

AGENDA**BOARD OF REGENTS AUDIT COMMITTEE****October 29, 2010****3:30 p.m to 4:00 p.m.****McGivern Room – Bianchino Pavilion**

1. Approval of Minutes of July 30, 2010 Meeting
2. Discussion of Proposed Whistle Blower Policy
3. Other Issues
4. Next Meeting
5. Adjourn

AGENDA ITEM 1.

Approval of Minutes of July 30, 2010 Meeting – minutes attached

WASHBURN UNIVERSITY BOARD OF REGENTS
Audit Committee Meeting
July 30, 2010

Regents Present: Jim Lagerberg, chair, Mayor Bill Bunten, David Moses, Judge Christel Marquardt, Blanche Parks, Dan Lykins, Maggie Warren

Staff Present: Jerry Farley, John Moore, Chris Leach, Rhonda Thornburgh, Cindy Hornberger, Denise Ottinger, Roxanne Kelly, JuliAnn Mazachek, Richard Lietke, Bill Roach, Russ Jacobs, Tom Romig

Guests Present: Kaleb Lilly, Chester Moyer

Meeting called to order at 3:30 p.m. by Chairman Lagerberg

Minutes of the February 19, 2010 meeting were approved as distributed

Discussion of FY 2009-2010 Annual Audit Engagement—Chairman Lagerberg introduced Kaleb Lilly, Partner and Chester Moyer from the audit firm, Rubin Brown. Mr. Lilly is a partner in the firm and the senior manager of the Washburn University audit engagement. Mr. Moyer is the engagement manager for the Washburn University audit. Mr. Lilly and Mr. Moyer distributed the *Washburn University Audit Planning Report* and discussed the four topics of the report: 1) 2010 Scope of Services; 2) Engagement Timeline; 3) Financial Risk Assessment; and 4) Required Discussion Items.

- 2010 Scope of Services to include these activities:
 - Audit of University Financial Statement
 - A-133 Single Audit
 - Audit of KTWU-TV
 - Arbitrage Rebate Calculations and related continuing disclosure on revenue bonds
 - Preparation of Tax Return Form 990-T
 - NCAA Compliance Procedures
 - Management Letter (if necessary)
 - Auditor Communication Letter

Mayor Bunten asked for an explanation of Tax Return Form 990-T. Mr. Lilly explained that it was to file for any unrelated business income the University might realize, and if there is none, it becomes just an information return.

- Engagement Timeline:

○ Audit Planning Meeting	July 30, 2010
○ Interim Fieldwork and Student Financial Aid	May 31 – June 11
○ Year End Financial and Other Compliance Fieldwork	September 6 – October 22
○ Issuance of Draft Financial Statement	October 15
○ NCAA Compliance Procedures	Mid-October
○ Year End Meeting with Audit Committee and Board to Discuss Financial and Compliance Audit	TBD
○ Preparation of Form 990 –T (Due 11/15/10)	Early November
- Financial Statement Risk Assessment:
 - High Risk Area
 - Student financial aid and other federal programs
 - Tuition, related receivables and deferred revenue

- Moderate Risk Area
 - Capital Assets
 - Cash Disbursements, purchasing and current liabilities
 - Institutional loans to students
 - Auxiliary revenues and expenses
- Low Risk Area
 - Cash and short term investments
 - Other assets
 - Payroll and employee benefits
 - Bonds payable
 - Net assets
 - State and local appropriations
- Required Discussion Items (Questions to Regents):
 - Effectiveness of controls in place to mitigate fraud risks
 - Communication of control structure by Management to Audit Committee
 - Reports (if any) communicated through whistleblower process
 - Any allegations, suspicions or known instances of fraud during the current year
 - Opportunity to discuss matters independent of management

Chairman Lagerberg responded that the Board thought the effectiveness of controls in place was generally good, the communication of the control structure adequate, and that the whistleblower process was under development. Mr. Lilly indicated the pending lawsuits by two former VP's would require some additional testing, and Regent Moses stated the communication of the results of the additional testing must be coordinated with the University's Counsel.

Chairman Lagerberg thanked Mr. Lilly and Mr. Moyer for presenting the audit engagement information and adjourned the Audit Committee meeting at 4:10 p.m.

AGENDA ITEM 2.

Discussion of proposed Whistle Blower Policy – draft attached

A. General Topics

9. Disclosing Wrongful Conduct and Protection from Retaliation in Financial Irregularities

9.1 Purpose.

The purpose of this policy is to set forth Washburn University's policy on Board member, faculty, staff and student disclosure of misconduct, including that relating to accounting or auditing matters, and to protect Board members, faculty, staff, and students from retaliation in the form of an adverse employment and other action for disclosing what the Board member, faculty, staff or student believes evidences certain unlawful practices. This policy is applicable to all Board members, faculty, staff and students of Washburn University.

