

Budget & Finance Committee Meeting of 5 March 2026: Minutes / Report

The Budget & Finance Committee last met on 02-05-2026.

Attending Committee Members (Voting):

Eric Kondratieff, Chair (PCAL, History)
Sophia Arjana (PCAL, History, At-Large)
Daniel Boamah (Alt., CHHS, Social Work)
Said Ghezal (At-Large, CEBS)
Blair Thomas (PCAL, Poli-Sci)
Rui Zhang (OCSE, Chem. & Biochemistry)
Anthony Paganelli (Libraries)
Pallav Bera (Alt., OCSE, SEAS)
Brooke Gross (Libraries – Guest)

Guest Speaker

Bruce Weisman, Internal Audit

Attending Committee Members (Ex-Officio)

Absent (Voting and Ex-Officio)

Gordon Baylis (At-Large, OCSE, Psych. Sci.)
Jakob Barker (SGA)
Greg Ellis-Griffith (At-large, CHHS, Public Health)
Jim Lindsey (GFCB)
Shane Spiller (GFCB, Faculty Regent, Ex-Officio)
Bud Fischer (Provost, Ex-Officio).

Meeting Recap

The meeting focused on guest speaker, Bruce Weisman, Director of Internal Audit at Western Kentucky University, discussing his department's role and current risks facing the university. Weisman explained the internal audit function's purpose, including assurance and advisory services, and shared examples of past investigations into fraud and misconduct (at another university; no names were named). The discussion highlighted WKU's top risks, including external economic conditions and its challenges in attracting and retaining talent, with faculty expressing concerns about the impact of low salaries on both recruitment and student education quality. Weisman noted that while WKU faces these challenges, its financial position is stronger than many other universities in KY, and he identified *Elevate WKU* as the institution's biggest opportunity for growth and improvement.

Meeting Minutes

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

- A. Approval of Meeting Minutes from 02-05-2026
- B. Noted that Faculty Regent Shane Spiller was unable to attend, but sent a written report (attached below)

2. Guest Speaker, Bruce Weisman of Internal Audit

A. Internal Audit Overview (See PowerPoint Slides 1-10, attached below)

Bruce Weisman, Director of Internal Audit at Western, presented an overview of his department's role and responsibilities. He explained that Internal Audit reports directly to the Board of Regents and works independently to audit the university's processes and policies. He highlighted that Internal Audit provides both assurance services (such as financial and operational audits) and advisory services (like consulting on new processes). He also discussed the annual risk assessment process and introduced a brand new hotline system for reporting issues anonymously. The overview ended with Weisman inviting questions from meeting attendees.

B. Internal Audit's Limited Decision-Making Role

Concerning internal audit function, Weisman explained that I.A. has no decision-making authority and can only make recommendations. He described his role on the RAMP Budget Model Steering Committee as advisory and non-voting. When asked about the depth or granularity of I.A.'s auditing, he explained that I.A. currently audits individual schools (currently CEBS and Ogden), focusing mainly on financial processes and policies.

C. Department Merger Financial Impact Analysis

The group discussed the financial implications of merging departments into schools and the need for proper data to support efficiency claims of such mergers. Weisman shared a list of potential risks, and acknowledged concerns

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raised about balancing efficiency with growth capacity. The discussion highlighted a tension between administrative goals for student recruitment and retention and the potential negative impact of faculty reductions on the university's ability to serve students effectively.

D. Class Size and Resource Management

Weisman discussed the challenges of balancing class sizes and resource allocation, acknowledging that faculty expertise is crucial in determining optimal class sizes. He noted that as an auditor, he often identifies issues but may not have all the answers, relying on faculty and management to provide insights. Committee members highlighted the need to address the current imbalance, as it may not be sustainable.

E. Potential Fraud Control Gaps

Weisman discussed cases of fraud at another university that had involved unauthorized purchases, highlighting weaknesses in both control processes and their enforcement. He explained that while some controls had been in place, such as monthly spending limits, the purchase had not been properly monitored, leading to the fraud going undetected for a long time. He also clarified that his office does not oversee the Hilltopper, Athletic, or College Heights foundations, as they are independent organizations with their own governance structures. He also mentioned that the athletics department undergoes an annual review required by the NCAA and performed by FORVIS, though an internal audit by Weisman's office has not yet been conducted.

