

**Minutes of the Audit Risk & Compliance Committee Meeting
Northern Kentucky University Board of Regents
Tuesday, June 10, 2025**

Meeting Opened: Chair Smith called the meeting to order at 9:00 a.m.

Roll Call: The following members of the Audit Risk & Compliance Committee were present: Lucy Burns, Ashley Himes, Nathan Smith and Kara Williams (arrived at 9:02 a.m.)

NKU Senior Staff in attendance: Chris Calvert, Vice President for Administration & Finance/CFO; Grant Garber, Vice President for Legal Affairs/General Counsel; Jacqueline Graves, Assistant General Counsel; Amy Hunt, Associate General Counsel; Kristi Horine, Senior Staff Auditor; Tammy Knochelmann, Executive Assistant to the President & Secretary to the Board; Larry Meyer, Director Institutional & Operational Auditing; Ryan Padgett, Chief Strategic Enrollment Officer; Cady Short-Thompson, President; Leah Stewart, Assistant VP, Financial Aid & Operations

Approval of Minutes: Regent Himes seconded Regent Burns' motion to approve the February 25, 2025, Audit Risk & Compliance Committee meeting minutes. (Motion Carried)

Business items:

1. Name, Image, Likeness (NIL) & House Settlement Compliance Update

Mr. Garber provided an overview of the evolving legal landscape, highlighting the recent House antitrust litigation settlement and its implications for the University, particularly in relation to NIL strategies. He noted that 2025 has been a particularly active year for legal and compliance issues in higher education at both the federal and state levels, citing topics such as free speech, antisemitism, and Kentucky's House Bill 4. Increased scrutiny—especially in collegiate athletics—has also brought new opportunities, driven by significant federal litigation. A federal judge recently approved the House settlement, which, effective July 1, allows Division I institutions to directly compensate student-athletes for athletics-related activities. This represents a major shift from the traditional collegiate sports model in place for nearly 70 years.

Implications for NKU:

As a Division I institution, NKU chose to opt into this settlement. While the university may not reach the \$20.5 million cap, it can still provide direct NIL compensation to its athletes.

Strategic Considerations: Payments made to student-athletes under NIL agreements are not considered employment; rather, they are license agreements granting the right to use an athlete's name, image, and likeness.

Collectives vs. Institutional Payments:

- Previously, only collectives or third parties could make NIL payments. Now, schools themselves can pay athletes directly.
- Institutional payments have less oversight, potentially shifting power away from collectives.

Future Outlook:

While the settlement is set for ten years, ongoing legal developments and potential legislative actions could alter the landscape sooner. NKU, like other institutions, will need to stay informed and adaptable to navigate this new era in college athletics.

2. Single Audit Findings Update:

Larry Meyer reported on the FY24 single audit findings, which focused on student financial aid. One prior-year finding was resolved, while current issues included Title IV fund return errors, delayed enrollment status updates, and one cost of attendance error. Fall testing showed no findings related to R2T4 calculations or NSLDS reporting; spring testing is ongoing with positive early indicators. A summer term enrollment issue will be evaluated when data becomes available.

A corrective action plan was submitted to the Department of Education, though review is delayed due to staffing shortages and office closures. NKU remains fully compliant and in good standing. A long-term compliance plan has been implemented, supported by a reference linking common audit findings to federal guidelines, with efforts continuing into the next fiscal year.

3. CPE Regulatory Issue:

Grant Garber and Ryan Padgett provided background information and historical context on a recently discovered regulatory issue and discussed proposed corrective actions and next steps.

4. Title IV Compliance Review Update:

Mr. Garber discussed the scope and importance of Title IV regulations under the Higher Education Act, emphasizing that while commonly associated with processes like student loan and Federal Financial Aid payments, the regulations span approximately 400 pages and include many less obvious compliance requirements. The initiative is a collaborative effort between Legal and Internal Audit, focused on proactive compliance rather than reactive problem-solving.

In response to inquiries, it was shared that a 27-page checklist was developed directly from the regulatory texts. Although AI was used to help start the process and provide direction, the documents were constructed by manually reviewing the regulations to ensure accuracy and reliability. Over the summer, the team plans to meet with each department to review their respective Title IV-related obligations.

5. Internal Audit Report:

Mr. Meyer provided a summary of the internal audit report on University Housing, where billing issues were identified. These problems were largely attributed to employee turnover and a lack of documented procedures.

Key findings from the housing discussion included inconsistencies in capacity reporting, with figures declining from approximately 2,000 to 1,529 beds due to hall demolitions and room reconfigurations. Auditors flagged concerns that published occupancy rates, such as 78%, may be misleading if actual student counts are lower.

The team recommended establishing a new, accurate baseline for housing capacity that reflects current realities, including post-COVID preferences for single rooms and the limited use of some doubles. While current figures align with demand, no structural changes have been made, and higher occupancy remains possible if needed.

It was advised to emphasize absolute occupancy numbers over percentages to avoid distorted utilization metrics. Additionally, housing is adjusting its pricing structure, including higher rates for single occupancy in double rooms.

Clarifying Decision Authority: It remains unclear who has the authority to set the official annual housing capacity. Currently, housing appears to adjust capacity numbers based on student demand without a formal approval process. A recommendation was made to assign this responsibility to a designated group—possibly Student Success and Academic Affairs Committee (SSAA) or housing leadership—to review and recommend an official occupancy number.

Other items covered were the FY2025 1Q & 2Q Cabinet Expenditure Review, the status of ongoing audits, and the future audit plan.

6. Legal and Compliance Update:

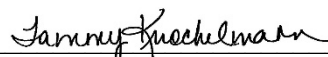
Mr. Garber updated the committee on current legal and compliance issues, noting that the EthicsPoint portal remains active and a major compliance focus is the implementation and impact of House Bill 4, which poses significant implications for the university and other public institutions across Kentucky.

Executive Session: No need for an executive session was noted.

As there was no further business to come before the committee, Chair Smith adjourned the meeting at 10:16 a.m.

The next Audit, Risk, and Compliance Committee meeting is October 2, 2025.

Respectfully submitted,



Tammy Knochelmann
Secretary to the Board of Regents