



**Audit Committee**  
CCSNH BOARD OF TRUSTEES  
Meeting of May 3, 2018

**Present:** Trustee Allen Damren, Trustee Jack Calhoun, Trustee John Stevens, Ann-Marie Hartshorn (CCSNH)

**Not Present:** Trustee Darrin Daniels, Trustee Krishna Mangipudi

**Others Attending:** Rob Smalley (BerryDunn), Katy Balukas (BerryDunn), Renee Bishop (BerryDunn)

Mr. Damren called the meeting to order at 9:03 a.m. in the Chancellor's Office Conference Room at NHTI in Concord, NH.

BerryDunn Financial and Uniform Guidance Audit FY 2019

Mr. Smalley discussed required communications with the committee and the responsibilities of BerryDunn and CCSNH management during the audit process. BerryDunn will continue utilizing a risk-based audit approach. Items that will be communicated at the conclusion of the engagement include: audit and passed audit adjustments; any identified internal control matters; any identified difficulties, disagreements, or consultations with other accountants; aspects of accounting practices; and management representations.

Ms. Balukas presented on the significant audit areas of focus for BerryDunn: cash and investments, revenue, indebtedness, accounts payable and accrued expenses, payroll and related liabilities, federal financial assistance programs, and capital expenditures. Berry Dunn will perform additional tests at three colleges this year and asked the committee to help identify campuses that could most benefit from an audit this year. The committee suggested that the auditors visit the three colleges welcoming new presidents this summer.

Fieldwork for the audit will start in July and conclude in September. Draft reports are due by October 19, 2018, and the audit committee presentation will take place in November 2018.

Mr. Smalley presented on new GASB standards and emerging issues. On May 4<sup>th</sup>, BerryDunn, CCSNH Management, and the State will hold a phone call to discuss the impact of GASB 75, regarding accounting and financial reporting for post-employment benefits other than pensions. The committee and BerryDunn discussed the State's to-be-announced September deadline for CCSNH draft financials, which may be impacted if communication of the GASB 75 adjustment is delayed. Mr. Smalley discussed the emerging issues that BerryDunn has identified: General Data protection Regulation (GDPR) regarding study abroad programs or locations in the EU; the Perkins Loan Program wind down; delayed borrower defense rules; changes to procurement rules and policies that CCSNH Management should become familiar with; higher education reauthorization; and the Gramm-Leach-Bliley Act.

Ms. Bishop reported that Moody's outlook for the higher education industry for 2018 has been downgraded, as overall operating revenues will increase by approximately 3.5% while operating expense growth is anticipated to be 4%. BerryDunn cites rising labor costs and increases in program, facilities, and technology costs as the main contributing factors. 15% of colleges and universities will be forced to cut costs in response to stagnant or weak revenue growth.

Ms. Hartshorn notified BerryDunn of recent staffing changes in the colleges, and she will send BerryDunn a link to the public CCSNH webpage for the LBA performance audit task force.

#### Approval of November 28, 2017 and March 22, 2018 Minutes

**VOTE:** The Committee, on motion of Mr. Calhoun and seconded by Mr. Stevens, voted unanimously to approve the minutes of the November 28, 2017 and March 22, 2018 meetings as written.

#### Manual Credit Card Audit Report

Ms. Hartshorn provided a brief summary of the recommendations contained in the findings of the manual credit card transaction review as presented by Ms. Hartshorn at the last committee meeting in March, noting that it will be necessary for CCSNH to identify a member of staff to complete the monthly credit card reconciliations.

**VOTE:** The Committee, on motion of Mr. Calhoun and seconded by Mr. Damren, voted unanimously to approve the credit card audit procedure as presented at the March committee meeting. Mr. Stevens, who was not present at the last meeting, abstained.

#### Update on Audit Task Force Meetings and Progress on LBA Audit Tracking

Ms. Hartshorn provided an update on observations from the LBA Performance Audit by reviewing the audit matrix with the committee. Most items in the matrix have been completed. Most items not yet completed are related to finance. The Audit Task Force has added two additional columns to the audit matrix that indicate task force committee approval and approval of individuals impacted. The matrix now links to supporting materials.

Update on Internal Auditor's Professional Development

Ms. Hartshorn participated in a meeting of the New England Audit Directors Council, at which she led a conversation on internal audit planning and the need to develop a new risk-based matrix. Ms. Hartshorn has also joined the Association of College and University Auditors (ACUA), which will provide her with access to additional industry materials and resources.

FY 2019 Audit Plan

Ms. Hartshorn reviewed the audit plan and schedule for FY 2019, which now incorporates compliance issues.

**VOTE:** The Committee, on motion of Mr. Calhoun and seconded by Mr. Stevens, voted unanimously to authorize and approve the FY 2019 audit plan as presented.

No further business was stated. The meeting was adjourned at 10:29 am.

Respectfully Submitted,

Meghan Eckner  
Executive Assistant to the Chancellor and Board of  
Trustees