F. Audit Process and Risk Assessment

When asked about auditing groups that interact with WKU's financial system (e.g., Foundations), Weisman explained that the internal audit office can only review scholarship funds that flow through the Banner system but cannot verify specific allocations set by the Athletics Foundation. He clarified that while the office can audit revenue-share money used to support student-athletes, I.A.'s focus is on ensuring payment agreements are followed rather than questioning payment amounts or strategic decisions.

Weisman described his risk assessment process, which involves surveying WKU stakeholders to rank potential risks, with external economic conditions consistently emerging as top concerns.

G. WKU's Biggest Challenges / Risks: Top Talent Retention and Management Issues

The group discussed what they thought might be top risks facing their organization, with ineffective management of costs and the inability to attract and retain talent identified as significant concerns. Weisman noted that WKU has made improvements in cost management efficiency over the past three years. Regarding attracting and retaining talent, attendees shared experiences of recent failed searches due to salary constraints, highlighting the challenge of competing with market rate salaries. They also noted that the challenge becomes especially acute in our local housing market where costs have significantly increased and can discourage candidates with families from accepting positions at WKU. The committee also highlighted how departures (and non-replacement) of faculty have negatively impacted students, especially in the humanities where much specialized expertise has been lost. They also discussed the Library's funding model, noting its reliance on college funding which creates challenges to expanding services despite growing demand.

H. WKU's Biggest Challenges and Opportunities

Weisman identified Elevate WKU as the university's biggest opportunity, citing its potential to drive enrollment and tuition revenue through new and dramatically improved housing facilities, while also acknowledging WKU's improved financial position compared to other Kentucky institutions.

3. CONCLUSION / ADJOURNMENT

Kondratieff asked if anyone had further questions. No one had additional questions, but committee members expressed their thanks for a very informative meeting. The meeting was adjourned at 4:50 pm.

Faculty Regent Shane Spiller report to the Faculty Senate Budget & Finance Committee 3/5/26

1) The work on the P3 deal for Housing is progressing. You might have seen it is in the House budget deal, and you hopefully saw the unveiling of the renderings of the new dorm

2) The financials reported in the Board meeting in February for the 2nd quarter showed the University continues to trend more positively than in past years financially.

3) There has been a lot of public discussion, and some Presidential messaging regarding comparative enrollment figures among Kentucky public institutions. While year-to-year headcount comparisons often draw interest, enrollment totals represent only one institutional metric and should be interpreted within broader strategic and financial contexts.

In recent years, WKU has intentionally shifted its enrollment strategy from a primary emphasis on total headcount to a more balanced focus on net tuition revenue, student retention, and degree completion. This approach reflects a recognition of demographic pressures, increased competition for students, and the financial realities facing regional public universities. Growth in raw enrollment, particularly when driven by significant discounting or insufficient support capacity, does not necessarily translate into improved institutional stability.

From a business standpoint, this is straightforward. A company can chase every dollar of revenue available in the market. Top-line growth may look impressive in quarterly reports. But if that growth comes from heavy discounting, low-margin contracts, or customers with high churn, operating margins compress. Service costs increase and employees absorb greater strain. Eventually, profitability declines even while revenue appears strong. The organization looks bigger, but it is financially weaker and operationally stressed. To those of us who have been here for a while that may sound familiar.

There is also a broader obligation to the Commonwealth. An institution that prioritizes initial enrollment without making the corresponding investments required for retention and graduation risks creating a cycle of debt without degrees. Students who leave with loan balances but no credential are economically disadvantaged. Low cumulative GPAs can limit their ability to transfer or return later. Incomplete degrees reduce workforce readiness and lifetime earnings potential. From a public policy perspective, access without completion is not a success metric. It is a liability transferred to students and families. Emphasizing degree velocity (getting students to completion more quickly) most certainly costs WKU money, but it is better for the students and the community. Helping admitted students complete their degree in less semesters will lead to lower overall enrollment. Keeping them longer through a lack of emphasis on advising and course availability could be a strategy – but not one I want.

Finally, a caution about metrics themselves. Any metric: headcount, net revenue, retention, or graduation rate, can become distorted if pursued without balance. ***As faculty, our obligation in this model is clear. If retention and completion are institutional priorities, academic integrity must remain non-negotiable. Degrees without learning undermine public trust, devalue credentials, and ultimately damage the institution more than any enrollment fluctuation. Faculty governance must function as the safeguard that ensures that rigor, standards, and meaningful assessment remain intact. Sustainable strategy requires both financial discipline and uncompromising academic substance.***

Headcount rankings fluctuate. Margin discipline, retention strength, graduation performance, and academic integrity, are the indicators that sustain long-term institutional health.

