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.