

AUDIT PROPOSAL

Reviewing Public Universities' Arrangements with and Financial Support from Entities in Foreign Countries of Concern

SOURCE

This audit proposal was requested by Senator Mike Thompson.

BACKGROUND

Kansas has 7 public universities that are located across the state: Emporia State University, Fort Hays State University, Kansas State University, Pittsburg State University, University of Kansas, Washburn University, and Wichita State University. Of these 7 public universities, only Washburn University is not a state institution.

Those universities establish formal arrangements with foreign entities, such as companies, universities, governments, and other organizations, to conduct research and exchange academic ideas and resources. Universities establish these arrangements for many reasons. Some are non-binding agreements of mutual interest to explore future research or other cooperation without yet committing university resources. Others are binding contracts that establish terms for student or faculty exchanges, intellectual property protection, or commit universities to conduct research, consult, or provide training.

Public universities also receive money from foreign sources for many reasons. Most commonly, this is for tuition and fees related to foreign students attending Kansas universities. Much smaller amounts are related to formal arrangements with or monetary gifts from foreign entities. In a 2024 audit, Legislative Post Audit found the 6 state universities reported receiving \$116 million from foreign entities in 170 countries during the 2022-2023 school year. Nearly all (96%) was from foreign students' tuition and fees. India and China contributed the most in tuition and fees (\$58 million). The United Kingdom and Switzerland paid the most related to contracts (\$1.6 million). About \$100,000 came from gifts, mostly from Canada and Sweden.

Legislators have expressed concern about possible security risks related to arrangements with entities in certain countries of concern, including China, Iran, North Korea, Qatar, Russia, and Venezuela. These possible risks relate to things like intellectual property protection or restrictions on access to research, data, or technology that could be used for foreign military or intelligence purposes.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below are the questions we would answer through our audit work. The steps listed for each objective convey the type of work we would do. These may change as we learn more about the audit issues.

Objective 1: What formal arrangements have public universities had with foreign entities in countries of concern, and what security safeguards and oversight exist for them? Our tentative methodology would include the following:

- Work with the Kansas Board of Regents (KBOR) and staff from the 7 public universities to understand why and how universities might make formal arrangements with foreign entities from the countries of concern.
- Review data and documentation and talk to university staff to determine the formal arrangements the public universities have had with foreign entities from the countries of concern in recent years. This would include determining the nature, scope, and purpose of each arrangement.
- Review data and documentation and talk to KBOR and university staff to determine the security-related safeguards and oversight that exist for the arrangements we identified. These might include things like intellectual property protections or restrictions on foreign entities' or individuals' access to sensitive research, data, or technology. This would include safeguards and oversight in the contract terms or in KBOR or university policy.

Objective 2: How much money have public universities received from foreign entities in countries of concern in recent years, how has this money been used, and what security safeguards and oversight exist for this money? Our tentative methodology would include the following:

- Work with KBOR and staff from the 7 public universities to understand why and how universities receive money from foreign entities from the countries of concern. This would exclude money related to payment of students' tuition and fees.
- Review data and documentation and talk to university staff to determine how much money the public universities have received from foreign entities from the countries of concern in recent years and how they used those funds. This would include determining the nature, scope, and purpose of this money.
- Review data and documentation and talk to KBOR and university staff to determine the security-related safeguards and oversight that exist for the money we identified. These might include disclosures or restrictions on the sources, recipients, and uses of money received from foreign entities. This would include any safeguards and oversight in the funding terms or in KBOR or university policy.

ESTIMATED RESOURCES

We estimate this audit would require a team of **4 auditors** for a total of **5 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).