
SUBJECT: Risk Management and Audit Committee Meeting Report for March 24, 2021

In accordance with the General Laws of the Commonwealth of Massachusetts, Chapter 30A and amended by Executive Order No. __, issued March 13, 2020, suspending parts of the Open Meeting Law to allow public remote participation and participation by the public body remotely the Risk Management and Audit Committee of the Board of Trustees met remotely on Wednesday, March 24, 2021. All votes taken during this meeting were by roll call vote.

Present for the Committee: Trustees Contreras (chair), Butts (vice chair), Katzman, Mattera and Chair Lutts (ex-officio); President Keenan (ex-officio), Vice President House (committee co-liaison), Associate Vice President Labonte (committee co-liaison), and staff associate Beaulieu.

Trustee Contreras, committee chair, called the meeting to order at 3:05 pm.

Audit matters – Uniform Guidance Audit (status update)

The Uniform Guidance audit (for the period ending June 30, 2020) was delayed awaiting guidance from the government regarding CARES. This guidance has been released and it is anticipated the audit will be completed in time to present at the May 26, 2021 Risk Management and Audit Committee meeting.

Appointment of audit firm for FY2021 through FY2023 (Attachment A)

Vice President House briefly summarized the recommendation presented in the packet sent earlier.

Trustee Mattera **MOVED** that the Risk Management and Audit Committee approves the following motion pertaining to the appointment of audit firm for FY2021 through FY2023, **SECONDED** by Trustee Katzman.

MOTION

The Board of Trustees of Salem State University hereby approves both the appointment of O'Connor & Drew, P.C. to perform audit services for FY2021 through FY2023 and the related fees. The cost for FY2021 will be \$78,000 for the base audit plus \$4,500 for each major program (for the federal audit) and \$5,000 for the Massachusetts Office of Financial Student Aid (MOFSA) audit. The MOFSA is performed once every three years. Subsequent years' cost will be increased by 3%.

A roll call vote was taken.

Voting in the affirmative: Butts, Contreras, Katzman, Mattera

Voting against: None

The motion passed.

COVID mitigation efforts update

Associate Vice President Labonte briefed the trustees on the latest efforts in mitigating the current pandemic. High level points included entering the Commonwealth of Massachusetts Phase IV Step 1 guidelines; preliminary Commencement plans; fall planning mode; vaccinations.

Trustee Butts **MOVED** that the Risk Management and Audit Committee meeting adjourn **SECONDED** by Trustee Katzman.

Voting in the affirmative: Butts, Contreras, Katzman, Mattera

Voting against: None

The meeting adjourned at 3:22 pm.

Prepared by D. Beaulieu, staff associate, finance and facilities

 REQUEST FOR TRUSTEE ACTION

Date: March 17, 2021
To: Risk Management and Audit Committee
From: Karen P. House, vice president for finance and facilities
Subject: Appointment of audit firm for FY2021 through FY2023
Requested Action: Approval

Background

The Risk Management and Audit Committee charter includes these responsibilities, among others, pertaining to the annual independent audit:

1. Annually consider the appointment of the external auditor.
2. Review and approve the terms of engagement and fees of the external auditor at the start of each audit.

O'Connor & Drew P.C. (OCD) a firm which has created a niche in the Massachusetts public higher education space, conducts the university's audit and that of 21 of the remaining 23 state universities and community colleges. O'Connor & Drew also audits the Salem State University Foundation and the Salem State University Assistance Corp. In recent months, Salem State participated in an RFP process because the current contract is due to expire. The RFP was such that each participant could make its own decision regarding the award. More than twenty RFP's were sent to various firms and three proposals were received. O'Connor & Drew P.C was the only firm with any experience auditing public universities in Massachusetts; proposals were also received from CLA (CliftonLarsonAllen LLP) and BerryDunn (Berry Dunn McNeil & Parker, LLC). While CLA and Berry Dunn are respected, capable firms, they do not have experience auditing any of the state universities or community colleges in Massachusetts. The OCD proposal represents good value to Salem State. OCD would provide continuity of expert staffing and extensive knowledge of the Commonwealth's public education system and related agencies such as the MSCBA and the Comptroller's Office. They audit our affiliated units. Further, they will have the ability to assist with implementation of the upcoming GASB 87 accounting standard regarding leases which will necessarily involve adjustments between SSU and MSCBA. In addition, their proposal includes a reduction in cost from the most recent year, from \$84,400 in FY20 to \$78,000 in FY21 for the base audit. Based on our evaluation of the proposals with other participating state universities and community colleges, Salem State management recommends that O'Connor & Drew P.C. be appointed to continue as our audit firm for the next three years.

MOTION

The Risk Management and Audit Committee recommends that the Board of Trustees approve the following motion pertaining to the audit firm for FY2021 through 2023.

Recommended motion

The Board of Trustees of Salem State University hereby approves both the appointment of O'Connor & Drew, P.C. to perform audit services for FY2021 through FY2023 and the related fees. The cost for FY2021 will be \$78,000 for the base audit plus \$4,500 for each major program (for the federal audit) and \$5,000 for the Massachusetts Office of Financial Student Aid (MOFSA) audit. The MOFSA is performed once every three years. Subsequent years' cost will be increased by 3%.

Committee Assigned: Risk Audit and Management

Committee Action: Approved

Date of Action: March 24, 2021

Trustee Action:

Trustee Approval Date:

Effective Date:

Signed: _____

Title: Secretary of Board of Trustees

Date: _____