



BOARD OF TRUSTEES



AUDIT COMMITTEE
OCTOBER 22, 2021

PLYMOUTH STATE UNIVERSITY
PLYMOUTH, NEW HAMPSHIRE
and

BY ZOOM MEETING:
[HTTPS://UNH.ZOOM.US/J/92467918189](https://unh.zoom.us/j/92467918189)

MEETING MINUTES

Committee members physically present: Chair Alexander Walker, Wallace R. Stevens, M. Jacqueline Eastwood, Shawn Jasper, Mackenzie Murphy

Other Trustees physically present: Melinda Treadwell, Sen. James Gray

Other participants participating by videoconference: (USNH) jeff@usnh.gov Other participants participating in (Governor's Office) Jonathan Melanson

I. Call to Order

Items on the consent agenda appear below:

- A. Minutes of April 15, 2021 Meeting
- B. FY21 Financial Statements and audit report/comments for UNH Foundation
- C. ERM Update on Information Technology and Security
- D. Internal Audit Reports Issued:
 - 1. KSC Admissions Data Security Review Report
 - 2. PSU Student Billing Audit Report
 - 3. UNH Undergraduate Admissions Data Security Review Report

Chair Walker noted that the UNH Foundation financial statements were approved by the Foundation's Board and the ERM update for Information Technology and Security was reviewed by the Administrative Board at their August meeting.

III. Items for Committee Consideration and Action

- A. Approve FY21 University System of New Hampshire Financial Statements**
- B. Review FY21 audit report and comments from CLA**

Mr. Jain introduced Francine Ndayisaba, USNH Director of the Financial Operations Center and Controller, and Andy Lee and Luke Winter from CLA.

Ms. Ndayisaba noted that the audit went well and there were no concerns. She discussed financial highlights including statements of revenues, expenses, and changes in net position since FY17, statements of net position since FY17, and statements of cash flows since FY17.

Financial highlights in FY21 include:

- USNH had an unprecedented net loss of \$44M. The results reflect the impact of Covid-19 related costs of \$64M of which approximately \$50M were in surveillance testing, offset by \$20M in HEERF institutional support and \$33M in GOEFFER state support. In addition, the Covid Enhanced V

Employee compensation increased in large part because of the CERP. The supplies and services cost increased due to Covid expenses.

On the statements of net position, Ms. Ndayisaba highlighted the increase in endowment and similar investments due to healthy returns and the increase in other liabilities and deferred inflows of resources again due to the CERP.

Finally, Ms. Ndayisaba discussed receipts from tuition and fees (net), noncapital gifts, grants and other receipts, and net cash (used in)/provided by investing activities on the statements of cash flows.

CLA concluded that management has a reasonable basis for significant judgements and estimates for items including Net Pension Asset & Net OPEB Liability and noted that they are in agreement with management.

There were no corrected misstatements, errors or adjustments noted. There was one uncorrected misstatement regarding Investment FMV Appreciation. Mr. Winter emphasized that this was not an error; the confirmations revealed that there was a higher threshold than shown. There were no disagreements with management on accounting/auditing matters.

Emerging issues include GASB 84, 87, 93 and 96. GASB 84 regarding Fiduciary Activities (any funds owned by other parties) was adopted in FY21. CLA concluded that OSRP funds are immaterial to USNH and subsequently a separate statement is unnecessary. GASB 87 regarding Leases is effective in 2022 and will be a significant workload. Management is working with an accounting firm to comply with the standard. Also effective in 2022 is GASB 93 regarding replacement of interbank offered rates; however, it should have no major effect on USNH. GASB 96 regarding cloud-based subscription information technology arrangements is effective in 2023.

In response to a question from Chair Walker, Mr. Lee stated that much of the audit work was done virtually. CLA and management will revisit this arrangement for next year's audit. Mr. Lee noted that CLA is comfortable with that approach. Mr. Winter mentioned that CLA will be on site at UNH next week for the single audit.

The following motion was made by Trustee Eastwood, duly seconded, discussed, and approved with no votes abstained or dissenting.

***VOTED**, on recommendation of the Chief Administrative Officer, that the USNH Financial Statements for the fiscal year ended June 30, 2021 be approved and forwarded to the Board of Trustees with the following recommended action:*

***MOVED**, on recommendation of the Audit Committee, that the USNH Financial Statements for the fiscal year ended June 30, 2021 be accepted and forwarded to the Governor, the Legislative Fiscal Committee, and others as specified in state law RSA 187-A:22.*

C. Approve Audit Committee FY22 Meeting Schedule and Work Plan

Mr. Jain noted that the work plan is being presented at this meeting due to the cancellation of the June 2021 meeting.

Items expected to be on the January agenda include the Single Audit report, Internal Audit's annual plan and report, and ERM updates as presented to Administrative Board. The Title IX report is on the agenda for the January 2022 meeting; however, the Title IX Coordinators have proposed to present the next report at the January 2023 meeting because of changes in the state law. The timing can be adjusted based on the committee's expectations.

The following motion was made by Trustee Eastwood, duly seconded, discussed, and approved with no votes abstained or dissenting.

VOTED

Chair Walker asked whether there were inconsistencies or redundancies between State and Federal law. Mr. Maher stated there are some inconsistencies because the state law was passed before the Title IX rules were finalized. He noted that the DOE is using the rulemaking process to clarify the requirements for the climate survey.

For consistency and data analysis purposes, USNH Title IX Coordinators proposed to consolidate the Board of Trustees report with the annual State reporting. Title IX Coordinators would like to submit their next annual report to the Audit Committee in January 2023 which would cover the data from the prior academic year, and every January thereafter. The committee agreed with this approach.

Chair Walker thanked the Title IX coordinators for their valuable work.

B. Results of Audit Committee's Self-assessment

In response to a question from Trustee Eastwood, Mr. Jain noted that Information Technology related risks are most concerning. He and his team work closely with staff responsible for monitoring these items. Much progress has been made to mitigate these risks such as MFA (multi-factor authentication), encryption, etc. Some solutions may require resources and/or technology which delay progress.

Trustee Treadwell expressed her appreciation to Mr. Jain and his team for their diligent work.

VI. Other Business

Trustee Jasper expressed his concern regarding inclusion of Cooperative Extension positions in the CERP. He noted that there were approximately 17 positions approved for reinstatement over a 2-3-year period. The departure of these employees and the extended period of time to refill these positions will have a negative effect on farmers in NH, who rely heavily on the Cooperative Extension. Provost Jones agreed with Trustee Jasper's concern and acknowledged the error and mitigation efforts, noting that there are ongoing efforts to accelerate the reinstatement process. Trustee Eastwood suggested that this topic be added as a formal agenda item for the next Educational Excellence Committee meeting.

This is Trustee Stevens' last Audit Committee meeting, on which he has served for many years. Chair Walker thanked Trustee Stevens for his gracious and wise guidance over the years and expressed appreciation for all of his accomplishments on the committee. He will be missed. Mr. Jain also expressed his appreciation for Trustee Stevens noting that he has been an integral contributor to the committee and USNH.