

**Minutes of the Board of Regents Audit Risk & Compliance Committee Meeting**  
**Northern Kentucky University**  
**February 25, 2025**

**1. Meeting Opened:**

Chair Smith called the meeting to order at 9:08 a.m.

**2. Roll Call:**

The following members of the Audit Risk & Compliance Committee were present: Lucy Burns, Ashley Himes, and Nathan Smith. Regent Himes joined virtually, while Regent Smith initially participated virtually, but joined in person at 9:34 a.m.

NKU Senior Staff in attendance: Jason Allen, Chris Calvert, Grant Garber, Jacqueline Graves, Kristi Horine, Tammy Knochelmann, Larry Meyer, Cady Short-Thompson

**3. Approval of Minutes:**

Regent Burns seconded Regent Himes' motion to approve the November 11, 2024, Audit Risk & Compliance Committee meeting minutes. (Motion Carried)

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Business items:

**A. Cybersecurity Discussion**

- Secretary to the Board Tammy Knochelmann called for the first agenda item and asked Larry Meyer for speaker introductions.
- Mr. Meyer introduced Jason Allen, Director of IT Enterprise Systems Group and Interim Chief Information Security Officer (CISO).
- Mr. Allen provided the following updates on the cybersecurity efforts at NKU:
  1. Cybersecurity Staffing Update
    - Mr. Allen shared that he is currently serving as the Interim CISO after the previous CISO took a role at another university in July and noted that a full-time CISO should be announced within the next two weeks.
  2. Student-Crewed Security Operations Center
    - Mr. Allen shared his proposal for creating a student-crewed Security Operations Center (SOC), specifically with the College of Informatics and its Cyber Club.
    - The initiative would provide opportunities for students to work in real IT environments, enhancing their cybersecurity skills. 2 to 4 students would be hired for this role.
  3. Cybersecurity & Privacy Training Updates
    - Mr. Allen highlighted that updates to cybersecurity and privacy training are planned for this year, including new content around current threats.
    - Additional employee training will be offered (non-mandatory) to keep staff aware of evolving cyber threats.
    - Plans to conduct phishing exercises for training purposes, refining the approach to ensure more realistic simulations.

4. Risk Assessments & Remediation
  - Last year, NKU completed a Campus Guard risk assessment and GLBA compliance assessment, which had no major findings but did provide valuable recommendations for improvement.
  - A significant improvement came from obtaining a cyber insurance policy, covering ransomware and data restoration, with ongoing assessments to improve NKU's security posture.
5. Tabletop Exercise: Ransomware Simulation
  - Mr. Allen discussed a ransomware tabletop exercise that will involve select departments (IT, Legal, Marcom, Emergency Management) to simulate a cyber event.
  - This will help prepare for future incidents and improve communication strategies across NKU.
  - Consultation with CIS and MS-ISAC for expert advice and assistance in making the exercise as realistic as possible.
6. Information Security Annual Report
  - The Information Security Annual Report is due this week and will include more detailed information on security progress and future plans.
  - Mr. Allen emphasized the importance of continued focus on improving security posture, especially with the upcoming ERP project.
7. Cybersecurity Posture
  - Mr. Allen acknowledged that while NKU is in a strong position, continuous improvements are needed to stay ahead of evolving cyber threats, especially those using AI and deepfakes.
  - Collaboration with faculty, staff, and students is key to ensuring robust security.
8. Discussion on Student Security Concerns
  - Question raised regarding student usage of NKU systems and their security implications.
    - Mr. Allen expressed concerns about inactive student accounts, which can be exploited if not appropriately managed, noting that there is currently no automatic deactivation of student accounts; alumni can retain their accounts indefinitely, which creates a potential security risk.
9. Open Records Requests and Alumni Accounts
  - A question was raised about the potential for Open Records Requests involving student or alumni email accounts.
    - Mr. Allen confirmed that student email contents are not released in response to open records requests, but alumni data such as donation records may be requested under specific circumstances.
10. Conclusion
  - Mr. Allen concluded with an update on the security posture, emphasizing a proactive approach in addressing current issues and preparing for future challenges.
  - VP Garber added that the outcome of the ransomware tabletop exercise would be shared with the committee.
  - Cyber liability insurance was noted as a major recent improvement, with \$3 million aggregate coverage for ransomware and related costs.

#### Next Steps:

- Complete and distribute the Information Security Annual Report.
- Finalize the hiring of a full-time CISO.
- Continue the implementation of security recommendations from risk assessments.
- Organize and consult for the ransomware tabletop exercise.

#### Action Items:

1. Share the outcome of the ransomware tabletop exercise.
  2. Follow up on further developments regarding cyber liability insurance.
  3. Monitor progress on the implementation of recommendations from security assessments.
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### **B. Single Audit Findings Update**

- Larry Meyer provided an update on the single audit findings, which include issues related to the audit of Federal awards, including financial aid.
- Completed Findings:
  - Research Grant: A past issue involved paying students in excess of the allowed amount for a research grant. The students were initially paid hourly but were transitioned to stipends. Overpayments were repaid to the agency a year ago, and documentation for this repayment has been submitted for review.
- Outstanding Issues:
  - Financial Aid Issues:
    - A miscalculation of the amount of return aid was identified.
    - Issues with reporting enrollment status changes and unofficial withdrawals to the National Student Loan Data System (NSLDS) were found.
    - Incorrect cost of attendance was calculated for a student.
  - Action Taken: Financial aid and the Registrar have been working on correcting these issues by updating procedures and ensuring more oversight.
  - Testing Results:
    - After reviewing a sample of 64 students, 6 were selected for re-testing of calculations and return processing, with no findings.
    - A small sample of professional study courses (192 students) was tested, with no issues.
    - Unofficial withdrawal testing showed no issues in a sample of 4 students out of 6.

