



Board of Trustees
Audit Committee

3:00 p.m.
January 18, 2023

Via Zoom

In accordance with Governor 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 will also take place at the following link: <https://www.westfield.ma.edu/live>

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|--|-------------------|
| 1. Called to Order | Trustee Jasmin |
| 2. Items for Discussion | |
| a. FY23 Internal Audit Services Overview | Boston Consortium |
| 3. Items for Action | |
| a. Motion – FY23 Internal Audit Services | Stephen Taksar |

Attachment(s):

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

THE BOSTON CONSORTIUM



FOR HIGHER EDUCATION

Shared Internal Audit Services

BABSON COLLEGE, BENTLEY UNIVERSITY, BERKLEE COLLEGE OF MUSIC, BRANDEIS UNIVERSITY,
EMERSON COLLEGE, RHODE ISLAND SCHOOL OF DESIGN, SUFFOLK UNIVERSITY, WHEATON COLLEGE

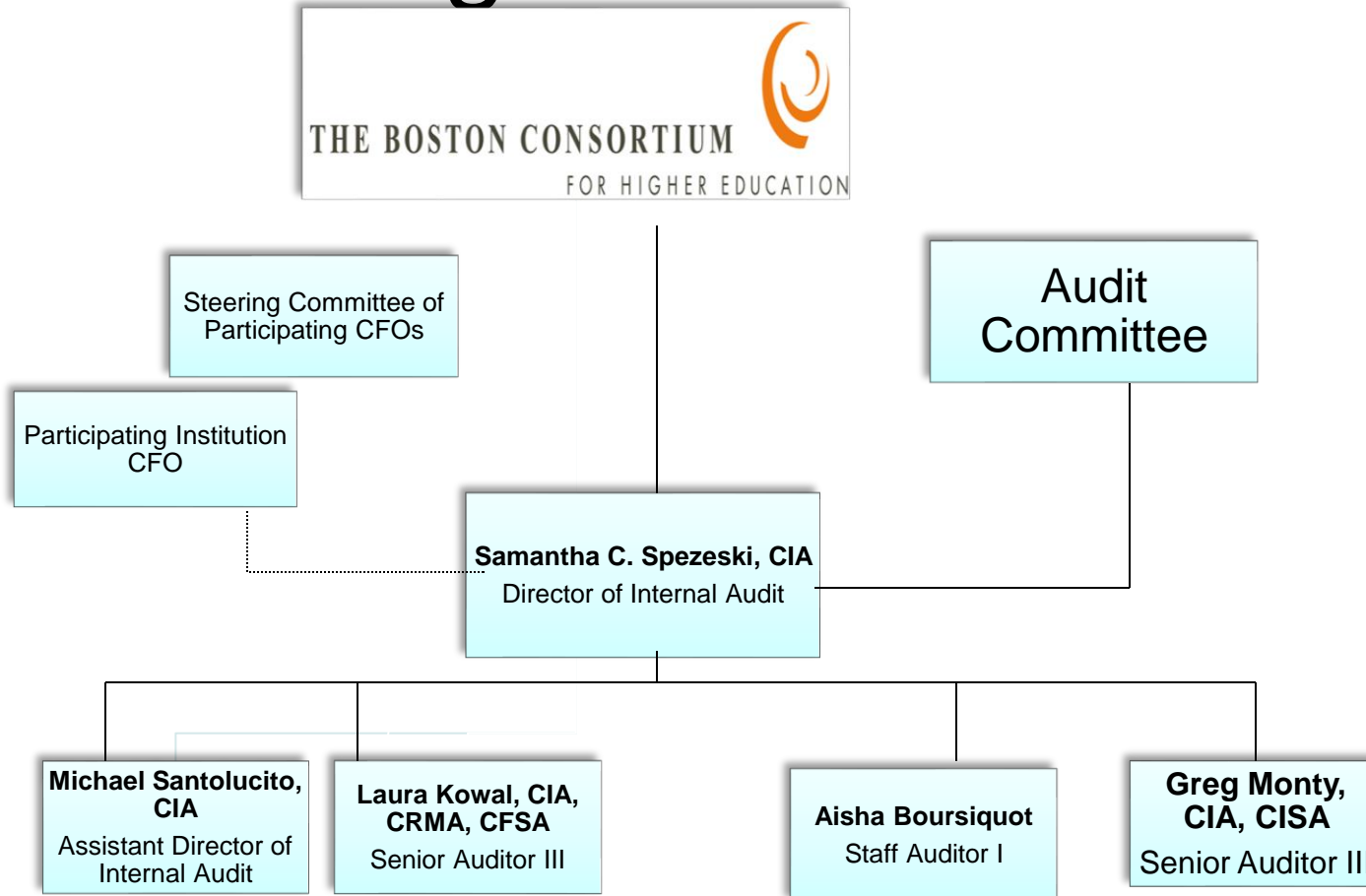
TBC

- The Boston Consortium was established in the fall of 1995 by the Chief Financial Officers of 11 Boston-area colleges and universities.
- The Consortium is currently comprised of 20 institutions:
- The institutions' diversity is reflected in their operating budgets, which range from approximately \$35 million to \$5.4 billion, and annual research expenditures, which range from \$0 to \$917 million. The combined payroll of TBC Members is \$6.3 billion, and the total employee count is approximately 144,000, making the group one of the largest employers in the area.
- The total student headcount is approximately 185,000. This group's diversity also stems from the differences in academic focus (business, liberal arts, music, and the arts), student body (single sex, coed), location (rural, suburban, urban), and the age of the institutions (ranging up to almost 400 years old).

History of TBC Internal Audit Services

- The design of the Internal Audit Shared Initiative was one of continuous improvement and that touched virtually every aspect of a college's operations in an effort to improve efficiencies and reduce financial risk.
- In the Spring of 2008, Babson College, Brandeis University, Berklee College of Music, and Wheaton College collaborated on a Shared Internal Audit program. Each school participating in the shared internal audit group contributes to the funding of this program.
