

Report on Budget & Finance Committee Meeting of 5 Oct. 2023

The Budget & Finance Committee met once in September (09/07/2023).

1. Meeting called to order: E. Kondratieff (3:45 pm).

Attendees:

Eric Kondratieff, Chair (PCAL)
John Erickson (GFCB)
Sean Kinder (Libraries)
Jeremy Maddox (OCSE)
Daniel Boamah (CHHS)
Kurt Neelly (At-Large)
Martha Day (CEBS)
Julie Shadoan (PCAL)
Tanner Blood (SGA)
Faculty Regent Shane Spiller (non-voting)

Guests

Bruce Weisman, Director, Ofc. of Internal Audit
Katelyn Durham, Senior Internal Auditor

Absent:

Ben Dinan (At-Large)

Positions currently unfilled:

Alternates for CEBS, GFCB, PCAL, SGA

2. Chair Report – E. Kondratieff

A. Minutes from 09/07/2023 meeting – approved

3. New Business:

- a) Call for volunteer to take minutes (no takers)
- b) **Presentation by Bruce Weisman, Director of the Office of Internal Audit, and Katelyn Durham, Senior Internal Auditor**, on the work Office of Internal Audit regularly performs. See attached pdf of slide deck from OIA PowerPoint (slightly edited to remove redundant slides only) for general overview.
 - i) See https://www.wku.edu/ia/ia_about.php for detailed information on OIA and its mission; for OIA's charter see https://www.wku.edu/ia/internal-audit-charter_revised_2018.pdf.
 - ii) **Q&A**
 - (1) **Q:** Does OIA work with external consultants hired by WKU? **A:** Yes, they do try to coordinate with external consultants, especially for Health Plan evaluations.
 - (2) **Q:** What / who does OIA audit? **A:** Any program or person at WKU with a "right to audit" clause, including contracts and contract tremes.
 - (3) **Q:** Question about low threshold (\$10k) for personal services contracts, above which multiple levels of approval needed. **A:** OIA has no authority with the state to change mandated thresholds; it is possible to lobby for change through WKU Liaison Jen Smith. Ensuring WKU's compliance with current state and federal law is a key mission for OIA.
 - (4) **Q:** How is fraud uncovered? **A:** Most fraud is found via hotline tips (although 60% of hotline calls turn out to be unfounded).
 - (5) **Q:** What actual power does OIA have? **A:** OIA has access to all personnel and records; they can talk to personnel, examine records, then write a report. Only the Board of Regents and Admin. can take action on reports, not OIA.
 - (6) **Q:** What else does OIA do? **A:** OIA looks at: governance (right people reporting on the right things) as well as processes and structures of governance (for efficiencies); controls, to see if they are designed and working properly (can include general environment; risk assessment; communications throughout the organization; financial activities, including use and abuse of procurement cards).
 - (7) **Q:** What type of / how often are investigations undertaken due to hotline calls? **A:** Four since Jan. 2023 having to do with personnel misconduct, one of which was unfounded.
 - (8) **Q:** What are some of the regular / most frequent audits? **A:** President Caboni's travel & entertainment expenditures. OIA just completed an audit for the past 3 years. Everything was properly documented, etc. OIA also audits one college per year (College of Education this year), in regular order. OIA also conducts a survey of leaders and best practices, etc.
 - (9) **Q:** What about workplace safety audits? **A:** OIA will work with external consultants/subject matter experts (if none exists internally) to investigate workplace safety issues.

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(10) Q: Is it possible to look at audits for particular colleges to see how they went? A: That would have to be requested through general counsel's office for any such WKU records, and then only what is allowable could/would be made available.

4. Old Business

- a) Discussion re: B.O.R. Budget Approval Meeting (6-2-2023) recording https://www.wku.edu/regents/2023-podcasts/6-2-23_specialbudgetapprovalmeeting.mp3. (See also report for previous meeting on 7 Sept. when the B&F committee decided to review the latest BOR Budget Approval meeting of 6-2-23 to get a sense of the strategic challenges facing the university before moving forward).

5. Faculty Regent – Shane Spiller (with Kurt Neelly, Senate BEC rep.) + Open Discussion

Current tally on BEC: 3 Staff Senators, 3 Faculty Senators, all Deans, and representatives from other divisions. Deans charged with strategic leadership in decentralized RCM unit-based budgeting (RAMP model).

