



Audit Committee
CCSNH BOARD OF TRUSTEES
Meeting of November 21, 2019

Present: Trustee Tricia Lucas (Chair), Trustee John Stevens, Trustee Stephen Ellis, Trustee Cheryl Kahn, Trustee Steven Slovenski, CCSNH Director of Internal Audit Ann-Marie Hartshorn (CCSNH)

Other Attending: John Harrington (CCSNH), Robert Smalley (Berry Dunn), Katharine Balukas (Berry Dunn), Renee Bishop (BerryDunn), Trustee Jack Calhoun, Trustee Robert Baines, Trustee Kathy Bogle Shields, Trustee Richard Heath

The meeting was called to order at 9:05 am in Room 301 Grappone, NHTI in Concord, NH.

Approval of September 19, 2019 Minutes

VOTE: The Committee, on motion of Mr. Stevens and seconded by Mr. Ellis, voted unanimously to approve the minutes of the September 19, 2019 meeting as written.

Overview of Internal Audit Function

Mr. Smalley thanked the committee for meeting with the auditors in September to participate in an in-depth review of the annual audit review process.

Mr. Smalley presented the balance sheet, noting an increase in the cash account largely driven by operations. Investments and the UNIQUE fund also increased, driven by market performance. A standard depreciation of \$7.8m resulted in a total decrease of \$4m in capital assets. Net pension liability reduced almost \$10m, due to better investment, and the system's percentage of the overall pension fund was reduced to 1.03% based on population within the plan, investments, and reduction of liability. The net operating loss was reduced from \$50m to \$34m, and there was a \$20m increase in the net position due to a decrease in operating expenses and an increase in cash. Mr. Smalley presented total revenue by source and operating expenses by type. Mr. Smalley stated that the most critical footnotes for the committee to become familiar with are footnote seven, Defined Benefit Pension Plan, and footnote eight, Other Postemployment Benefits (OPEB).

Discussion followed regarding the schedule of collective net pension liability and trustee education needed to effectively define related issues and elements. Ms. Lucas and Ms. Shields suggested assembling a task force, including representatives from the Finance and Audit Committees, to focus on audit education for the full board.



Ms. Balukas presented on the significant areas audited through planning and internal control reviews, including cash and investments, revenue (tuition appropriations and related receivables), credits sold, student receivables and portion collected before June 30, accounts payable, liabilities and expenses, grants and other programs, state funding revenue, receivables, and net position (unrestricted and restricted). The element of unpredictability in this year's audit was a review of adjunct pay. Ms. Balukas reviewed the audit of uniform guidance—audit procedures surrounding federal funds. BerryDunn tested 97 percent of federal expenditures to provide reasonable assurance that CCSNH is in compliance and issued a clean opinion, indicating no issues of non-compliance. Ms. Bishop reviewed with the committee the details of all federal expenditures by type.

Ms. Bishop provided an overview of the required communications letter, which this year contains no comments. Ms. Bishop congratulated CCSNH for their work addressing identified issues from previous years, resulting in very clean year for FY19. BerryDunn does not express an opinion on internal controls, but testing in key areas indicated that no transactions lacked authoritative guidance and accounting disclosures remain neutral, consistent, and clear. BerryDunn does not recommend an audit adjustment, and Ms. Bishop reported that BerryDunn had no disagreements with management.

Ms. Shields thanked Ms. Hartshorn, Mr. Harrington, and the CCSNH team for their efforts achieving this level of improvement.

VOTE: The Committee, on motion of Ms. Kahn and seconded by Mr. Stevens, voted unanimously to approve the CCSNH FY 2019 Financial and Uniform Guidance Audit as presented.

No further business was stated. The meeting was adjourned at 10:02 am.

Respectfully Submitted,

Meghan Eckner
Executive Assistant to the Chancellor and Board of Trustees