- At this time, Samantha Spezeski was hired by these four institutions as the shared Director of Internal Audit to manage the day-to-day internal audit function, evaluate operations and internal controls, and ensure policies and procedures are followed by all employees and adherence to applicable laws, regulations, and practices affecting the institutions.

Organization Chart





Services Provided by IA

- General Audits
 - *Financial*
 - *Compliance*
 - *Operational*
- Special Investigations
- Consulting

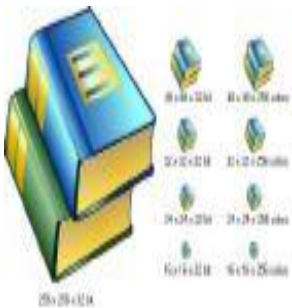


Where do we start?

- Internal Audit Universe Top Risk Areas (Not including IT)
 - Bursar/Student Accounts
 - Payroll
 - Advancement
 - Top Contracts (Dining)
 - Accounts Payable

Annual Audit Plan

- The annual plan is established by an ongoing risk assessment completed by the Institution's Management and facilitated by the Director of Internal Audit.
- Areas are chosen using three main criteria:
 - Risk Management – areas that have high levels of risk in some or all of eight areas: Financial/Operational Risk, Inherent Risk, Strategic Risk, Reputation Risk, Audit Findings, Management Concerns, Compliance/Regulatory and Technology Risk.
 - Coverage – all departments
 - Special requests by Management





Why did we get picked?

Financial/Operational Risk:

- Revenue Expenditures
- Complexity of Operations

Inherent Risk:

A risk that exists solely due to the nature of the process. For example, processes involving cash present an inherent risk because cash transactions are not easily traced.

Strategic Risk

- Changes in processes, products or systems affecting the level of risk due to increases in errors.
- Organizational style (centralized vs. decentralized)

Reputation Risk:

- The risk to the organization due to negative public opinion or negative media reports.



Why did we get picked?

Audit Findings

- The risk to the organization based on the time since the previous audit, number and severity of audit findings and external auditor coverage.

Management Concerns

- Specific concerns raised by management during the interview process.

Compliance / Regulatory Risk

- The risk that the organization is not complying with federal or state, laws or regulations.

