

**WASHBURN UNIVERSITY BOARD OF REGENTS**  
**Audit Committee Meeting**  
**December 4, 2014**

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

The meeting was called to order at 11:33 a.m. by Regent Hoferer.

Minutes of the August 27, 2014 meeting were approved as distributed.

Vice President Anderson introduced Rubin Brown auditors, Kaleb Lilly and Justin Hammer, who gave a summary presentation of the University draft audit for the fiscal year ending June 30, 2014. The audit is not in final form due to some minor items to finish up. An unmodified opinion on the financial statement, including the separate KTWU audit, will be issued with no major concerns and no material changes.

The audit was performed as proposed by the auditors at the August 27, 2014 Audit Committee meeting.

The schedule of expenditures of federal awards, primarily made up of student financial aid, is fairly stated in their opinion.

No new accounting policies were adopted during the year and no significant transactions were recognized in a different period than when the transactions occurred.

Estimates for student accounts receivable were discussed. Mr. Hall indicated most state universities have net receivables of 20-40%. Washburn's net receivables are less than average, at around 18%, so no recommendations for improvement are in process. Mr. Leach said we continue to use a collection agency, along with participating in the State Setoff Program, which allows us to intercept state income tax returns as a means to collect delinquent receivables.

There were no difficulties encountered in working with management related to the audit. Due to a timing difference a correction was necessary for an accrual misstatement on the TRAC-7 program. There were no uncorrected misstatements. Best practice recommendations included enhancing separation of duties within the cash disbursement function, implementing stronger controls over federal grant fund administration, and enhancing separation of duties within the financial closing process.

Regent Hoferer asked if there is a way to limit the amount of funds that one person can access. Mr. Lilly said different options are available including a bank call-back function. Mr. Leach said he will discuss the options with CoreFirst. Vice President Anderson added that with our positive pay system everything has to match up exactly before the transaction can go through.

All three of the recommendations were from prior years. Mr. Lilly said checks and balances become more difficult with a small staff and are not always possible. He said Washburn has a good set of controls and he would never ask the University to do things that need increased staff and additional funds.

Mr. Lilly reviewed the revenues, expenses, and net position, and then highlighted the impact of the new OMB (Office of Management & Budget) Super Circular.

Mr. Hammer discussed continuing disclosures, noting that a key person should be responsible for disclosures. Previously disclosures were to be filed in a “timely manner” but in the future they will specifically need to be filed within 10 days of the event.

Mr. Lilly said Washburn’s well qualified financial staff are very up front & honest with responses to any audit questions.

There were two findings related to federal programs where proper documentation was not included, however, they were not considered material weaknesses and no cause for extreme concern.

President Farley applauded the efforts of the Finance staff.

Regent Sourk moved to recommend acceptance of the draft report from RubinBrown by the Board of Regents. The motion was seconded by Regent Hoferer. Motion carried.

Meeting was adjourned at 12:20 p.m.