

Massasoit Community College
Meeting of the Audit Committee
Wednesday, September 6, 2017
4:00 p.m.

President's Conference Room, Administration Building, Brockton Campus

Approved October 4, 2017

Attendees: Thomas E. Carroll, vice-chair, Ann M. Sullivan, trustee, Valerie Sullivan, trustee, William Mitchell, interim president, Patricia Marcella, interim vice president for administration/CFO, William O'Neill, interim chief of staff/executive director of budget, finance and reporting, Jane Centrella, staff associate for administration and finance

Call to order

The meeting was called to order at 4:15

Approval of the minutes of the October 12, 2016 Audit Committee meeting.

A motion was made by Vice Chair Carroll and seconded by Trustee A. Sullivan to approve the minutes of the October 12, 2016 Audit Committee meeting. The motion passed unanimously.

Review of the Fourth Quarter Financial Report by Interim President Mitchell Patricia Marcella, Interim Vice President of Finance and Administration/CFO, and William O'Neill, Interim Chief of Staff/Executive Director of Budgeting and Financial Reporting and recommendation that the Audit Committee approve the Fourth Quarter Financial Report.

Interim President Mitchell called the committee's attention to the audited financial statements, which are done in the traditional GASB accrual based accounting however, the spending plan and quarterly reports are done on a cash basis. He advised that the College would like to move to an accrual based budgeting method rather than the cash-based method currently being used. Trustee Sullivan asked for the reasoning behind the change. Interim President Mitchell said that when our statements are viewed from outside entities such as accounting firms, the Board of Higher Education, and NEASC to name a few, the accrual based accounting is a better tool to manage moving forward and provides more insightful numbers. He also advised that this was not going to be a quick transition and anticipated at least a year before the change would take place.

There was a discussion around the rules for borrowing cash and credit lines. Interim President Mitchell discussed the Massachusetts State College Building Authority and the UMass Building Authority and advised that Massasoit does have the ability to borrow from the Massachusetts State College Building Authority for small maintenance and other projects but the rules for borrowing are very restrictive.

Executive Director O'Neill explained that there is more detail in the packet the Committee received prior to the meeting and he was going to give a high-level overview of the FY17 Fourth Quarter report. He discussed that for FY17 there was a \$51 million approved spending plan. He advised that we did expend slightly more than we collected in revenue. In Operating Revenue we collected 96.18% of what we projected which is slightly out of the prior year trend. The state appropriation collection was modestly higher which helped the operating revenue overall. The College encumbered \$565,972 in FY17 expenses associated with the ERIP - \$165,000 of that was directly tied to the incentives associated with the plan. Our expenses for the year exceeded our collected revenue by \$347,200. Backing out the ERIP Expense, we would have ended FY17 \$218,772.47 under our collected revenue total with that sum being turned over to the general fund thereby helping the institution's financial standing.

Vice Chair Carroll noted that the operating fund is 4% off the revenues and observed that the operating fund is about \$1 million below what we thought and asked if this was related to low enrollment numbers. Executive Director O'Neill explained that there are several factors that contribute but the largest portion comes from debt that is yet to be collected on the credit hours that have been billed. He advised that we would continue to collect that money into the next fiscal year. Interim President Mitchell explained that we have several ways in which we incentivize students to pay including a collection intercept process. **A motion was made by Vice Chair Carroll and seconded by Trustee V. Sullivan to accept the FY17 Fourth Quarter Report. The motion passed unanimously.**

Discussion of the Draft Provisional Spending Plan for the period October 1 – 31, 2017.

Interim President Mitchell reminded the Committee that at the May 10 regularly scheduled meeting of the Board of Trustees that the Board approved an interim spending plan for the period July 1, 2017 through September 30, 2017. He noted that as the College will be presenting the FY18 spending plan to the Board in October, which would put us beyond the September 30 date. This proposal for the Provisional Spending Plan for the period October 1 – 31, 2017 is to get us through until the Board presentation. The College is requesting \$5.1m for this provisional plan.

A motion was made by Trustee A. Sullivan and seconded by Vice Chair Carroll to approve the draft Provisional Spending Plan for the period October 1 – 31, 2017. The motion passed unanimously.

Investment Firm Discussion.

Interim Vice President Marcella stated that in May 2017 the College sent out a request for proposals for firms to manage the College's investment portfolio. She explained that the results that we have had with our current firm have not been very consistent and they are not as responsive as we would like. Seventeen firms submitted proposals, of those, only 4 firms submitted complete proposals. She said that she would like to bring the four firms to the Audit Committee for interviews and presentations, the Committee agreed. Trustee V. Sullivan asked if the incumbent was among the four, Interim Vice President Marcella said that they were not as they did not submit a complete proposal.

Audit Committee Charter discussion.

Interim President Mitchell said that he would like to change the current structure of the Audit Committee to an Audit and Finance Committee, which is more in line with the structure within and outside the Community College system. Interim Vice President Marcella will send a draft of the proposed Audit and Finance Committee Charter for review at the October Audit Committee meeting.

FY19 Budget timeline.

Executive Director O'Neill provided a handout detailing the FY19 budget timeline. The FY19 budgeting process would begin in July and August of 2018 including setting FY19 goals and costs with a goal to submit a projected spending plan to the Board of Trustees in March of 2019 for Board approval in May 2019. Vice Chair Carroll asked if the team was confident that they could meet this timeline. Interim President Mitchell said yes and in fact they are currently managing to that timeline and added that they are working on multi-year budgeting. The Committee enthusiastically welcomed the multi-year budgeting initiative.

Future Meeting dates.

A discussion took place about the future Audit Committee meeting dates. The Committee agreed that they would like to meet quarterly but could add additional meetings if necessary. Vice Chair Carroll requested

clarification on the Open Meeting Law as it pertains to teleconferencing and Committee meetings. The Board Recording Secretary stated as long as there was a physical quorum, in the case of the Audit Committee there would need to be two members present, the third member could call into the meeting; the participant using teleconference would be able to vote but would not be counted toward a quorum. It was agreed that a comprehensive Audit Committee meeting schedule would be distributed at the October Audit Committee meeting.

A motion was made by Vice Chair Carroll and seconded by Trustee A. Sullivan to adjourn the meeting. The motion passed unanimously.

Prepared by:



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to the President



Anthony Simonelli
Secretary, Board of Trustees