

**Massachusetts Technology Collaborative Finance and Audit Committee
December 14, 2017**

MINUTES

Present: Committee Members: Leland Cheung, Ann Margulies, and Joseph Dorant. Mass Tech Collaborative Staff: Tim Connelly, Phil Holahan, and Lisa Erlandson. Mr. Daniel Bonnette and Andrew Wolf were also in attendance to present on the FY2017 Audit.

Start Time: 4:30 p.m.

Location: Mass Tech Collaborative Boston Office

Agenda Topic	Discussion	Action Taken/Required
Approval of Minutes	The May 31, 2017 minutes, including both the open and executive session, were presented for approval.	The open session and executive session minutes for the May 31, 2017 meeting of the Committee were unanimously approved by the Committee.
FY2017 Audit Report Presentation	<p>Mr. Daniel Bonnette of RSM distributed a presentation to the Committee. Mr. Bonnette explained that the audit opinion is unqualified and there were no matters of material weakness or deficiencies identified during the audit process. Mr. Bonnette noted that there are certain matters that are required to be discussed with the Committee which were included in the presentation and noted that the management representation letter was included in the back of the package</p> <p>Mr. Wolf discussed some of significant matters reviewed during the audit including internal accounting and reporting controls, accounts receivables and payables and proper recognition of revenues and expenditures. In addition, the considerations around the litigation are also reviewed and discussed. Mr. Wolf noted that they are required to disclose any adjustments that were posted or passed during the audit and discussed two items noted in the presentation. One was a posted adjustment related to the reversal of an accrual of a grant invoice that did not have sufficient match to justify accrual of it as of June 30th and the second was a passed adjustment related to recognition of revenue from Axia received in September of 2016 that was related to the prior year. RSM does</p>	No action was necessary.

	<p>not have concerns about these adjustments or any issues with controls, they are just required disclosures to the Committee.</p> <p>Mr. Bonnette discussed the required communications with the Committee that were included on pages 8 and 9 of the presentation. He further went on to discuss other matters that RSM considered during the audit including the levels of funding from the Commonwealth, changes in internal approval structure, fixed assets disposal process, and the whistle blower policy.</p> <p>A discussion ensued about the level of appropriation funding received from the Commonwealth over the past few years even though legislature had approved higher funding amounts. Mr. Connelly noted that the annual budget of MassTech’s core programs is about \$5.5M and we have been funded by the Commonwealth at about \$800K annually for the past two years. Mr. Connelly also noted that MassTech has been working on making the organization leaner and pointed out that since FY16 approximately \$2M has been reduced from the overall operating budget run rate. The Committee expressed their concern about the anticipated utilization rate of fund balances and indicated that they would like to discuss this further at the next meeting.</p> <p>The staff was asked to leave while the Committee spoke with RSM.</p>	
Other	<p>A listing of the expenses of Mr. Connelly was distributed to the Committee for review. It was explained that it is not necessary to obtain approval from the Committee of the expenses. This information is being provided to the Committee for a periodic review of the expenses as recommended by RSM in the prior year.</p>	No action was necessary.