

Sept 22, 1992

FACULTY SENATE XVI MINUTES

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Chair Sally Kuhlenschmidt called the meeting to order at 3:35, a quorum was present. The following senators were absent without representation: James Bingham, Linda Brown, Dwight Cline, Mary Cobb, Robert Hansen, Thomas Meredith, Robert A. Otto, Sylvia Pulliam, and Alan Yungbluth. Richard Weigel substituted for Robert Dietle, Walter Stomps for Michael Klein, and Donald Bailey for Rudy Prins.

Chair Sally Kuhlenschmidt asked that all comments be addressed to the motion or amendment, and preferably to the chair. She suggested that we be succinct, be sincere, and be seated.

Resolutions on the Audit

By rule of Chair Kuhlenschmidt the vote on the amendment proposed at the last meeting was not permitted to stand due to the absence of a quorum. The amendment changed the proposal to read:

Through this resolution the Faculty Senate of Western Kentucky University expresses its concern regarding the manner in which public and private funds have traditionally been administered and disbursed by the University as revealed in the "Agreed-Upon Procedures Report" prepared by Arthur Anderson & Co.

Senator Weigel requested a secret ballot on the revote on that amendment. The amendment carried by a vote of 21 to 17.

Senator Dorman moved that all words following from "as revealed" and onward be stricken. Larry Scott seconded the motion, and it carried by a voice vote.

Senator Henrickson, for the Executive Committee, moved acceptance of the following resolution, which was seconded by Senator Dorman:

In the interest of fiscal integrity, the Faculty Senate of Western Kentucky University respectfully requests the Board of Regents to require the internal auditor of the University to report directly to the Board and not to any member of the University Administration.

Senator Henrickson read a paper prepared by Senator Hansen, a former internal auditor, on the functions of an internal auditor. Following the passage of the Federal Foreign Corrupt Practices Act of 1977:

the internal auditing function was generally enhanced and organizational charts were changed to assure that internal auditors could remain independent. Therefore, boards of directors generally determined that internal auditors have a direct link to the board of directors without influence of executive filtering or editing of audit reports. It is necessary in most organizations that the audit function be at the executive level to enable direct reporting to the audited unit, the president, or the board of directors. Although the auditors may be supervised or report to a specific executive, the auditors must still be assured of independence by their ability to report directly to the board or receive audit assignments from the board if the board so requests.

The administrators of colleges and universities are not subject to such Federal law and have, in general, made little effort to assure accountability for funds or actions unless forced to do so by the state or Federal auditing units. The organization chart of WKU has the internal auditor reporting directly to the president. All audit assignments, I understand, are directed by the President, and the results are reported to the President by the auditor. It is not the auditor's function to report to the public, nor is it his job to interfere, direct, or change activities or procedures of an audited

unit. As a financial and management auditor he is to report to management weaknesses in management and systems. He is to suggest improvements and efficiency and protect assets (by reporting to the executive or to the board any apparent attempts of fraud or misuse of funds or other assets) so corrective action may be taken. This assumes honesty and trust in the executive receiving the report, who will then take corrective action in the best interests of the organization. Therefore, since the board is to look out for taxpayers, students, and employees at a state institution, an internal auditor must have a place of independence in the organization chart that permits the auditor or auditors to report to the board without reprisals if the auditor finds need to do so.

Richard Weigel reported on a communication from Charles Bussey of the AAUP to President Meredith regarding a conversation Charles had had with Warren Spruill, the President of the Association of College and University Auditors. The second paragraph reads:

In response to my question--to whom do internal auditors report?--he said, "It ranges all over the place. About 1/3 report directly to the trustees; about 1/3 report to the president or chancellor; and about 1/3 report to the vice president for financial affairs. That last one is the most unfortunate." My impression is that he prefers the first alternative.

A Glaser/Caillouet amendment struck the words "and not to any member of the University Administration" and substituted the words "whenever the auditor or the Board shall consider this desirable." At the suggestion of Senator Vos the substitute words were changed to "with regard to any accounts under the President's direct control.

Senator Neal suggested that those substitute words be changed to "in addition to the administration." Again the (Glaser/Caillouet) original makers of the amendment accepted the change. The amendment passed by a 31-6 vote.

Fall Break

Senator Kessler proposed:

Be it resolved that the fall break cover faculty and staff in addition to students.

The motion was seconded by Larry Caillouet.

Senator Murphy requested that this resolution be handled in one reading. Chair Kuhlenschmidt ruled that this would be handled in one reading. Krenzin/Vos moved to amend the motion by striking the words "and staff." The amendment failed. The original motion failed also.

Discussion of Basketball Tickets

At 4:30 Chair Kuhlenschmidt asked for discussion on basketball tickets and accompanying Hilltopper Athletic Foundation cost. The person who raised the question was not present, and no discussion took place.

Discussion of Preston Center Fees

No discussion was forthcoming.

Announcements

Chair Kuhlenschmidt announced that one person's name has been submitted to run for faculty regent: Arvin Vos. A meeting will be set up to hear the candidates speak.

The next Senate meeting will be held Tuesday, October 6th so as not to conflict with the fall break.

Senator Murphy requested a brief meeting with Potter departmental representatives immediately following the meeting.

The meeting was adjourned at 4:40.