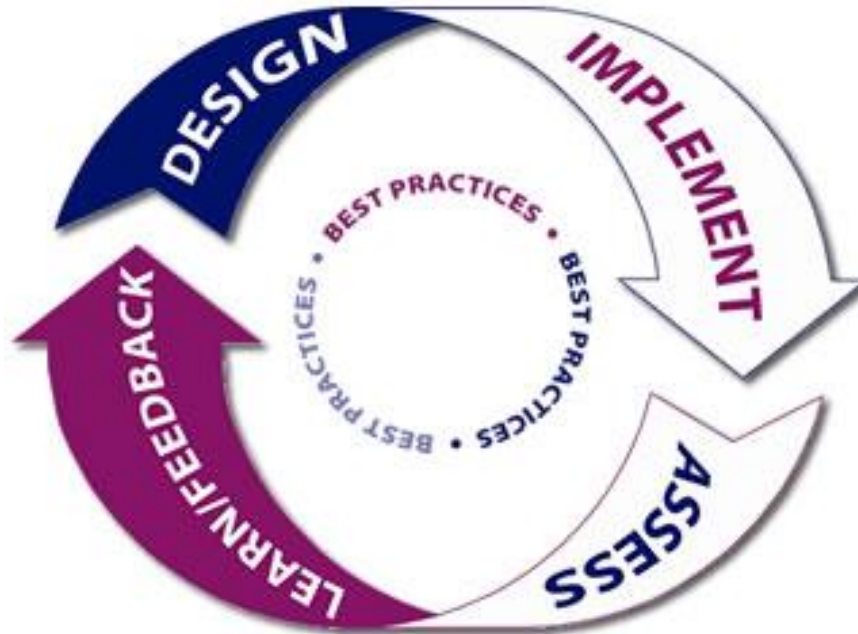
Technology Risk –The risk that the organization:

- Is heavily dependent on automation.
- Is not properly securing data.
- Is not properly backing up its data and can't recover lost data.
- Is using automation that is outdated and no longer supported by the system vendor.

Why did we get picked?

Best Practices

- 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 four institutions. While this is not always possible, it is our objective to include this audit in a future best practice advisory.



The Audit Process

The Audit Process includes:

- Planning
- Fieldwork
- Audit Report
- Audit Follow-up



Audit Report



- Meet with appropriate management personnel individually to discuss Draft Report observations and responses
- Draft sent to Management
- Formal Exit Conference
 - Management
 - Build Consensus on responses to Draft Report observations
- Final Report with management responses presented to the Senior Executives and the Audit Committee.



Who else will see my report?

- The report is sent to the Department Managers in a draft format for review and responses.
- Once the draft is agreed upon, other members of Senior Management as well as Audit Committee view the final report including your responses.

Follow-up

- Informal:

- Calls to management to inquire about implementation of specific responses



- Formal:

- There will be a formal follow-up on all issues in the Final Report approximately 12 to 18 months after the report was accepted by the Audit Committee.



The Audit Team

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Questions





Board of Trustees

February 7, 2023

MOTION

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.

Robert A. Martin, Ph.D., Chair

Date

Westfield State University
Audit Committee

FY23 Internal Audit Services
January 18, 2023

PREVIOUS INTERNAL AUDITS

- Dining Services Audit (2018)
- Procurement Audit (2017)
- Travel Audit (2017)
- Key Control Audit (2017)
- Payroll Trust Fund Audit (FY16)
- Inventory and Equipment Audit (FY16)

FY15 Cash Receipts

1. Athletics Dept Cash Receipts Audit
2. Biology and Environmental Science Cash Receipts Audit
3. Campus Card Office Cash Receipts Audit
4. Campus Center Cash Receipts Audit
5. Career Center Cash Receipts Audit
6. Ely Library Cash Receipts Audit
7. English Theatre Program Cash Receipts Audit
8. Event Management Cash Receipts Audit
9. International Programs Cash Receipts Audit
10. Musical Theatre Cash Receipts Audit
11. Nursing Dept Cash Receipts Audit
12. Payroll Office Cash Receipts Audit
13. Public Safety Cash Receipts Audit
14. Registrar Cash Receipts Audit
15. SGA Cash Receipts Audit
16. Student Affairs Office Cash Receipts Audit