WKU Office of Internal Audit

Faculty Senate – Budget and Finance Committee

March 5, 2026

Bruce Weisman, CIA, CPA
Director



Who we are



Who we are



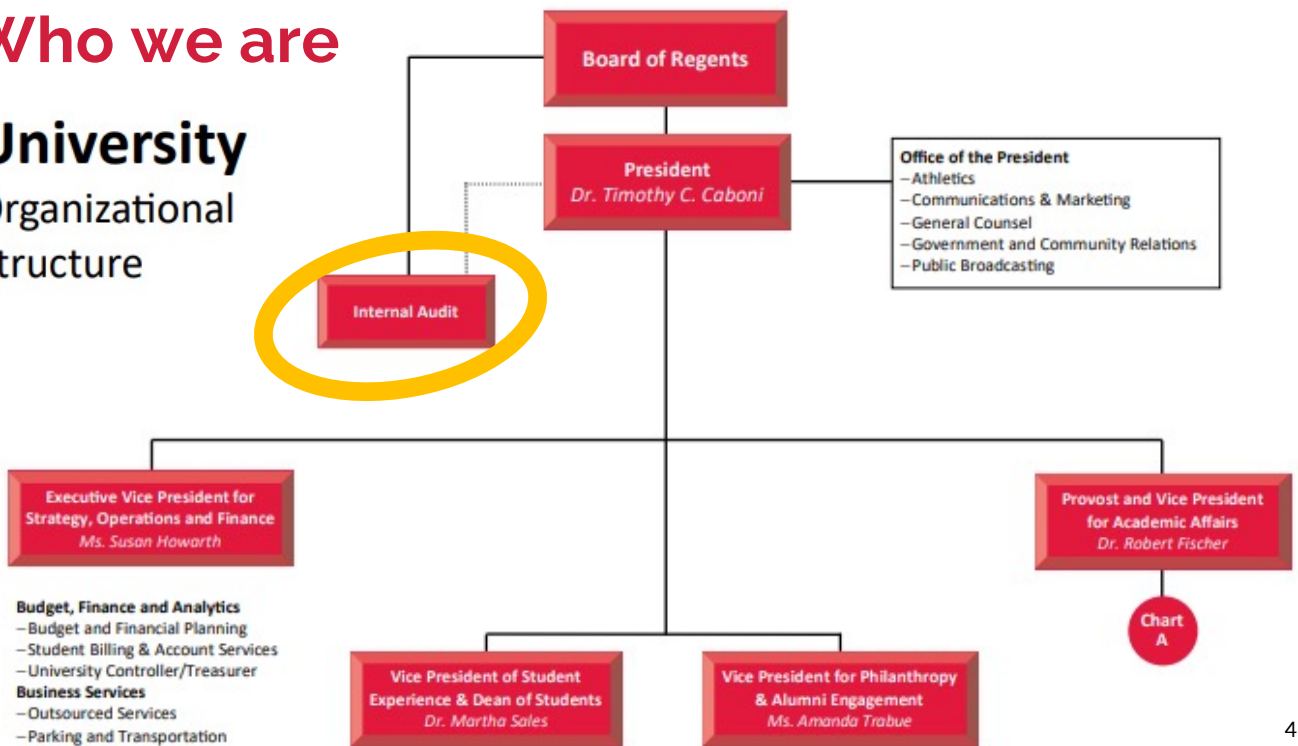
Bruce Weisman, CIA, CPA
Director



Katelyn Durham, CIA
Senior Auditor

Who we are

University Organizational Structure



What is Internal Audit and what does it do?

What is internal audit?

*Internal auditing strengthens the organization's ability to **create, protect, and sustain value** by providing the board and management with independent, risk-based, and objective **assurance, advice, insight, and foresight.***

What does internal audit do?

Assurance services (Audits)	Consulting 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
afeguarding university assets

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What does internal audit do?

Annual risk assessment

- Meet with staff and faculty leaders
- Conduct risk survey

Administer Ethics & Compliance Hotline

- www.ethicssuite.com/wku

Investigate fiscal misconduct

- Review hotline allegations



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Questions or comments?

Bruce Weisman

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

www.ethicssuite.com/wku



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