of the University's internal auditor as may be warranted.

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~~10. The Audit Committee shall review the regulations and current audit trends and requirements and recommend appropriate policy and practice applications to University administration.~~

~~4. 11.~~ The Audit Committee shall meet at least annually with the University's internal auditor to assure itself that the University has a strong internal auditing function by reviewing the internal audit program and assessing (grading) risk areas along with a proper control environment that promotes accuracy and efficiency in the University's operations.

~~5. 12.~~ The Audit Committee shall receive reports from the University's internal auditor, which include a summary of findings from completed internal audits and a progress report on the internal audit plan, together with explanations for any deviations from the original plan.

~~13. The Audit Committee shall review the internal audit function of the University, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year and the coordination of such plans with the independent auditors.~~

~~14. The Audit Committee shall recommend, with consultation from the University's leadership, the appointment, replacement, reassignment or dismissal of the University's internal auditor as may be warranted.~~

~~15. The Audit Committee shall determine, with consultation from the University's leadership, whether the internal audit function may be performed by a staff internal auditor or may be outsourced to a third party, as deemed appropriate.~~

6. ~~16.~~—The Audit Committee shall consider and review with the University's administration and the internal auditor: (a) significant findings during the year and management's responses thereto, including the status of previous audit recommendations, (b) any difficulties encountered in the course of their audits, including any restrictions on the scope of activities or access to required information, (c) any changes required in the planned scope of the internal audit plan; and (d) the internal auditing department budget and staffing.

### Other Responsibilities

1. ~~19.~~—The Audit Committee shall establish procedures for the confidential, anonymous submission by University staff and administration of concerns regarding questionable accounting or auditing matters.

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2. ~~20.~~—The Audit Committee shall review the regulations and current audit trends and requirements and recommend appropriate policy and practice applications to University administration.

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3. ~~17.~~—The Audit Committee shall investigate or consider such other matters within the scope of its responsibilities and duties as the Audit Committee may, in its discretion, determine to be advisable. The Audit Committee shall have the authority to engage independent counsel and other advisers or experts, as it deems necessary to carry out its duties.

4. ~~18.~~—The Audit Committee shall prepare any report required by any governmental body or to the public, if any, as required by laws of the Commonwealth of Massachusetts and any/all regulations promulgated thereunder.

~~19. The Audit Committee shall establish procedures for the confidential, anonymous submission by University staff and administration of concerns regarding questionable accounting or auditing matters.~~

5. ~~20.~~—The Audit Committee shall at all times cooperate with all state auditors and provide any/all reports, statements, minutes and other related documents as may be required by such auditors.

### III. Organization

#### *Review of Charter*

This ~~policy charter~~ shall be reviewed and reassessed every year by the Audit Committee each year ~~Board of Trustees Audit Committee Chair and the Vice President for Administration and Finance,~~ prior to June 30<sup>th</sup>.

Adopted: [DRAFT #1 4/14/2023](#)  
Reviewed:

### *Membership/Structure/Quorum*

Per Westfield State University Board of Trustee By-laws, Section 7.A., the Audit Committee shall consist of at least three voting trustees; provided however, that no more than one committee member may also be a member of the Finance and Capital Assets Committee. In no case may a trustee serve on the committee for more than three consecutive years.

The Audit Committee chairperson shall be appointed by the Chairman of the Board and confirmed by the majority vote of the Board members. If an Audit Committee chairperson is not designated or present at a meeting, the members of the Audit Committee may designate a chairperson by a majority vote of the Audit Committee membership.

