

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

**\*\*\* Meeting Was Conducted in Person and by Teleconference \*\*\*  
Friday, September 22, 2023  
2:00 p.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**

Chair Ed Hatchett called the meeting to order at 2:03 p.m.

**II. Roll Call**

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

Regent Ed Hatchett, Chair	Present
Regent Tammi Dukes	Present
Regent Ernie Fletcher	Present
Regent Robert Ramsey, Sr.	Present

At least three (3) Committee members were in attendance. A quorum was therefore established.

**III. Approval of the Agenda**

**MOTION** by Regent Dukes:

Move the Committee to approve the agenda of the September 22, 2023, special called meeting of the Finance and Audit Committee.

Seconded by Regent Ramsey and passed without dissent.

**IV. Information Items**

**A. Update from CBIZ**

Mr. Ben Martin, CFE, a senior manager for CBIZ, presented this agenda item. Mr. Martin shared a PowerPoint presentation regarding the status of the internal audit, which included information on the tasks completed to date and the next steps to be taken. Since January 2023, CBIZ has performed six to seven internal audits for KSU and is now following up on management responses as well as any changes that may have occurred. Mr. Martin reported

that CBIZ is also in the process of confirming or validating whether their recommendations have been implemented. Risk assessment is in progress across all University areas. The financial aid audit, originally set to begin in October, was moved forward and has begun.

Moving ahead, Mr. Martin described the next steps to be taken, including a fixed asset existence audit, Sodexo invoice review, Banner license review, and additional process areas of audits and reviews identified throughout the year.

Regent Dukes asked whether CBIZ was planning for any other finance-related audits aside from the fixed asset and financial aid audits.

Mr. Martin also identified significant issues, including those relative to policy updates. He suggested that finance- and student-related policies be brought to the forefront to ensure that they are being reviewed, updated, and communicated to the University.

Finally, Mr. Martin stated that KSU staff has been responsive and extremely helpful in answering questions and providing any requested information. In conclusion, he felt that CBIZ is making good progress according to the timeline agreed upon with the University's CFO.

## **B. Update from Blue & Co.**

This agenda item was presented by Mr. Allen Norvell, CPA, a director for Blue & Co. Mr. Norvell began with an update regarding the external audit status, reporting that the 2021 audit is nearing completion. Following a format similar to the CBIZ presentation, Mr. Norvell first discussed accomplishments to date.

As to the financial and compliance audits, Mr. Norvell stated that difficulty obtaining sufficient documentation to support an opinion on the financial statements and a high level of employee turnover exacerbated anticipated challenges.

The compliance portion of the FY 21 audit is complete and preliminary findings were shared with management. Mr. Norvell shared some of the high-level findings with the Committee, including reporting and notification findings.

The field work of the financial portion of the audit is now complete and has resulted in several adjustments. Mr. Norvell shared what he described as the most significant high-level findings. Blue and Co. is currently working with University management on finalizing several other potential adjustments.

As the loss revenue calculation relative to a lost revenue grant available to HBCU universities was discussed, Chair Hatchett inquired how Mr. Norvell's understanding of reporting requirements did not comport with the University's calculation. Regent Dukes queried whether the \$688,000 difference was an overage or underage. Mr. Norvell responded that he understood it to be an overage, as the loss revenue was overstated.

Regent Hatchett asked how much documentation Mr. Norvell would be able to share with the Committee at this stage of the audit process. Mr. Norvell replied that he would be able to provide a draft once all adjustments were finalized.

Regent Dukes asked whether the adjustment for the non-expendable portion was a reclassification. Mr. Norvell responded affirmatively.

As to the discussion regarding notification findings, Regent Fields inquired how it was determined that some students were not properly notified as to specific graduation and withdrawal-related events and sought further clarification as to the time period under examination.

Chair Hatchett queried whether Mr. Norvell could share the nature of what might make a potential adjustment involving the self-insured health plan a liability or not.

Regent Dukes sought confirmation that the FY 21 audit would be completed by the end of September. Mr. Norvell replied that his firm was working diligently to meet that goal, though they were still working on finalizing outstanding items. Chair Hatchett asked again whether Mr. Norvell felt confident that the September date could be met.

Chair Hatchett then thanked Mr. Norvell for his presentation.

### **C. Update on Outstanding Student Debt and Collections**

This agenda item was presented by the University's Controller, Ms. Tonya Walker. As of September 20, the University has an outstanding student debt of \$4.7 million, with a headcount of 1,461 students. Of the \$4.7 million, \$1.4 million is in payment plans which are due on the 28th of each month.

Chair Hatchett asked Ms. Walker to describe how student debt payment plans work. Ms. Walker deferred the question to the University's Bursar, Ms. Danyel Tolbert.

Regent Walston asked Ms. Tolbert whether payment plans begin in July. Ms. Tolbert responded affirmatively. Regent Walston then asked whether work study was accounted for in the payment plan.

