

Kentucky Community and Technical College System Board of Regents
Audit Committee
Meeting Minutes
November 26, 2024
10:00 a.m. EST via Teams

I. CALL TO ORDER

Chair Cox called the Audit Committee meeting to order on November 26, 2024, at 10:00 a.m. EST. The roll was called, and a quorum was established.

Attendance

Chair Russell Cox (*Present*)
Vice Chair Hamilton (*Present*)
Mr. Chris Girdler (*Absent*)
Mr. Barry Martin (*Present*)
Ms. Candace McGraw (*Absent*)
Ms. Raeanne Powers (*Present*)
Ms. Audra Shouse (*Present*)
Mr. James Lee Stevens (*Present*)
Mr. Marty Sutherland (*Present*)

II. APPROVAL OF MINUTES

Regent Sutherland requested that a typo in his name be corrected in the August 29, 2024 Audit Committee meeting minutes. Regent Martin made a motion to approve the corrected minutes of the August 29, 2024, Audit Committee meeting. Regent Sutherland seconded the motion. There were no objections, and the motion passed.

III. UPDATE: INTERNAL AUDIT SUMMARY

Chief Financial Officer Todd Kilburn introduced Lance Mann from Dean Dorton to present the KCTCS FY 2025 Audit Report. Mr. Mann shared the results of the audits for the quarter ending on October 31, 2024. There were no findings or issues of the audits at Southeast Community and Technical College or in the IT areas. There was a low risk finding of the audit at Big Sandy Community and Technical College. Dean Dorton identified items that would be added to the risk assessment and audits in the future. Mr. Mann reviewed the follow-up items from prior audits and the upcoming audits. Chair Cox asked a about the different help desk vendors across the System and Dr. Quarles indicated he would follow up to learn more.

IV. UPDATE: STATE EXAMINATION

Chief Financial Officer Todd Kilburn reviewed the state examination results. Mr. Kilburn reviewed a portion of the forensic audit as the analysis of Account 10001 was the only outstanding item from the state audit. Mr. Kilburn explained that Account 10001 is a pass-through account. The forensic audit found there were too many accounts that pass through the account and recommended a periodic review of the pass-through accounts. Mr. Kilburn stated KCTCS has sent a letter to the Auditor of Public Accounts acknowledging the recommendations and informing them of the next steps.

Chair Cox clarified that the recommendation was a tighter control on the 10001 account versus a discontinuation of the 10001 account. Mr. Kilburn stated that KCTCS was looking at policies in this area and the work is continuing.

Regent Powers asked if there would be representatives from Colleges on the work group for the next steps with Account 10001 and Mr. Kilburn confirmed that it would.

V. ACTION: FORENSIC AUDIT

Mr. Kilburn introduced Michael Doyle at KPMG. Mr. Doyle stated the report was submitted as of October 31, 2024. Mr. Doyle reviewed the background and scope of the project and the ten individual objectives of the audit. Mr. Doyle provided an overview of each of the audit findings and recommendations for the ten individual objectives. Chair Cox asked Mr. Doyle to speak more about executive compensation. Committee members requested additional clarification related to executive compensation and Procard transactions.

Mr. Kilburn shared the next steps for addressing the recommendations. Chair Cox suggested that an authority matrix may be helpful for compliance with the results of the audit.

Regent Stevens made a motion to approve the findings and recommendations of the Forensic Audit. Regent Sutherland seconded the motion. The motion passed unanimously.

VI. ACTION: EXTERNAL AUDIT

Mr. Kilburn introduced Ms. Jennifer Williams from Forvis Mazars.. Ms. Williams reviewed the audit results and provided financial highlights. Ms. Williams provided an overview of the required Board of Regents letter. Ms. Williams stated there were no audit adjustments for the financial statements. Ms. Williams shared that management kept Forvis Mazars up to date on the forensic audit as it impacted the external audit. Ms. Williams thanked Mr. Kilburn and Mr. Combs and their staff for their responsiveness to requests and communication.

Regent Stevens made a motion to accept the audit of Forvis Mazars. Regent Sutherland seconded the motion. The motion passed unanimously.

VII. NEW BUSINESS

Dr. Quarles shared information related to the Fire Commission audit through the Auditor of Public Accounts that is anticipated in early summer 2025 and an ongoing LRC audit for the Fire Commission. Dr. Quarles shared that a new General Counsel will start next month. Chair Cox shared his appreciation of the faculty and staff.

VIII. ADJOURNMENT

Regent Stevens made a motion to adjourn the meeting. Regent Sutherland seconded the motion. The motion passed by consensus. The meeting adjourned at 11:08 a.m. EST.