Discussion of financial health of WKU and budget shortfall (NB: this was discussed in subsequent Staff and Faculty Senate meetings later in the month).

Note made of increased energy costs, other expenses, 20% increased contribution by WKU toward employee health benefits (NB: this is a permanent increase as opposed to \$1m – \$1.5m one-time subventions of previous years to keep premiums down), while at the same time no layoffs pending and 2% raise pool still forthcoming. In short: expenses outpacing budget.

Also, de-centralizing of budgets with Deans of various colleges in charge means that focus for accountability should be on Deans and their respective unit budgets to see where money is being spent (a suggested line of inquiry). NB: at B.O.R. meeting on 6-2-23, President Caboni told the Deans specifically that they should share their budgets and increase transparency (RCM model works better with full transparency).

One concern is that with stripped-down centralized services — e.g., budgeting, advertising, marketing and advertising, recruiting, etc. — these will become the focus of hiring for each unit competing against one another for funding, and support staff will be focused on the Dean's offices/services while faculty / teaching support continues to diminish (e.g., office administrators now handling 2 or 3 depts. Instead of one).

Regent Spiller to discuss with OIA metrics for assessment and accountability.

6. Provost – Bud Fischer

Not present for this meeting.

7. Open Discussion

See No. 5, above.

8. Meeting adjourned (5:21 pm).

WKU Office of Internal Audit

Faculty Senate – Budget and Finance Committee
October 5, 2023 (3:50 – 4:30)

Bruce Weisman, CIA, CPA
Director

Katelyn Durham
Senior Auditor



Who we are



Katelyn Durham
Senior Auditor



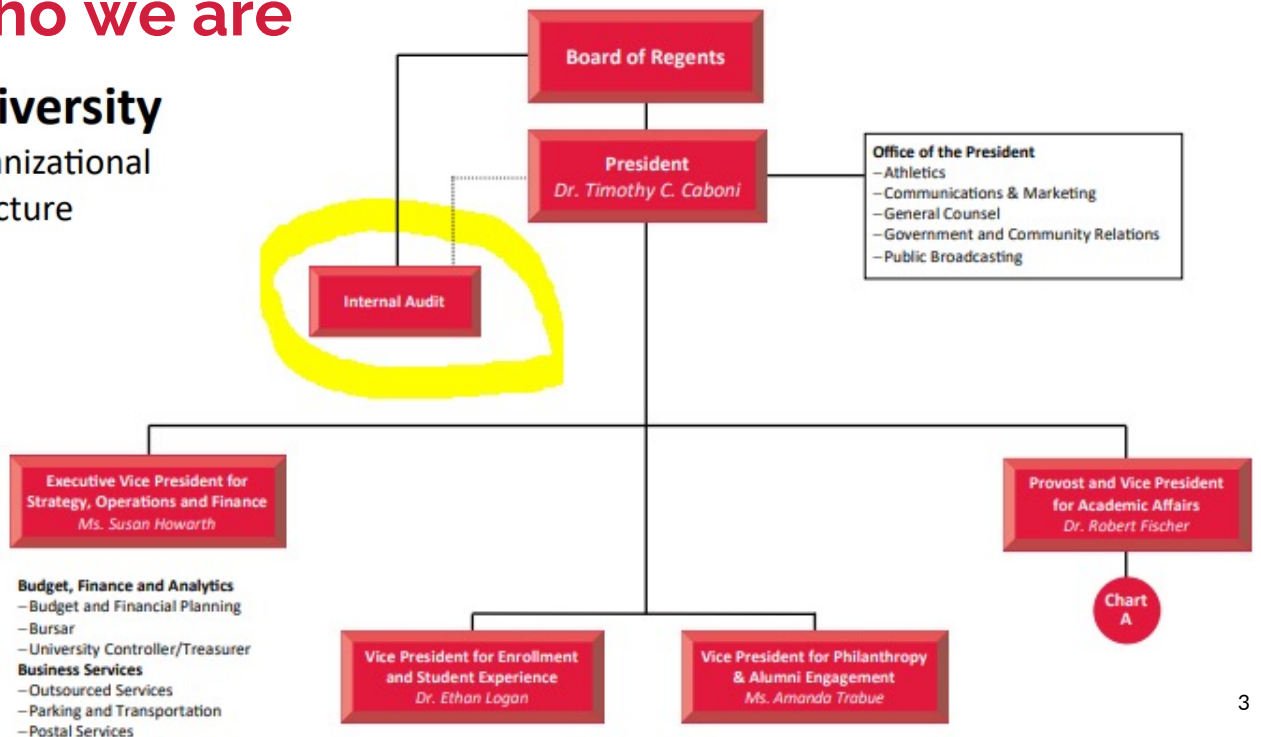
Bruce Weisman, CIA, CPA
Director



Student Intern

Who we are

University Organizational Structure



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What is internal audit?