Next, Ms. Walker discussed outstanding student debt balance categories and provided an update as to debt collection efforts. Approximately 2,800 delinquent accounts totaling \$13,637,720 were sent to Keys 2 Recovery in April 2023; of that amount, KSU has received \$30,801.07 as of August 31. The next collection agency file will be sent on October 31.

Chair Hatchett asked what numbers would result in an account being turned over to a collections agent, and wondered how long a debt has to be outstanding before it is turned over to collections and whether there is a minimum amount that can be turned over.

Regent Walston asked Ms. Tolbert if students were coming forward to bring their account up to date so they could return to the University.

Regent Adams queried whether the University currently had a policy that dictates how long an account can remain outstanding before it is reported to collections.

President Akakpo asked Dr. Dixie whether outstanding debts of \$500 or less were exempt from being sent to collections.

Regent Moyer inquired as to the number of students being turned over to collections who are seniors, and wondered whether they had dropped out of school in their junior or senior years and were more than halfway to receiving a degree.

Regent Walston noted the seemingly small percentage of debt that has been collected compared to the amount of debt sent to the collections agency, and asked what percent of students are returning to work on reducing their debt.

Regent Fletcher requested Ms. Tolbert to explain the process of debt accrual (including how students end up accruing this debt and the policy on allowing a student to continue at KSU who is not able to pay), as well as the process of trying to obtain assistance through scholarships, the Foundation, or student loans.

Regent Fletcher also sought clarification that University policy allowed some students to be admitted to KSU who had not paid and did not have a written agreement in place to pay. Ms. Tolbert responded that past policy had allowed this. However, a new collections policy has been written, though it has not yet been officially approved.

Regent Fletcher further asked whether all students were subject to the same admissions process and how it was possible for a student to be admitted who hadn't paid. President Akakpo explained that many previously broken processes are being rebuilt, especially in the areas of admissions and financial aid. Regent Fields provided additional perspective regarding KSU's past admissions practices.

Regent Fletcher asked whether there were students coming into the University who were unable to qualify for any of the several types of financial aid offered by KSU such as scholarships, Foundation funds, or regular student loans.

Regent Walston inquired whether the Foundation indicated why they stated to Dr. Akakpo that they could not tell him the amount of scholarship funding they would be able to provide for FY 24.

Chair Hatchett thanked Ms. Walker and Ms. Tolbert for their presentation.

#### **D. Update on University Finances and FY 23 Budget**

Controller Walker presented this agenda item. Ms. Walker reported that FY 23's actual total E&G revenue was \$31,784,769, with E&G expenditures for FY 23 totaling \$34.5 million. Moving ahead to FY 23 auxiliaries, Controller Walker reported \$7.8 million in auxiliary revenues and \$5.8 million in auxiliary expenses.

Overall FY 23 closed out with a deficit of \$734,141.

As to FY 24, unexpected invoices from FY 23 continued to trickle in, totaling a million dollars.

Chair Hatchett queried whether Ms. Walker expected additional invoices from FY 23. Regent Ramsey sought clarification as to the total overall FY 23 deficit.

Regent Hatchett thanked Controller Walker for her presentation.

#### **E. Update on Land Grant Program**

Dr. Kirk Pomper, Director of Land-Grant Programs and Dean of the College of Agriculture, Community and the Sciences, presented this agenda item.

Dr. Pomper provided an overview of the College of Agriculture, explaining that as a land-grant institution, the University's College of Agriculture is focused upon research, extension, and teaching. Dr. Pomper further shared enrollment and ideas for increasing enrollment as well as the profiles of the land-grant program and College of Agriculture. Finally, Dr. Pomper discussed instructional costs associated with various degree programs offered within the College, enrollment levels required for those programs to break even, and recruitment strategies.

Regent Walston inquired into steps being taken to unite family and consumer science programs with the land-grant program.

Chair Hatchett thanked Dr. Pomper for his presentation.

### **V. Items Recommended for Board Action**

#### **A. Approval of FY 24 Budget**

This agenda item was not addressed at the Finance & Audit Committee meeting. Instead, it was addressed at the September 27, 2023, Board of Regents meeting.

### **VI. Adjournment**

**MOTION** made by Regent Fletcher:

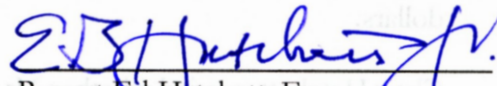
Move the Committee to adjourn.

Seconded by Regent Ramsey and passed without dissent. The meeting was adjourned at 4:15 p.m.

Submitted by:



Zach Atwell  
Secretary  
Kentucky State University  
Board of Regents



Regent Ed Hatchett, Esq.  
Chair, Finance & Audit Committee  
Kentucky State University  
Board of Regents

☒ Approved with no corrections

☐ Approved with corrections