



AUDIT COMMITTEE
MARCH 3, 2022

KEENE STATE COLLEGE
KEENE, NEW HAMPSHIRE

and

BY ZOOM MEETING:

[HTTPS://UNH.ZOOM.US/J/91662457599](https://unh.zoom.us/j/91662457599)

MEETING MINUTES

Draft for Approval

Committee members physically present: Chair Alexander Walker, Gregg Tewksbury, M. Jacqueline Eastwood, Shawn Jasper, Mackenzie Murphy

Other Trustees physically present: Alana Lehouillier

Other participants participating by videoconference: (USNH) Tia Miller, Francine Ndayisaba, Christine Heise; (USSB) Sarah Jefferson; (CLA) Andy Lee, Luke Winter

Other participants participating in person: (USNH) Ashish Jain, Kara Bean; (UNH) Wayne Jones, Marcel Vernon; (Governor's Office) Jonathan Melanson

I. Call to Order

At 12:47 p.m., Committee Chair Walker called the meeting to order. Chair Walker called the roll and noted the presence of a quorum sufficient for the conduct of business.

II. Approval of Consent Agenda Items

Chair Walker asked the committee members if they had any comments or questions about the consent agenda items; there were none. On motion offered by Trustee Tewksbury and duly seconded, the committee voted to approve the consent agenda.

Items on the consent agenda appear below:

- A. Minutes of October 22, 2021 Meeting
- B. Internal Audit Reports Issued:

1. UNH Spaulding Hall Project Cost Review Report
 2. UNH Student Grades Audit Report
 3. UNH Garage Inventory Audit Report
 4. GSC Student Identity and Financial Verification Audit Report
 5. PSU Financial Aid Data Security Review Report
- C. Accept UNH NCAA Agreed Upon Procedures Report
- D. ERM Update on Change Management, Campus Safety, and Compliance

III. Items for Committee Consideration and Action

A. Approve appointment of CliftonLarsonAllen (CLA) as external auditors and CLA's Fiscal Year 2022 audit plan covering USNH financial statements and federal awards under the Uniform Guidance

Mr. Lee reviewed the audit scope and deliverables, responsibility overview, audit timeline, and audit fees. The timeline is consistent with prior years and the fees are consistent with the original proposal. Mr. Lee encouraged the committee to contact him if they have suggestions for other focus areas.

Mr. Winter discussed risk assessment, fraud considerations, governance input, and new accounting standards. Data analysis is performed to detect trends. Discussions are held with management and their input is encouraged.

Mr. Winter discussed Leases GASB No. 87, a new accounting standard effective for the year ending June 30, 2022, which will likely be a heavy undertaking for USNH. He also briefly discussed Replacement of Interbank Offered Rates GASB 93 (effective 2022) and Subscription-Based Information Technology Arrangements GASB 96 (effective 2023).

Chair Walker thanked CLA and USNH management for their work.

The committee did not have any questions for CLA.

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

***VOTED**, on recommendation of the Chief Administrative Officer, that CliftonLarsonAllen LLP be confirmed as the external auditor for the University System of New Hampshire to provide audit services related to activities of fiscal year ending June 30, 2022.*

B. Approve CY22 Internal Audit Plan/Review Internal Audit's CY21 Annual Report

Ashish Jain, USNH Director of Internal Audit, reviewed the CY 2021 annual report and CY 2022 internal audit plan. Information was provided regarding department resources, CY2021 audits, activities, advisory reports and services, organization of the department, budget, staff profiles, and 2021 planned versus actual activities, and current year initiatives. The focus of the CY2022 audit plan will be cash carrying and depositing process at campuses.

Mr. Jain noted that funds to support an IT Auditor will be available in FY23.

Department activities in CY2021 included audits and advisory services, construction cost reviews (outsourced), and data analysis projects. In addition, the department maintained the Ethics and Compliance Hotline, and coordinated ERM reporting, GLBA Compliance Program changes and proposals for GASB 87 and 96 implementation assistance. Effective December 2022, annual reporting to the Board will be required under GLBA.

Internal Audit staff is actively involved in many professional organizations (IIA, ACUA, Ivy+), conferences, and associations to keep current in their work and profession. Notably, the Senior Auditor co-presented at ACUA annual conference and co-authored a paper on data acquisition, preparation, and validation.

In response to a question from Trustee Tewksbury regarding adequate resources, Mr. Jain noted that while resources may not be ideal, he feels well-supported by management and the Audit Committee. He anticipates that the search for an IT Auditor could be challenging given the market condition.

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 proposed Internal Audit Plan for CY22 be approved.*

V. Items for Committee Consideration and Discussion

A. Internal Audit Charter Review

The Audit Committee has the responsibility to review and assess the adequacy of the Internal Audit Charter on an annual basis and recommend any changes to the Board.

The Internal Audit Charter was last revised in April 2017. No changes to the Internal Audit Charter are recommended by USNH staff at this time.

B. Review status of outstanding audit issues

Mr. Jain noted that the list of outstanding audit issues (as of December 31, 2021) includes all significant open issues from past audit reports and those that were closed since the report was last distributed to the Audit Committee. It is updated semi-annually for follow-up and control monitoring purposes. Of 89 action plans currently being tracked, 22 are from internal audit reports issued since the last semi-annual update and six have been reported by management as resolved. The remaining 61 action plans are in process, much improved, on hold, and/or management has accepted the residual risk. Audit issues are monitored and followed up on, especially those that are high risk. In response to a question from Trustee Tewksbury regarding the number of outstanding audit issues, Mr. Jain noted that while progress is being made, the list is growing. Chair Walker

encouraged Mr. Jain to notify the committee of any issues that cause delays in the resolution of audit issues.

C. Ethics and Compliance Hotline and Fraud Reports Summary

Mr. Jain briefly reviewed the process and noted that the hotline is maintained by EthicsPoint. He informed that the hotline complaints are promptly handled while working with campus contacts.

In response to a question from Chair Walker, Mr. Jain noted that the hotline information is well advertised (published in bulletins, website, word of mouth, noted in Internal Audit Department's email signature). Mr. Jones added that UNH publishes hotline information on student websites and other student publications. In response to a question from Mr. Vernon, Mr. Jain stated that initial reports are distributed to CFOs due to low number of reports. Chair Walker felt that the report volume is low considering the size of USNH. Mr. Jain will work with campus leaders to further advertise the hotline.

VI. Other Business

In response to question from Trustee Tewksbury, Mr. Jain stated that most audits are reviewed and issued by the Internal Audit Department versus outsourcing, noting the importance of consistency and internal knowledge. The department often applies this knowledge to other audits.

There will be no April meeting. Chair Walker noted that agenda items for the June meeting include the ERM annual report, Environment Health and Safety annual report, the committee's self-assessment, conflict of interest process update, and the committee's work plan.

There being no further business, the meeting adjourned at 1:33 p.m.

-- End of Audit Committee Meeting Minutes --