### *Staff Liaison*

[The Vice President for Administration and Finance and his/her designee shall be staff to the Audit Committee.](#)

### *Meetings*

The Audit Committee shall meet at least four (4) times a year or more frequently as circumstances require. [A quorum of any meeting of the Audit Committee shall consist of a majority of its voting members. Committee members may participate by teleconference.](#)

### *Agenda, Minutes and Reports*

[The Chair, in collaboration with the staff designee, shall be responsible for establishing the agenda for each meeting. An agenda, together with relevant materials, shall be sent to committee members at least 5 days in advance of the meeting.](#) The Audit Committee shall maintain minutes of each meeting of the Audit Committee and shall report the significant actions of the Audit Committee to the Board, with such recommendations as the Audit Committee deems appropriate. [The minutes for all meetings shall be drafted by the staff designee, reviewed by the committee chair, and approved by committee members at the following meeting.](#)



**BOARD OF TRUSTEES  
AUDIT COMMITTEE  
CHARTER**

**I. Mission**

The primary function of the Audit Committee of Westfield State University (the "University") is to oversee the accounting and financial reporting processes of the University, audits of the University's financial statements, reports and records, and risk management systems. In addition, the Audit Committee must provide assistance to the University's Board of Trustees (the "Board") in fulfilling its responsibilities to the University's students, parents, faculty, donors and staff as to the University's accounting, auditing and reporting practices and controls. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication among the Board, independent auditors, internal auditors and members of the senior administration of the University.

**II. Authority and Responsibilities**

The primary duties and responsibilities of the Audit Committee are to oversee and monitor the University's financial reporting process, internal controls and risk management systems and review and evaluate the performance of the University's independent auditors. The Audit Committee will also evaluate the performance of the unit's internal auditing staff as it directly relates to internal audit functions. In fulfilling these duties and responsibilities, the Audit Committee shall take the following actions, in addition to performing such functions as may be assigned by law or regulation, or the Board:

*Independent External Audits*

1. The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any independent auditor engaged (including resolution of disagreements between administration and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University. The independent auditor must report directly to the Audit Committee.

2. The Audit Committee shall act as a liaison with University administration and staff and the independent external auditor to develop an annual audit plan and schedule.
3. The Audit Committee, in its capacity as a committee of the Board, shall determine, and the University shall provide, providing the Board has approved the expenditure of funds for such engagements, funding for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University; (ii) compensation to any advisers, including, without limitation, an independent financial expert, employed by the Audit Committee, and as permitted by this Charter; and (iii) ordinary and reasonable administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
4. As part of the audit process, the Audit Committee shall meet with the independent auditors to discuss and determine the scope of the audit. The Audit Committee shall determine that the independent audit team engaged to perform the external audit consists of competent, experienced, auditing professionals.
5. The Audit Committee shall require the independent auditors to submit, on an annual basis, a formal written statement setting forth all relationships between the independent auditors and the University that may affect the objectivity and independence of the independent auditors, consistent with Independence Standards Board Standard No. 1, and the Audit Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors. The Audit Committee shall take, or recommend that the full Board take, appropriate action to ensure the independence of the independent auditors.
6. The Audit Committee shall require the independent auditors to advise the University of any fact or circumstance that might adversely affect the outside auditors' independence or judgment with respect to the University under applicable auditing standards, including any significant changes to the University's accounting principles and any items required to be communicated by the independent auditor under prevailing audit standards.
7. The Audit Committee shall require the independent auditors to advise the University if it becomes aware that any officer or employee of the University, or its direct or indirect subsidiaries or affiliates, is related to a partner, employee or other representative of the independent auditors, to the extent that such relationship might adversely affect the University under applicable auditing standards.

8. Upon the completion of the annual audit, the Audit Committee shall review the audit findings, including any comments or recommendations of the independent auditors, with the entire Board and obtain the approval of such report from the Board. The Audit Committee shall report to the Board on any issues which may be unresolved.

#### *Internal Audit*

1. The Audit Committee shall review the internal audit function of the University, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year and the coordination of such plans with the independent auditors.
2. The Audit Committee shall determine, with consultation from the University's leadership, whether the internal audit function may be performed by a staff internal auditor or may be outsourced to a third party, as deemed appropriate.
3. The Audit Committee shall recommend, with consultation from the University's leadership, the appointment, replacement, reassignment or dismissal of the University's internal auditor as may be warranted.
4. The Audit Committee shall meet at least annually with the University's internal auditor to assure itself that the University has a strong internal auditing function by reviewing the internal audit program and assessing (grading) risk areas along with a proper control environment that promotes accuracy and efficiency in the University's operations.
5. The Audit Committee shall receive reports from the University's internal auditor, which include a summary of findings from completed internal audits and a progress report on the internal audit plan, together with explanations for any deviations from the original plan.
6. The Audit Committee shall consider and review with the University's administration and the internal auditor: (a) significant findings during the year and management's responses thereto, including the status of previous audit recommendations, (b) any difficulties encountered in the course of their audits, including any restrictions on the scope of activities or access to required information, (c) any changes required in the planned scope of the internal audit plan; and (d) the internal auditing department budget and staffing.

