

MassArt Board of Trustees

Executive committee

October 12, 2021 10:00am-11:00am

Meeting Minutes - Special Meeting on the Audit

Committee members present: Elisa Hamilton (Chair), Karen Keane, Denise Korn, Peter Nessen, Linda Snyder, Mary Grant (ex-officio).

Committee members absent: Jan Saragoni.

MassArt staff present: Bob Perry, Gina Spaziani, Jack McDonald, Maureen Keefe, Marjorie O'Malley, Robert Chambers, Justine Caron, Lauren Wilshusen, Ellen Carr, Lyssa Palu-ay, Katie Westerlind (Secretary to the Board.)

O'Connor and Drew staff present: Brian Crowley (auditor), Eric Cyr (auditor), Chris Stenmon (auditor).

Call to Order - Chair Elisa Hamilton

Chair Hamilton called the meeting to order at 10:02am.

The goal of this meeting is to receive and review the audit report from the external auditors.

Chair Hamilton asked the group to introduce themselves.

Presentation of the audit - O'Connor and Drew

President Grant thanked the Administration and Finance team for all of their hard work on the audit. She introduced VP Bob Perry.

VP Perry thanked members of the college and the team that works on the audits, citing process lengthiness and complexity due to the federal funding for COVID relief. He introduced the audit team from O'Connor and Drew: Brian Crowley, Eric Cyr, and Chris Stenmon.

- Auditors reviewed responsibility of management for the financial statements, responsibility of the auditors under the *Government Auditing Standards*, opinions, required supplementary information, supplementary information, and other reporting required by *Government Auditing Standards*.
- Auditors reported that clean audits were issued for Massachusetts College of Art and Design.
- Audit includes the management statement - supplemental, unaudited, prepared statements that do not impact the audit itself.
- Auditors reviewed required communications between management and auditors listed - no disagreements, management is providing the information that the auditors need to complete the audit.
- Auditors reviewed risk assessment, including fraud risk, and reported that no fraud was found. The auditors assured that any issues would have been communicated at the time of discovery.
- Auditors informed trustees that in 2022 the audit standards around property leases will be changing and the auditors will work with the management group to help them prepare for these changes.

Brian Crowley of O'Connor and Drew provided a high level overview of the financials.

- Key takeaways are that the report was clean with no modifications or enhancements, there were no issues or modifications on a deep level, and that it was a good, clean audit.
- Auditors reviewed the audit financials with trustees by section on current assets, non-current assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, statements of revenue and expenses, and statements of cash flows.

- Auditors noted areas that may be different from previous years, including the deferred payments to the MSCBA due to the start of the pandemic and increase in incurred expenses related to the end of the Chartwells contract.
- Auditors reviewed the notes to the financial statements with the trustees by section. There were no significant changes for accounting policies to report. The auditors reiterated that changes are being implemented for 2022 regarding building leases; this will impact the residence halls, and O'Connor and Drew will work with the other state universities to ensure the reporting is done properly.
- Auditors reviewed the MassArt Foundation audit financials: a clean report with no issues of allowance or in collecting materials; there are significant disclosures for pensions (that are seen each year), but nothing significant to note and no significant changes from previous years.
- Trustees, auditors, and VP Perry engaged in discussion stemming from questions around the changes to auditing leased properties (such as the residence halls), the process of the Foundation audit as it relates to the Massart audit, and if there is a management letter coming from O'Connor and Drew (there is not.)

Chair Hamilton and President Grant thanked the Administration and Finance staff for all of their hard work on the audit. They asked the A&F team and others for some time for discussion between just the trustees and the auditors.

- The trustees and auditors discussed the MassArt management team and the collaborative efforts with the auditors.
- The auditors acknowledged that materials got to the board later than they would have hoped, citing some delay as a result of a transition with the audit firm working with the Commonwealth.
- The auditors will be submitting a management letter with the Foundation audit to acknowledge that the issues in last year's Foundation audit were addressed. The auditors reiterated that there were no issues with this year's audit.
- Trustees discussed the process of submitting the audit to the state in its draft form until the Board of Trustees' vote to accept the audit at their November 16, 2021 meeting.

On a motion duly made and seconded, with a vote of five in favor, none against, and none abstaining, it was **VOTE: to accept the FY21 MassArt audited financial statements as presented.**

Roll call: Keane, yes; Korn, yes; Nessen, yes; Saragoni, absent; Snyder, yes.

The trustees expressed gratitude and appreciation for the O'Connor and Drew and the MassArt A&F teams.

Adjournment

Chair Hamilton adjourned the meeting at 11:07am.