

**KENTUCKY STATE UNIVERSITY BOARD OF REGENTS
AUDIT COMMITTEE
SPECIAL CALLED MEETING**

***** Meeting Was Conducted in Person and by Teleconference ***
Friday, June 2, 2023
11:00 a.m. EDT**

**Board of Regents Room
Julian M. Carroll Academic Services Building, 2nd Floor
Frankfort, Kentucky 40601
(Primary Physical Location)**

MINUTES

I. Call To Order

The Committee's Chair, Regent Tammi Dukes, called the meeting to order at 11:04 a.m.

II. Roll Call

The Board's Secretary, Zach Atwell, called the roll:

Chair Tammi Dukes	Present
Regent Edward Hatchett, Esq.	Present
Regent Ernie Fletcher, MD	Not Present
Regent Michael Adams, Jr.	Present
Dr. James Obielodan, PhD	Present
Mr. James Harris	Present

At least three (3) Regents were in attendance and present during roll call; therefore, a quorum was established.

Note: Regent Fletcher joined the meeting shortly after the roll call. Regent Moyer and Regent Ramsey were also present.

III. Approval of the Agenda

MOTION by Regent Adams:

Move the Committee to approve the agenda of the June 2, 2023, Special Called Meeting of the Board of Regents' Audit Committee.

Seconded by Dr. Obielodan and passed without dissent.

IV. External Audit Update

Chair Dukes requested that Mr. Allen Norvell, Director of Blue and Co., present this Agenda item.

For the benefit of those Committee members who were not also Board members, Mr. Norvell began by summarizing past audit update presentations which had been made to the Board of Regents. Mr. Norvell then discussed the current status of the external audit.

Chair Dukes requested that Mr. Norvell identify the other five components of the financial aid cluster which are captured by the compliance audits.

Chair Dukes asked what types of obstacles had been faced in getting the information that Mr. Norvell needed.

Regent Fletcher asked whether the completed audit would fulfill OMB requirements and single audit requirements to receive federal funds.

Regent Moyer inquired into the possible negative consequences upon audit completion if KSU does not have a clean audit.

Regent Fletcher queried whether there was any risk that federal funds might be stopped due to past non-compliance with audit requirements.

Regent Hatchett requested that Mr. Norvell remind the Committee when the firm deadline is for KSU's information to be sent for inclusion in the Commonwealth's annual comprehensive financial report.

Dr. Obielodan asked whether the audit report would include private gifts and donations, and whether there would be timelines for completing components of the assessment.

Dr. Obielodan further inquired as to steps needed to ensure stability with KSU's financial transactions and reporting as the University prepares for a change in leadership, and to reduce the impact of human factors on budget management. Chair Dukes responded to Dr. Obielodan's question. Regent Moyer concurred with Chair Dukes' comments.

Chair Dukes thanked Mr. Norvell for his presentation.

V. Internal Audit Update

Chair Dukes invited Mr. Ben Martin, CBIZ Senior Manager, and Ms. Miranda Murray, CBIZ Senior Associate, to present this agenda item.

Mr. Martin remarked that Ms. Murray would not be present, then updated the Committee as to CBIZ's activities since February 2023. Mr. Martin reported that six complete audits and one analysis have been worked through. The last three draft reports with recommendations were submitted the previous day. Mr. Martin stated that CBIZ will be following up on recommendations, noting that a recurring recommendation has been bringing policy and procedure manuals up to date.

Chair Dukes stated that the Committee would like to see the observations that were identified at a detailed level.

Regent Hatchett asked Mr. Martin to identify who currently has the three draft reports. Mr. Martin replied that AVP Edwards was carbon-copied on all three, as well as Dr. Holloway, Dr. Pomper, and Ms. Tonya Walker.

Chair Dukes requested that AVP Edwards ensure that there is a process in place to communicate the status of the various audits to the Audit committee as well, and to share the final report with the Audit Committee.

Mr. Martin continued his presentation with a discussion of the next steps to be taken, and observed that KSU staff had been very helpful in providing requested information to CBIZ.

Chair Dukes informed AVP Edwards that she would like to see the status of the remediation plans for each of the recommendations that were identified in the closed audits, noting that some may parallel those included in the Management Improvement Plan and APA review.

Chair Dukes asked Mr. Martin whether the functionality of Banner was increasing relative to managing KSU's financial position and creating reports.

Chair Dukes asked AVP Edwards as to the status of updating Banner in order to using it to its full capacity. AVP Edwards replied that an additional module had not yet been optimized in the system and still needs to be installed. Chair Dukes inquired when that would be completed. AVP Edwards stated that he would have to get back to Chair Dukes as he did not have the specific timeline.

Chair Dukes asked Mr. Martin whether CBIZ had a detailed internal control framework that they utilized as they identified the control activities and objectives for each activity. Mr. Martin responded that a COSO 2013 framework is used.

Chair Dukes queried whether the COSO framework was shared with AVP Edwards' team, as they will be responsible for ensuring that information is up to date.

Regent Hatchett asked AVP Edwards for his perspective as to where the center of expertise is in Banner among his staff, and who he looks to for expertise in the use of Banner.

Mr. Harris posed several questions regarding KSU's policies and procedures including the relationship between the two, and who creates these. Chair Dukes referred the response to Attorney Atwell.

Relative to the Gold Book policy that the Board must approve all contracts \$50,000 and above, Chair Dukes asked to see all transactions occurring within the last year-and-a-half that were for \$49,999, as well as the vendors who hold those invoices, and queried whether there were additional amounts picked up in other transactions in an effort to circumvent controls.

Chair Dukes thanked Mr. Martin for his presentation, and stated that she was looking forward to seeing the CBIZ reports.

Following Mr. Martin's presentation, Chair Dukes asked AVP Edwards as to the status of KSU's credit cards, and whether he had a handle on who has access to the credit cards. AVP Edwards replied that he would not necessarily say that he has a handle on it. AVP Edwards further explained that he has suspended all credit card use, then detailed additional actions taken to date.

Chair Dukes queried whether there were credit limits on each individual credit card.

Regent Moyer inquired how travel-related expenses are handled.

VI. Closing Remarks

Chair Dukes closed the meeting by thanking Blue and Co. and CBIZ for their presentations, and extended her appreciation to the Committee members and other Regents who were present at today's meeting.

VII. Adjournment

The meeting was adjourned at 12:53 p.m.

Submitted by:



Zach Atwell, Board Secretary
Kentucky State University
Board of Regents



Regent Tammi Dukes, Chair
Kentucky State University
Board of Regents
Audit Committee

Approved with no corrections

Approved with corrections