

**WASHBURN UNIVERSITY BOARD OF REGENTS**  
**Audit Committee Meeting**  
**June 4, 2007**

Regents Present: Nancy Paul, chair, Bob Storey

Staff Present: Jerry Farley, Wanda Hill, Denise Ottinger, JuliAnn Mazachek, Chris Leach, Al Dickes, Rhonda Thornburgh, Tom Ellis

BKD Staff Present: Abe Cole

Abe Cole, BKD, LLP, distributed and reviewed the Washburn University Audit Planning Document for June 30, 2007. The annual audit will be done in accordance with generally accepted accounting principles and OMB A-133 requirements. In addition to the Washburn audit, BKD will audit KTWU and will prepare the Form 990-T.

Proposed audit timeline:

- Week of July 23<sup>rd</sup> - for approximately 1-1/2 weeks –
  - Interview key management personnel
  - Extensive Student Financial Aid testing
  - Finalize planning
- September 3<sup>rd</sup> –
  - Final fieldwork will be started and will continue all month
- Mid to Late October –
  - Furnish draft report, including quality control review and management letter
  - Issue final reports after approval of draft

Mr. Cole pointed out the BKD audit team is always available to the Audit Committee to discuss any concerns or questions. If he is not available talk to manager Bill Nicks.

New Audit Standards –

- SAS 103 – Will require timely follow-up on open issues.
- SAS 112 – Requires written communication with the Audit Committee of all material weaknesses and significant deficiencies.

Critical Audit Areas –

- Investments –
  - Confirmation with custodians
  - Sample testing
- Receivables
  - Review for student account collections and tax receivables
  - Confirm large receivables from WEA
  - Evaluate doubtful accounts
- Property and Equipment
  - Testing of depreciation calculations and asset additions and disposals
- Accounts Payable and Accrued Liability
  - Review disbursements
  - Testing of deferred tuition
- Long Term Debt
  - Confirm outstanding debt balances and bond covenant compliance
- Net Assets
  - Review to see if assets are properly recorded
- WEA and Law School Foundation
  - Must include as component units to Washburn audit

- Federal Student Financial Aid Testing
  - Test to verify eligibility, reporting requirements, manual verification procedures and vendor notification

Consideration of Fraud – Procedures may include:

- team brainstorming
- management interviews
- review of accounting estimates for bias
- review of unusual transactions
- an element of unpredictability

Other:

- President Farley noted the University has been asked to provide information to the Attorney General for the investigation into conflicts of interest and preferred lender practices in the student loan industry.
- Regent Paul asked about the Conflict of Interest Policy. President Farley said the Faculty Senate is concerned about grievance processes being in place.