#### Next Steps:

- Internal processes for secondary review will begin in the spring, and further testing will be done in the next few months to ensure the issues are resolved.
- The team will continue to monitor spring semester refunds and compliance.

#### Regulations Compliance Concerns

- Challenges Discussed:
  - There are many regulations to keep track of, and concerns were raised about turnover in the financial aid team. The importance of training new staff and ensuring the proper documentation of compliance procedures was emphasized.
  - External auditors focus on higher-risk regulations, but other regulations may still pose a risk if not adequately managed.

- Strategic Approach:
    - A compliance committee has identified the key regulations and is working on assigning ownership and ensuring compliance.
    - The Department of Education's capacity to handle audits may be impacted by staffing cuts, but efforts will continue to maintain compliance.
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## C. Internal Audit Report

### Procurement Card Audit Update

- Audit Findings:
  - The university has 366 active procurement cards, down slightly from previous years. Each card has a \$1,000 per transaction limit and a \$5,000 monthly limit. Some cards have higher limits, depending on job duties.
  - There was an instance where consulting services were paid for using procurement cards, which is not in compliance with university policies. A reminder was issued to use purchase orders for such payments.
  - A few accidental personal purchases were identified, but the cardholders have since repaid the amounts.
  - The university now has an Amazon Prime membership to help with deliveries and reduce costs. The procurement team will promote awareness of the university-wide Amazon Prime membership to avoid unauthorized purchases.

### Wage Review and Student Overtime

- Review Findings:
  - The audit identified about \$1,400 in overtime payments for 7 students. Overtime payments for students are generally not allowed unless they have multiple appointments and are unaware of their total working hours.
  - Payroll actively monitors these issues, and departments are reminded to ensure students do not exceed the 40-hour limit.
- Student Wage Policy Clarification:
  - The university's work-study policy allows students to work up to 25 hours per week during the semester, and 35 hours per week during the summer. International student workers have lower limits. However, overtime payments due to overlapping appointments were noted as a concern.

### Upcoming Audits and Plans

- Planned Audits:
    - Housing operations audit and Athletics financial review are in progress.
    - A cabinet expenditure review will take place, along with an IT review with Jason Allen.
    - An arena audit is also on the docket.
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## D. Compliance Report

- Research Policies: At the February meeting, the Board will be asked to approve revisions to two research policies, particularly related to research misconduct, based on an audit by the HHS Office of Research Integrity.
- Title IX Update: Final regulations on Title IX have been issued, marking the conclusion of recent debates on the matter. These updates will be reflected in future compliance efforts.

### Overview of Current Legislative and Administrative Developments:

- The Trump Administration has been in office for just over a month, with the legislative session lasting slightly longer.

- A large number of bills have been introduced since early January, resulting in a significant workload.

#### Campus Diversity, Equity, and Inclusion (DEI) Efforts:

- The university does not currently have a DEI office.
- There are existing race-conscious offices and programs on campus, such as the Center for Student Inclusiveness, aimed at supporting marginalized groups.
- There is discussion about evolving these programs to better serve students without dividing them along racial lines, fostering inclusivity while retaining valuable mentorship and support.

#### Legal and Risk Considerations:

- There are nuanced decisions regarding how to balance potential legal risks and maintaining DEI efforts.
- The conversation focuses on assessing the impact of these decisions on public relations, employee retention, and public trust.
- The political landscape is shifting, with federal funding being used as leverage for ideological goals, further complicating the situation.

#### State Legislation Update:

- The group reviewed Kentucky's state legislation, which includes several carve-outs protecting academic freedom and required academic activities.
- There is uncertainty about potential changes to this bill, which has yet to undergo committee hearings. The legislative session concludes on March 27.

#### Federal Education Department's Dear Colleague Letter:

- The Department of Education issued a broad letter on February 14 that raised concerns over diversity-related programming, claiming it violated Title VI.
- The letter has created anxiety across institutions, with some large universities issuing public statements in response.
- The current strategy is to focus on Kentucky's House Bill 4, which is more specific and actionable. Federal issues will be monitored, though NKU is not a primary target.

#### DEI Activities on Campus:

- Despite the federal climate, the university still has DEI-related activities and programs scattered across various academic departments.
- There is a shift in focus toward student organizations and student rights, which can continue with more flexibility in their activities.

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#### E. Executive Session:

No need for an executive session was noted.

There being no further business to come before the committee Chair Smith called for a motion to adjourn.

Regent Burns seconded Regent Himes' motion to adjourn. (**Motion carried**)

The meeting adjourned at 10:02 a.m.

The next Audit, Risk, and Compliance Committee meeting is June 10, 2025.

Respectfully submitted,

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Tammy Knochelmann  
Secretary to the Board of Regents