

**WASHBURN UNIVERSITY BOARD OF REGENTS**  
**Audit Committee Meeting**  
**August 27, 2014**

Regents Present: Paul Hoferer (committee chair), Blanche Parks (committee member), Mayor Larry Wolgast (committee member), John McGivern, Jennifer Sourk, Pam Trusdale

The meeting was called to order at 10:00 a.m. by Regent Hoferer. He asked University staff members to introduce themselves.

Minutes of the December 6, 2013 meeting were approved as distributed.

Vice President Rick Anderson discussed the University's external audit philosophy, noting that schools of Washburn's size often have internal auditor functions done by junior auditors with little experience and who do not stay long. He said given Washburn's size the best approach is to pay the additional cost of a more indepth external audit rather than adding an internal audit function. Regent Hoferer added that the cost of an internal auditor with benefits would not significantly reduce the cost of the external audit. Chris Leach, Finance Director, said one benefit to the University is that Vice President Anderson, Budget Director Rhonda Thornburgh, and he all have public accounting experience, so they have been able to provide objective internal audit procedures when necessary. Mr. Leach added that he advises employees to speak to Vice President Anderson if they have concerns about any of the Finance Office procedures. It was noted that KBOR has oversight with one audit over all the State institutions. With a more centralized accounts payable system than the larger institutions the Washburn Regents have the ability to address any issues immediately. In answer to a query, Mr. Leach said he feels the Finance Office has enough employees for adequate checks and balances. He added that at some point he may hire a student intern to assist the department.

Vice President Anderson introduced Kaleb Lilly, partner with RubinBrown. Mr. Lilly discussed the scope of services and timeline for the fiscal year 2014 audit. He noted this is the fifth year of the University's five-year contract with RubinBrown. Fieldwork will take about four weeks. Mr. Lilly said in the four years they have audited the University they have not come across anything unusual. He said the Financial Aid Office understands the regulations very well and he hasn't seen anything that is cause for concern. Practices are fairly sound with no complicated investment transactions. There are no new issues or standards we need to be concerned about this year but grants will have to be compliant with the new super-circular during the upcoming 2015 audit.

When asked for his opinion on auditor rotation he said it is tough to develop a relationship with the client and understand all the issues in three to five years. He believes 10-15 years is appropriate for rotation and noted that partner rotation, as opposed to firm rotation, is perfectly acceptable to the SEC. Firm rotation at five years adds to growing pains, internal costs, and additional burdens placed on staff. He said they have a good working relationship with the Finance and Financial Aid offices. He also noted that RubinBrown provides free seminars with continuing education credit for customers throughout the year. He provided the names of several institutions in Missouri and Kansas that are current clients or ones they have worked with in the recent past.

Prior to leaving he invited Board members to ask questions and to call him or the other auditors directly to discuss any matters independent of management.

Vice President Anderson led the discussion on external auditor renewal and auditor rotation. He indicated we could renew the agreement as proposed by RubinBrown with no rotation of partner, renew with RubinBrown with partner rotation, bid out the audit services, or table the discussion until the December meeting. He noted the most recommended practice is for firm rotation every ten years with a new lead audit partner over-seeing the audit every five years.

It was moved and seconded to continue audit services with RubinBrown LLP as proposed but with a new partner over-seeing the audit. Motion carried.

In answer to a query about the whistleblower process, Vice President Anderson said we have a formal policy for the whistleblower and open records processes, noting that the University's financial information is very transparent.

The next Audit Committee meeting will be held at 3:00 p.m. on December 4, 2014 (immediately prior to the Board of Regents meeting).

Meeting was adjourned at 11:10 a.m.