#### *Other Responsibilities*

1. The Audit Committee shall establish procedures for the confidential, anonymous submission by University staff and administration of concerns regarding questionable accounting or auditing matters.

2. The Audit Committee shall review the regulations and current audit trends and requirements and recommend appropriate policy and practice applications to University administration.
3. The Audit Committee shall investigate or consider such other matters within the scope of its responsibilities and duties as the Audit Committee may, in its discretion, determine to be advisable. The Audit Committee shall have the authority to engage independent counsel and other advisers or experts, as it deems necessary to carry out its duties.
4. The Audit Committee shall prepare any report required by any governmental body or to the public, if any, as required by laws of the Commonwealth of Massachusetts and any/all regulations promulgated thereunder.
5. The Audit Committee shall at all times cooperate with all state auditors and provide any/all reports, statements, minutes and other related documents as may be required by such auditors.

### **III. Organization**

#### *Review of Charter*

This charter shall be reviewed and reassessed by the Audit Committee each year prior to June 30<sup>th</sup>.

#### *Membership/Structure/Quorum*

Per Westfield State University Board of Trustee By-laws, Section 7.A., the Audit Committee shall consist of at least three voting trustees; provided however, that no more than one committee member may also be a member of the Finance and Capital Assets Committee. In no case may a trustee serve on the committee for more than three consecutive years.

The Audit Committee chairperson shall be appointed by the Chairman of the Board and confirmed by the majority vote of the Board members. If an Audit Committee chairperson is not designated or present at a meeting, the members of the Audit Committee may designate a chairperson by a majority vote of the Audit Committee membership.

#### *Staff Liaison*

The Vice President for Administration and Finance and his/her designee shall be staff to the Audit Committee.

#### *Meetings*

The Audit Committee shall meet at least four (4) times a year or more frequently as circumstances require. A quorum of any meeting of the Audit Committee shall consist of



a majority of its voting members. Committee members may participate by teleconference.

*Agenda, Minutes and Reports*

The Chair, in collaboration with the staff designee, shall be responsible for establishing the agenda for each meeting. An agenda, together with relevant materials, shall be sent to committee members at least 5 days in advance of the meeting. The Audit Committee shall maintain minutes of each meeting of the Audit Committee and shall report the significant actions of the Audit Committee to the Board, with such recommendations as the Audit Committee deems appropriate. The minutes for all meetings shall be drafted by the staff designee, reviewed by the committee chair, and approved by committee members at the following meeting.



**To:** Nicole Baginski, *Director of Student Accounts*  
**From:** Samantha Spezeski, *Director of Internal Audit*  
**CC:** Stephen Taksar, *Vice President of Administration and Finance*  
Lisa Freeman, *Associate Vice President of Finance*  
**Date:** April 4, 2023  
**Subject:** Student Bursar Internal Audit 2023-21-O

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The shared Internal Audit Services for the Boston Consortium for Higher Education has scheduled an audit of the student bursar process. In preparation for this review, we held an entrance conference with Westfield State University Management on April 3, 2023. We anticipate our field work to begin shortly, and we have already requested some preliminary documentation including policies and procedures.

### **Objectives and Scope**

The objective of the audit is to analyze and to assess the effectiveness of controls over the student bursar process. Our audit techniques typically include but are not limited to interviews, data analysis, the review of documentation in support of transactions, and physical observations of processes and assets.

