



KANSAS BOARD OF REGENTS

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FOR IMMEDIATE RELEASE
November 19, 2009

BOARD RELEASES EMPORIA STATE MANAGEMENT REVIEW

Independent Audit Reveals No Material Findings

(TOPEKA) – Today the Kansas Board of Regents, during its November meeting, released a management review that was recently conducted at Emporia State University (ESU). The review, conducted by an outside and independent auditor, found “no identification of inappropriate disbursements.”

“We applaud the management practices in place at Emporia State and commend President Lane and his administration for their emphasis on fiscal responsibility and accountability,” said Regent Jill Docking, the Chair of the Kansas Board of Regents. “Once again, this review proves the value of our ongoing audit policy. Independent reviews such as this provide helpful recommendations and assist in our efforts to continuously strive for improvement.”

The review, conducted by BKD, LLP at the Board’s request, and paid for by the ESU Foundation, confirmed that accounts have been used and administered appropriately by the administration of President Michael Lane. The transactions analyzed were related to certain accounts at two private non-state entities – the ESU Foundation and the National Teachers Hall of Fame, and three entities controlled by the University – the ESU Alumni Association, Athletics Department, and Memorial Union. The accounts reviewed were chosen because of President Lane’s or his direct subordinates’ access to and authority over them.

The report found “no identification of inappropriate disbursements of unrestricted funds by the University or affiliated corporations of the University,” and recommended that “some transactions between affiliated entities need to be documented in a more formal manner to ensure that the intent and substance of all inner-entity transactions are transparent.” In addition, the report noted that “interviews of executives throughout the University reflected an awareness of the necessity to identify and manage potential conflicts of interest,” that “all University personnel were responsive and helpful,” and that “records were retrieved quickly and were well organized.”

After President Lane submitted a formal response letter, the Board directed him to review and implement the recommendations contained in the report, and to provide the Board with a status report during the Board’s April meeting.

The ESU review mirrors the Board-directed management reviews that were conducted earlier this year at Kansas State University (KSU), Pittsburg State University (PSU), and the University of Kansas (KU). Reviews are currently underway at Fort Hays State University (FHSU) and Wichita State University (WSU) and are expected to conclude by the end of the calendar year.

In addition, earlier this year the Board directed its Fiscal Affairs and Audit Committee to develop an official policy that would establish a regular and ongoing review process for all six state universities. This new process will add an additional layer of accountability and transparency to what is already required by state law. Currently, Kansas law requires entities that are controlled by the state universities (alumni associations, athletics corporations, endowments/foundations, etc.) to annually submit an independent financial audit to the Legislative Division of Post Audit. However, these annual financial audits do not perform the same type of extensive analysis of transactions and review of the interplay between affiliated campus entities as the Board's recent reviews at ESU, KSU, KU, and PSU, and the ongoing reviews at FHSU and WSU.

The ESU review and response letter can be found on the Board's website at the following links:

<http://www.kansasregents.org/download/news/ESU%20Final%20Review%20-%20111609.pdf>

<http://www.kansasregents.org/download/news/ESU%20Management%20Review%20Letter%20-%20111909.pdf>

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About the Kansas Board of Regents:

The nine-member Kansas Board of Regents is the governing board of the state's six universities and the statewide coordinating board for the state's 32 public higher education institutions (seven public universities, nineteen community colleges, and six technical colleges). In addition, the Board administers the state's student financial aid, adult education, GED, and career and technical education programs. The Board also authorizes private proprietary schools and out-of-state institutions to operate in Kansas, and administers the Kan-ed network, a statewide network that provides broadband Internet access and distance learning capabilities for schools, hospitals, and libraries.

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