

WASHBURN UNIVERSITY BOARD OF REGENTS
Audit Committee Meeting
August 30, 2011

Regents Present: David Moses, chair, Jennifer Sourk, Jim Klausman

Staff Present: Rick Anderson, Jerry Farley, Chris Leach, Rhonda Thornburgh, Denise Ottinger, JuliAnn Mazachek, Richard Liedtke, Randy Pembroke, Loren Ferre, Cindy Hornberger, Bill Roach, Dorothy Hedman

RubinBrown Staff Present: Kaleb Lilly, Chester Moyer, Tim Hall

The meeting was called to order at 10:01 a.m.

Minutes of the January 17, 2011 were approved as distributed.

Discussion of FY 2010-2011 Annual Audit Engagement -

- Vice President Anderson said this meeting gives the auditors an opportunity to speak directly with the Board of Regents, discuss the audit plan, and answer any questions the Regents may have. He then introduced Kaleb Lilly, Partner, from RubinBrown. Mr. Lilly introduced his associates, Tim Hall and Chester Moyer.
- Mr. Hall indicated field work would begin next week and last for six to seven weeks. Student financial aid testing and interim fieldwork was completed during June. He noted that during the financial aid testing they found isolated circumstances where we were not in compliance with the timing and performance of exit interviews. Mr. Liedtke said this happens when students in certain certificate programs complete their requirements shortly after graduation and the University back-dates their completion date so they can get licensed. He indicated we are required to ask students to do an exit interview and when we back-date the completion date it results in not being in compliance with the 30-day window for notification and performance of exit interviews. Mr. Lilly said although it is a reportable issue he has seen no pressure from regulators in this area. He said it is not fair to the students to make them wait an additional three months to get licensed rather than back-dating the completion date for them. He suggested talking to the Department of Education about a waiver for these circumstances. President Farley indicated the administration will look into the matter.
- A separate audit report will be done for KTWU as is required.
- Arbitrage rebate calculations will not be necessary this year.
- A management letter will be done if necessary. There were no recommendations last year, however, some suggestions for best practices were provided.
- The time allocation for financial statement risk assessment will concentrate primarily on the high risk areas of student financial aid and tuition.
- President Farley noted the auditors work for the Board and encouraged the committee to have an executive session with the auditors to enable them to discuss matters without staff present. Regent Moses said University management appears to recognize that a team effort is needed between management, the auditors, and the Board of Regents.
- There was discussion on the University policy to report misconduct. The policy was approved by the Board at the December 3, 2010 Regents meeting. When queried whether the auditors would advise us as to the appropriateness of the policy, Mr. Lilly indicated they would review the policy and make recommendations if necessary.
- Mechanisms to report misconduct and control fraud were also discussed.

- Since it is required to be completed every three years, the next NCAA compliance audit will be done in 2013. Mr. Ferre' said the coaches work to educate their athletes on the need to inform the University about any outside scholarships that they are awarded.
- When queried whether the Washburn Foundation is included in the University audit President Farley indicated we are required to reflect the Foundation as a component of our audit.
- Regent Moses asked if there was anything management would like for the Board to do or not do with respects to the audit. Vice President Anderson commented that the Washburn Board is provided with more detail material than he has seen at other public institutions.
- Regent Klausman said the Board relies on the auditors to keep the Regents informed. Mr. Lilly said he has worked with many Boards and the Washburn Board is one of the more engaged Boards.

The next meeting will be held one hour before the December 9, 2011 Board of Regents meeting.

Meeting was adjourned at 10:55 a.m.