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UA3/8 Memo: Audit Report

Thomas Meredith
WKU President's Office

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MEMORANDUM

TO: All Faculty and Staff

FROM: Thomas C. Meredith

President

Western Kentucky University
Office of the President

September 8, 1992

For at least the last ten months, your attention and your intellectual and emotional energies have been diverted because of events surrounding the former Board of Regents and the President. As you are aware, a much-discussed audit report was given to the previous Board of Regents on June 22, 1992. A new Board took office on July 1, 1992.

The new members of the Board of Regents studied the audit report thoroughly. They received the full institutional response around the first of August and gave it their focused attention prior to their meeting on August 20. As a result of their many questions and observations, a final edition of the institutional response was submitted for their consideration, complete with 19 recommendations for changes in the accounting and management practices at Western. The 19 recommendations addressed the procedural concerns mentioned in the Internal Auditor's report from the fall of 1991 and the audit report submitted in June of 1992. The recommendations also addressed other issues with which this administration has had some concern and on which this administration had already begun to work.

The 19 recommendations were passed unanimously by the Board of Regents. Some of those recommendations involved the development of policies which will be presented to the full Board prior to its next meeting on October 29, 1992. The Board believes, as does this administration, that the procedural questions have been addressed. It is our common desire not to expend any more energy talking about the past but to inject our full effort into helping this institution reach its potential.

It is important not to forget that the audit showed that all funds were accounted for and that there was no evidence of any intentional wrongdoing by anyone at Western. Policies that had been approved and were in practice for many years are being changed through the recommendations discussed above.

Should some things have been handled differently? In hindsight, the answer is yes. Should I have been more inquisitive about past practices? I can easily see now that I should have been. Knowing what I know now, would I have done some things differently? Absolutely and without question.

As I stated at the fall faculty meeting, I can promise you that this administration will run a much tighter ship. We have been making numerous
accounting and management changes since the beginning of this administration, and that refinement will continue. During this administration, we have established a much needed reserve and put this institution on a sound financial basis. We have reduced overspending of budgets on this campus from three percent of the total budget to approximately one percent, and that one percent is generally explainable. We reinstituted the policy of returning part of the overhead dollars to departments and colleges, which has helped stimulate an increase in the extramural funds received on our campus by 101 percent since the summer of 1988. Budget managers now have more control and responsibility for their budgets than at any time in the history of the institution.

We have not done a very good job of communicating to you the many positive things that are happening to this institution financially. We will work hard to improve on that in the future with enhanced methods of communication. As an example of positive results, our expenditures for development activities (fund raising) have proven to be good investments. In the summer of 1988, before this administration began, the private dollars raised for development in FY '88 totaled somewhat over $400,000. Additional dollars were raised in the Hilltopper Athletic Foundation and the College Heights Foundation. The amount raised by the end of June 30, 1991, had grown to $1.1 million in development alone. The national expectation for dollars raised per dollars spent for universities is four to one. At Western, that ratio is approximately six to one. As in most other areas on our campus, we get a great deal out of the little bit we spend. By the way, all dollars mentioned are actual dollars received and not pledged.

I know these are difficult financial times. The largest budget cut in the institution's history has a tendency to drain our energy and enthusiasm. You have a right to be concerned. These are also difficult emotional times as we now move to recover from the publicity of the last ten months. I believe it is critical for us to balance the ledger by remembering and recounting the many reasons why we have chosen this great university to pursue our careers.

I am sincere in wanting to do everything possible to help this institution regain the momentum that it displayed prior to the last ten months. It is critical to our future for the matter of the audit to be resolved in your minds so that we can put it to rest and get on with our business. The Board believes in this University and its future. Our Regents are ready to move forward and so am I.

If there are questions you must have answered about this matter, I want to answer those questions. I would be pleased to meet with you individually or in a small group to resolve your questions and concerns. It will be time well spent if we can bring this issue to closure.

Thank you for your good work at Western.

TCM:cel