

WASHBURN UNIVERSITY BOARD OF REGENTS
Audit Committee Meeting
December 7, 2018

Regents Present: Bill Sneed (committee chair), Terry Beck (committee member), Paul Hoferer (committee member), Jim Klausman (committee member), Jennifer Sourk (committee member), Helen VanEtten (committee member), Michelle De La Isla, John McGivern, Blanche Parks

Regent Sneed called the meeting to order at 3:00 p.m.

Minutes of the September 26, 2018 meeting were approved as distributed.

Vice President Jim Martin said we have a clean, “good-news” draft audit and he is pleased with the outcome. He introduced Chester Moyer, Rubin-Brown audit engagement partner, and Graham Ryan, RubinBrown manager associate. Mr. Moyer said 15 people worked on the audit. He thanked the Washburn staff for their cooperation in compiling the info. He noted that he expects no changes from the draft. He gave kudos to the University for no “findings” from any of the three compliance procedures of financial aid, KanTRAIN, and the School of Nursing. The KTWU audit will be filed in January and the IRS Form 990 will be filed in April. Mr. Ryan said GASB75, which was implemented this year, is not material for Washburn. GASB89 is also not significant but is accounted for in the report even though not required until FY19.

In answer to a query Regent McGivern was told the depreciable life of Lincoln Hall is 40 years.

There were no difficulties with management and Mr. Ryan gave a huge token of appreciation for the cooperation of management, especially Chris Kuwitzky, Rhonda Thornburgh, Kari Hachiya, Kandace Mars, and Matt Busey.

Mr. Moyer noted that management consistently met every external deadline expectation, noting that this takes considerable effort since staff are pulled from their regular duties to meet the deadlines. He discussed three upcoming GASB statements effective in the next couple of years. Mr. Moyer concluded by asking Regents to contact him directly about any matters they would care to discuss with him outside the meeting.

Regent Van Etten arrived at 3:25 p.m.

VP Martin introduced University Controller, Chris Kuwitzky, who presented additional analysis of the financial statement, giving a broad perspective of Washburn’s financial health. He reviewed the University’s composite financial index (CFI) and compared it with the other Kansas institutions, noting that we are right in the middle of the other schools, and in a good place to focus on future objectives. He also noted that our strong Moody’s investment rating of “A1” reflects sound governance and management. Mr. Kuwitzky said we have a great deal of consistency in our revenue stream. Operating revenues have increased 4.1% annually over the past 10 years while expenses have increased approximately 3.1% per year for the same period. Compensation and benefits represented 62.3% of total operating expenses in 2018.

VP Martin said the reserve balance was run. We currently have \$7 million in reserves toward the \$10 million the Board set aside for the Indoor Practice Facility.

In answer to Regent Sneed's question about the length of our wish list Mr. Moyer indicated that things take a little longer to get done here due to limited personnel resources. VP Martin said the staff does a very good job of meeting requirements, noting they work extremely hard all year long, and we may be an accountant short. He said he will be interested to see what Mr. Kuwitzky thinks of our personnel resource allocation. When asked by Regent Sneed what would happen if no changes were made Mr. Moyer said allocating resources is a management decision. It is a strain on the department to keep up with day-to-day activities while working on the audit and bonds. Additional help would enhance the departmental day-to-day and long term reporting. Regent McGivern asked if the benefit of additional help outweighs the cost to the University. VP Martin said the audit duties come on top of the already extremely busy workload of the staff and he would like for Mr. Kuwitzky to review and evaluate the accounting responsibilities in the Finance Office.

It was moved and seconded to recommend approval of the Fiscal Year 2018 Audit to the full Board of Regents. Motion carried.

Meeting was adjourned at 3:42 p.m.