9.2 Policy.

The University has established regulations and procedures governing the reporting of known or suspected financial irregularities consistent with Board policies and applicable laws and regulations. These regulations and procedures shall serve to ensure University business is conducted properly and consistent with sound business practices and confidence in the University is maintained by its many constituents.

All employees are expected to know and adhere to applicable federal, state, and local laws and to University policies, rules, or regulations and are advised to report known or suspected financial irregularities where good faith for the disclosure exists.

Reports of financial irregularities should be made in confidence in accordance with established regulations and procedures.

It is the policy of Washburn University that Board members, faculty, staff, and students who come forward with a good faith disclosure shall not be subject to reprisal or retaliation for making such a report; and that any investigation into such disclosure protects the rights of those implicated in such disclosures. Baseless allegations of financial irregularities or other related wrongful conduct that are frivolous, vindictive and without support or merit may result in disciplinary action, up to and including termination.

11. Disclosing Wrongful Conduct and Protection from Retaliation in Financial Irregularities

11.1 Purpose. To set forth regulations and procedures for the reporting of known or suspected financial irregularities or related wrongdoing and to protect the rights of the individual implicated in the alleged wrongful conduct leading to the report.

11.2 Definitions.

11.2.1 Whistleblower means a person who has reasonable suspicion or knowledge of specific conduct he or she reasonably and in good faith believes violate applicable federal, state or local laws or violates the University policies, regulations or procedures relating to financial matters.

11.2.2 Good Faith Allegation means disclosure or reporting of University related financial irregularities based upon facts made known to the Whistleblower which a reasonable person in the Whistleblower's position would believe is a violation of applicable federal, state, or local laws or University policies, rules, or regulations.

11.2.3 Implicated Individual(s) means the person(s) who is/are the focus of an investigation in accordance with this regulation.

11.4 Procedures.

11.4.1 Upon receipt of an allegation University Counsel will (i) determine the type of allegation, and (ii) when possible, acknowledge the receipt of the allegation to the sender.

11.4.2 University Counsel, working with such other persons or departments as necessary, will review allegations, notify the President and the Chair of the Board of Regents' Audit Committee, and, as necessary, investigate the matter.

11.4.3 Any allegation that University Counsel has participated in, or is involved in, shall be directed to the President who will notify the Chair of the Board of Regents' Audit Committee.

11.4.4 Any final investigation report will be provided to the President and the Board of Regents' Audit Committee.

11.4.5 The University will take appropriate correction action based upon the findings of the investigation.

11.4.6 The University will not discharge, demote, suspend, threaten, harass, or retaliate in any manner against an employee or student in the terms and conditions of employment or educational opportunity based on the employee's or student's good faith allegations of wrongful financial acts or participation in such investigations.

11.4.7 Efforts will be made to perform investigations discreetly. The details of the investigation will be kept confidential, to the extent feasible, and consistent with university policies and applicable federal, state, and local laws. Allegations will be handled in a confidential manner in order to protect the identity of the implicated individual before an investigation has been completed or where an investigation has revealed no evidence that wrongdoing has occurred. The rights of the implicated individual will be observed during the investigative process.

11.4.8 In the event that the investigation results in finding that wrongful financial acts occurred, appropriate disciplinary action will be taken and will be in accordance with University policies, regulations and procedures, and the Faculty handbook, as applicable.

11.4.9 University Counsel will maintain an appropriate record of email, telephone, or written allegations received under this policy, and shall provide the President and the Audit Committee of the Board of Regents with a periodic report of allegations and investigations.

11.5 Complaints of Retaliation as a Result of Disclosure

If a Board member, faculty, staff, or student believes that he or she has been retaliated against in the form of an adverse employment or other action for disclosing information regarding misconduct under this policy, he or she may file a written complaint to the Director of Equal Employment Opportunity requesting an appropriate remedy.

For purposes of this policy, an adverse employment action shall be defined as actions including: discharge, demotion, suspension, being threatened or harassed, or in any other manner discriminated against with respect to compensation, terms, conditions or privileges of employment. Other adverse actions include: dismissing, suspending or disciplining a student or changing or lowering a grade or evaluation of a student or in any other manner negatively affecting the student's academic career. This policy does not prohibit an employment action or any other action that would have been taken regardless of disclosure of information.

11.6 Reporting Allegations

Employees or other individuals with concerns regarding financial irregularities or related wrongdoing involving University resources may report their concerns to University Counsel with a copy to the Washburn Board of Regents Chairperson.

University Counsel
1700 SW College Ave., Morgan Hall, Suite 208C, Topeka, KS 66604

Phone: (785) 670-1712 E-Mail: university.counsel@washburn.edu

11.7 Other Alleged Misconduct.

The University has policies and procedures for maintaining standards of conduct and disclosing alleged wrongful conduct in various others situations that may not fall within this policy. Such policies can be found in the Washburn University Policies, Regulations and Procedures Manual, the Faculty Handbook and as published in the Student Planner/Handbook.

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