The **mission** of internal audit is

“...to **enhance and protect**
organizational **value**
by providing **risk**-based and **objective**
assurance, advice, and insight.”

-from the Institute of Internal Auditors

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What does internal audit do?

Assurance services (Audits)	Advisory services
• Financial	• Management requests
• Operational	• New process designs
• Information technology	• Process enhancements
• Compliance	• Consultations
• Governance	• Strategy development

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What does internal audit do?

Compliance with laws and policies

Accomplish objectives

Reliability and integrity of information

Efficient and economic use of resources

Safeguarding university assets

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What do I do if I suspect fraud or misconduct?

- 1** • Report the issue to your supervisor (unless your supervisor is the concern)
- 2** • Report the issue to leadership for the area of concern (human resources, NCAA Compliance, etc.)
- 3** • Report the issue to Internal Audit directly: bruce.weisman@wku.edu
- 4** • Report the issue using the **Ethics and Compliance Hotline**

If in doubt, report the issue to the Hotline

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Guidelines for making Hotline reports

Do Report	Don't Report
• Fiscal misconduct	• Unfounded rumors
• Conflicts of interest	• Petty disagreements with colleagues
• Compliance violations	• Colleague arrived late/left early
• Ethical concerns	• Equipment malfunctions

Reporting avenues for Title IX, bias, discrimination, and student misconduct reporting can be found at www.wku.edu/report

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Hotline info

- Administered by a third-party - anonymous reporting is available
- www.wku.ethicspoint.com
- 877-318-9178
- See something, say something



HOTLINE

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What is governance?

Governance is

*“the combination of **processes** and **structures** implemented by the board to **inform**, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.”*

-from the Institute of Internal Auditors

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What are controls?

Internal Control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives.

-from the Committee of Sponsoring Organizations of the Treadway Commission

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What are controls?

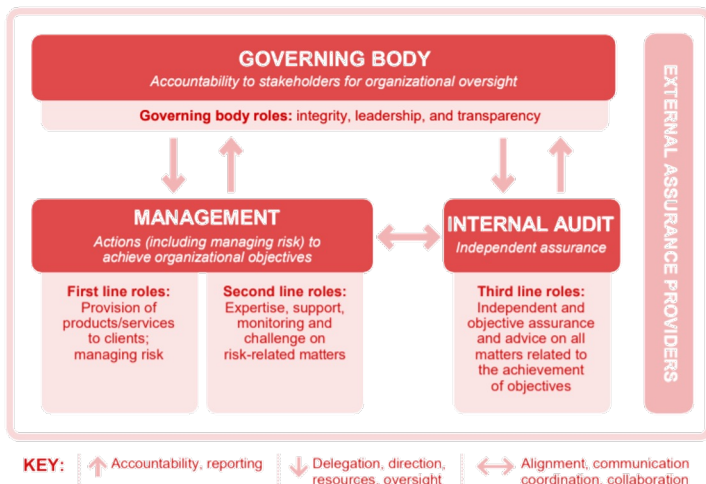


-from the Committee of Sponsoring Organizations of the Treadway Commission

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What's YOUR role with controls?

The IIA's Three Lines Model



1st line – operations/ day-to-day management activities (budget managers, department chairs, deans)

2nd line – oversight functions (travel coordinator, Pro Card administrator)

3rd line – internal audit

Source: [The Institute of Internal Auditors](#)

Questions or comments?

Bruce Weisman

bruce.weisman@wku.edu

270.745.8799

If you suspect unethical or illegal behavior, the university's anonymous Ethics & Compliance Hotline is available 24-hours a day, 7 days a week:

www.wku.ethicspoint.com

877-318-9178

WKU