

**MINUTES OF THE AUDIT COMMITTEE MEETING OF THE  
UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY**

**Tuesday, May 20, 2025, at 10:00 am**

**REMOTE MEETING**

<b>PUBLIC LINK (Via Zoom)</b> <a href="https://umassp.zoom.us/j/92785140597">https://umassp.zoom.us/j/92785140597</a>	<b>DIAL-IN INFORMATION</b> <b>646-876-9923 or 301-715-8592</b> <b>Webinar ID: 927 8514 0597</b>
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The Audit Committee (the “Committee”) convened on Tuesday, May 20, 2025. The meeting began at 10:00 am. In attendance were the following:

**Committee Members Present:** Gerald Colella, Audit Committee Chair; Mary Burns, James McGaugh, and Daniel O’Brien.

**Building Authority Personnel:** Barbara J. Kroncke, Executive Director; David P. Mullen, Deputy Director/General Counsel/Director of Capital Projects; Farokh Bhada, Chief Financial Officer and Julie Kenny, Manager of IT and Administration.

**Guests:** David Gagnon, KPMG; Zachary Penfold, KPMG; Patrick Hitchcock, UMass System Office

In total, including all the individuals mentioned above, there were 17 participants in this meeting.

Chair Gerald Colella convened the meeting at 10:00 a.m.

Chair Colella welcomed everyone to the meeting and extended a warm welcome to the Building Authority’s new Chief Financial Officer, Farokh Bhada. Chair Colella stated that Mr. Bhada officially joined the Building Authority on May 12, 2025.

Chair Colella asked Deputy Director/General Counsel David Mullen to review the Technology Usage for the meeting.

Deputy Director/General Counsel Mullen reviewed the Governor’s Executive Order that allows for remote participation which has been extended through June 30, 2027, and explained the requirements of the Open Meeting Law. Mr. Mullen then turned the meeting over to Chair Colella.

Chair Colella asked Deputy Director/General Counsel Mullen to take a roll call of members participating remotely. The roll was called.

Chair Colella asked Executive Director Kroncke to provide her report.

Executive Director Kroncke thanked everyone for attending today's meeting. Executive Director Kroncke stated that the Committee would hear from KPMG regarding the Fiscal Year 2025 audit. It was also noted by Executive Director Kroncke that the Committee would be provided with updates on the ongoing construction audits and the State audit.

Executive Director Kroncke turned the meeting back over to Chair Colella.

Chair Colella asked for a motion to approve the minutes from the December 11, 2024, Audit Committee meeting. A motion was made by James McGaugh and seconded by Mary Burns.

Mr. Mullen called the roll and it was unanimously

**VOTED:** To approve the Audit Committee Meeting minutes from the December 11, 2024, meeting.

Chair Colella thanked Mr. Mullen. Chair Colella asked Chief Financial Officer Bhada to introduce himself to the Committee.

Chief Financial Officer, Bhada thanked Chair Colella. Mr. Bhada stated he earned his undergraduate degree in Accounting from the University of Bombay and his graduate degree from the University of South Carolina. Mr. Bhada stated his previous work history includes Bryant College in Smithfield, RI and Merrimack College in North Andover, MA. Mr. Bhada turned the meeting back over to Chair Colella.

Chair Colella asked David Gagnon and Zachary Penfold from KPMG to provide the Committee with their FY25 Financial Audit presentation.

David Gagnon from KPMG spoke of their professional standards highlighting their required audit plan communications. Mr. Gagnon noted that KPMG will present their scope of work, a timeline, their engagement team, audit focus areas and responsibilities.

Mr. Gagnon noted that the Building Authority would experience continuity with this year's KPMG audit team.

Mr. Gagnon turned the presentation over to Zachary Penfold from KPMG. Mr. Penfold spoke briefly about KPMG's anticipated timeline and the process. He stated that January through April KPMG met with senior management. In May (today) KPMG is meeting with the Audit Committee to present the audit plan and strategy. This will be followed by finalizing the preliminary risk assessment procedure in June. August through November, KPMG will evaluate financial statements and related disclosures. At the next Audit Committee meeting in December, KPMG will communicate their final results.

Mr. Penfold turned the meeting back over to Mr. Gagnon. Mr. Gagnon touched upon some potential risks such as fraudulent financial statements that KPMG regularly assesses. He then spoke briefly about areas of audit emphasis including capital assets and related depreciation, issuance and repayment of debt, leasing, public private partnerships, and capital contributions. Mr.

Gagnon spoke of KPMG's tax specialist that will assist the engagement team to review the financial statements for the appropriateness of disclosures and to assess the entities' tax status.

Mr. Gagnon noted the newly effective accounting standards for fiscal year 2025 which include GASB 101 (compensated absences) and GASB 102 (certain risk disclosures). Effective for fiscal year 2026, will include GASB 103 (financial reporting model improvements) and GASB 104 (disclosure of certain capital assets).

In closing, Mr. Gagnon spoke of shared responsibilities, maintaining independence and required inquiries.

Mr. Gagnon turned the meeting back over to Chair Colella.

Chair Colella thanked KPMG for their presentation and asked Deputy Director Mullen to give an update on construction audits.

Deputy Director Mullen reminded the Board of the Building Authority's 2020 instituted construction audit policy for projects costing \$20 million or higher. Now in its fourth year, the Building Authority is finding that costs remain consistent with the GMP and they are able to provide an additional oversight on prevailing wage submittals.

Mr. Mullen noted that in speaking with construction audit partners, they relay that sophisticated owners, such as the Building Authority, have created a guard dog approach that construction managers are expecting and therefore lessening surprises overall.

Mr. Mullen turned the meeting back to Chair Colella. Chair Colella asked Mr. Mullen to give an update on the status of the audit of the UMass Building Authority being conducted by the State Auditor.

Mr. Mullen stated that the State audit began on January 21, 2025. The last State audit of the UMass Building Authority was conducted in 2020. The State Auditor's Office has been looking at the Building Authority's policies and procedures relative to EO 594 – decarbonizing and minimizing environmental impacts in construction. The Building Authority has also provided its procedures in complying with procurement in its bidding processes; specifically public construction – Chapter 149 and 149A. The State Auditor's Office is also reviewing policies and procedures that the Building Authority has put in place for its OPMs relative to monitoring the payment of prevailing wages on its construction projects.

Mr. Mullen turned the meeting back to Chair Colella.

Chair Colella thanked Mr. Mullen and stated that there was no further business to discuss. He noted that the next Audit Committee meeting will be held on Tuesday, December 2, 2025. Chair Colella also mentioned that he will be making a presentation to the full Building Authority Board on May 21, regarding this meeting.

Chair Colella asked for a motion to adjourn the meeting.

A motion was made by James McGaugh, seconded by Mary Burns.

Deputy Director/General Counsel Mullen called the roll and it was unanimously

**VOTED:** To adjourn the meeting at 10:29 a.m.