### **Specific Scope According to the Participation Agreement:**

- Understand and document the process and controls of student accounts/bills
  - How are charges approved?
  - Charge reversals and associated approvals
  - Billing accuracy
  - Interfaces with other departments, i.e., housing, dining, parking
- Controls around the payment and refund process
- Cash Handling
- Credit Balances
- IRS Requirements, 1098T Process and Calculation
- Policies and Procedures Outstanding Balances
- Confidentiality Policies

One of the initiatives of this shared function is to share best practices and gain some economies of scale by completing similar audits across the institutions that share the Internal Audit function. While this is not always possible, it is our objective to include this audit in a future best practice advisory.

### **Audit Results and Timeframes**

We will discuss findings with appropriate personnel during the course of the audit. We will make recommendations and work with the responsible personnel to identify corrective action(s) to be taken by management to address the issue(s). At the conclusion of our field work, we will hold a structured exit conference to discuss aspects of the audit and our observations. We expect that a draft report would be issued shortly after the exit conference and you will have time to draft your responses for the final report to be distributed at the following Audit Committee meeting.

We appreciate the time that you and your staff will be giving us throughout the audit. If you have any questions, suggestions or concerns with respect to this audit, please feel free to call me at (781) 296-7824. Thank you in advance for your assistance.

## ADMINISTRATION AND FINANCE

TO: Financial Affairs and Advancement Committee, Board of Trustees

FROM: Tom Kettle, Director, Emergency Preparedness and Response

DATE: April 25, 2023

SUBJ: Risk Management Update

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Westfield State University (WSU) is moving forward to reestablish the Enterprise Risk Management (ERM) program.

- Enterprise Risk Management at Westfield State began to implement an ERM program in 2018.
  - It was detailed in an Implementation Guide.
  - Efforts were stymied by loss of personnel and the Pandemic of 2020.
- A new Risk Manager has been assigned to the task of facilitating the ERM process.
  - The goal as of now is to maintain the original intent of the 2018 Implementation Guide.
  - Tasks include:
    - Update the groups involved in the process.
    - Reassess the risks that Westfield State faces.
    - Ensure risks are addressed with an effective and documented process.
  - The ERM program's goal is to address risks in a centralized, holistic approach rather than in silos of divisions and operational departments.
    - Program needs to be executive led.
      - Identification and oversight of Risk Liaisons and Risk Partners to move the ERM program forward.
      - Ensure this is a sustainable effort.
  - The University's ERM program will follow the ERM process advised by ERM consultant Brad Curley, which is outlined in the 2018 Implementation Guide.

### Next Steps

- Cabinet reviews ERM needs and program.
  - United Educators video.
- Re-establish ERM program and goals.
- Update the implementation plan.
- Re-evaluate top 10 risks.
  - Rate the Risks.
- Implement the plan.



## Board of Trustees

Audit Committee

12:30 to 1:30 p.m.

April 25, 2023

### Items for Information

Risk Management Update

Stephen Taksar/Tom Kettle

Link to Video:

[https://www.ue.org/risk-management/enterprise-risk-management/implementing-erm-programs-for-leaders-in-higher-education/?utm\\_source=canopy&utm\\_medium=email&utm\\_campaign=112922&utm\\_content=ermvideo&utm\\_source=SilverpopMailing&utm\\_medium=email&utm\\_campaign=Canopy ERM HE 112922%20\(1\)%20remainder&utm\\_content=erm\\_video\\_screenshot&spMailingID=27571923&spUserID=NTk4NjQ4MjAyMTUyS0&spJobID=2253353896&spReportId=MjI1Mz](https://www.ue.org/risk-management/enterprise-risk-management/implementing-erm-programs-for-leaders-in-higher-education/?utm_source=canopy&utm_medium=email&utm_campaign=112922&utm_content=ermvideo&utm_source=SilverpopMailing&utm_medium=email&utm_campaign=Canopy%20ERM%20HE%20112922%20(1)%20remainder&utm_content=erm_video_screenshot&spMailingID=27571923&spUserID=NTk4NjQ4MjAyMTUyS0&spJobID=2253353896&spReportId=MjI1MzM1MzQ5NgS2)