



AUDIT COMMITTEE

OCTOBER 24, 2024

KEENE STATE COLLEGE
KEENE, NEW HAMPSHIRE

MEETING MINUTES

Committee members physically present: Chair Peter T. Paul, M. Jacqueline Eastwood, Shawn Jasper, Mackenzie Murphy, Maureen A. Beauregard

Other Trustees physically present: Sen. James Gray, Gregg Tewksbury, Catherine Provencher

Other participants participating in person: (USNH) Kara Bean, Ashish Jain, Christine Heise; (CLA) Andy Lee, Christina Dooley

I. Call to Order

At 12:32 p.m., Committee Chair Paul called the meeting to order. Chair Paul called the roll and noted the presence of a quorum sufficient for the conduct of business.

II. Approval of Consent Agenda Items

Chancellor Provencher joined the meeting to discuss the Workday Pre-implementation Assessment Report. She noted the enormity of the project and the impact on employees and resources. The project is slightly over budget but that is mostly due to inflation. A strategy for the system launch has been established. Chair Paul emphasized the importance of appropriate compensation and Trustee Eastwood emphasized the importance of communication. Chancellor Provencher noted that staff is being appropriately compensated and that the Communication and Marketing Executive Council has been working on consistent communication to staff and faculty.

Items on the consent agenda appear below. The committee duly approved the items.

- A. Minutes of June 27, 2024 Meeting
- B. FY24 Financial Statements and Audit Report/Comments for UNH Foundation
- C. Enterprise Risk Management (ERM) Update on Data Security
- D. Internal Audit Reports Issued
 1. USNH Workday Pre-implementation Assessment Report
 2. Confidential - USNH Vulnerability Management Audit Report
 3. USNH Construction Cost Process Review Report
 4. Confidential - USNH IT Asset Management Audit Report
 5. UNH Peter T. Paul College Data Security Review Report

III. Items for Committee Consideration and Action

A. Approve FY24 University System of New Hampshire Financial Statements

B. Review FY24 Audit Report and Comments from CLA

Christine Heise, Director, Controller and Financial Operations noted that the audit went well and there were no concerns.

She discussed the FY24 financial highlights including statements of revenues, expenses, and changes in net position, statements of net position, and statements of cash flows.

USNH had a positive operating margin of \$12M which can be attributed to an increase in auxiliary revenue primarily due to an increase in the number of students living on campus and an increase in state general appropriations which includes \$3M in one-time surplus support appropriations for KSC and PSU, offset by a decrease in net tuition and fees due to lower undergraduate enrollment and higher financial need and a decrease in grants and contracts revenue due to the ending of one-time FEMA/Covid relief funding related to the pandemic. Expenses were relatively flat as USNH was focused on containing costs through increased shared services, facilities restructure, and downsizing of operations.

There was an increase in market value of total endowments by \$76M over prior year due to market gains. Due primarily to investment market gains, there was an increase of UFR of \$7M over prior year. Negative cash flow occurred primarily due to increase in construction spend and investment in capital projects. USNH adopted GASB 100 (Accounting for Changes and Error Corrections – an amendment of GASB 62) effective for FY24 which did not impact the financial statements.

Chair Paul expressed his appreciation for the work of Ms. Heise and her team. Chancellor Provencher expressed her appreciation as well, noting the enormous amount of work that goes into producing quality financial statements, especially with the added workload related to the ERP implementation.

Andy Lee and Christina Dooley from CLA presented the audit review.

Ms. Dooley briefly reviewed the scope of services and the audit process. She stated that the USNH Financial Statement audit resulted in an unmodified opinion (“clean opinion”) on the financial statements and no material weaknesses or significant deficiencies were noted. Ms. Dooley noted her appreciation to the USNH Accounting Team. Mr. Lee and Ms. Dooley echoed Ms. Heise’s comments, noting that the audit went extremely well.

CLA concluded that management has a reasonable basis for significant judgements and estimates.

There were no new accounting standards to administer this year.

There were no disagreements with management and no consultations with other independent accountants. There was an uncorrected adjustment related to GASB 96 (similar to last year), which has been determined to be immaterial.

The Uniform Guidance Audit is in progress. The focus will be on Student Financial Assistance (SFA) Cluster and Every Student Succeeds Act (ESSA). Testing is underway and on track to be substantially complete by the end of the year. There are no findings to date.

Lastly, Mr. Lee and Ms. Dooley briefly discussed industry insights including labor shortages, turnover and retention, business succession and transition, and cybersecurity. CLA is holding a free higher education virtual conference in February.

There are several GASB standards that will be effective in the next one to two years, the most relevant of which is GASB 101 – Compensated Absences (effective December 31, 2024), relative to leave policies, accumulated leave liability and footnote disclosures.

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

***VOTED**, on recommendation of the Chancellor, that the USNH Financial Statements for the fiscal year ended June 30, 2024 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, 2024 be accepted and forwarded to the Governor, the Legislative Fiscal Committee, and others as specified in state law RSA 187-A:22.*

IV. Items for Committee Consideration and Discussion

A. Status of Outstanding Audit Issues

Mr. Jain shared the status of significant open audit issues from the past internal audit reports. There has been a special focus on the remediation of old outstanding audit issues. Progress is being made.

In response to a question from Chair Paul regarding ways to reduce the number of open audit issues, Mr. Jain noted that he and his team are continually monitoring audits, setting up reminders, and offering assistance. He also noted that management does choose to accept some risks and his office reports high risk items to the Committee.

V. Other Business

Mr. Jain stated that agenda items for March include single audit, Environmental Health & Safety annual report, Title IX annual report, Workday implementation update, and outstanding audit issues.

VI. Adjournment

There being no further business, the meeting adjourned at 1:28 p.m.

-- End of Audit Committee Meeting Minutes --