

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

September 15, 2023
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, September 15, 2023, at 11:32 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chair Melissa Steagall-Jones called the meeting to order at 11:32 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call. All committee members were physically present:

Committee Chair Melissa Steagall-Jones
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Ron Ramsey
Trustee Tony Treadway

III. Approval of the Committee Minutes from April 21, 2023

The minutes from the April 21, 2023, meeting of the Audit Committee were approved as submitted with Trustee Dorothy Grisham making the motion and Trustee Ron Ramsey seconding the motion. The motion passed unanimously.

IV. Action Item: Approval of Board of Trustees Professional Development Policy

Dr. Mark Fulks, University Counsel, presented to the committee a policy that facilitates ongoing professional development activities for members of the Board of Trustees, as required by one of the provisions of the Focus Act. The policy resembles those adopted by other locally-governed institutions in the state.

Trustee Tony Treadway made a motion that the policy be adopted. Trustee Grisham seconded the motion. It passed unanimously.

V. Action Item: Approval of Appearance Before the Board of Trustees Policy

Dr. Fulks presented this policy that specifies a standard process for members of the university community and the general public to address the Board of Trustees during full Board meetings. There are three different statutory provisions that require such a policy. The board had adopted a policy in 2019, but new legislation adopted during the most recent session of the Tennessee General Assembly made policy revisions necessary. The new policy requires individuals desiring to address the Board to preregister at least 72 hours prior to the start of the full Board meeting.

Trustee Treadway made a motion that the policy be adopted. Trustee Ron Ramsey seconded the motion. It passed unanimously.

VI. Action Item: Audit Plan for FY 24

Ms. Becky Lewis, Director of Internal Audit, told the committee that the plan includes audits required by state statute and/or the Division of State Audit, one audit for public radio station WETS-FM that is required annually by the Corporation for Public Broadcasting, follow-up reviews based on prior audit recommendations, and additional audits and investigations deemed necessary throughout the course of the year. Ms. Lewis said that during the audit plan process, a risk analysis of the audit universe at ETSU is performed. Based on this analysis, areas with a higher risk factor are included in the audit plan.

Trustee Ramsey made a motion that the audit plan be approved. Trustee Treadway seconded the motion. It passed unanimously.

VII. Audits and Investigations Performed April 2023 Through August 2023

Ms. Lewis reported that since April, her office has completed three audits and two investigations.

- A. Executive Level Audit: An audit of the Chief Marketing and Communications Officer was conducted in accordance with the annual audit plan. At the request of administration, the Office of Internal Audit randomly selects and conducts an audit of an executive-level administrator. There were no findings as a result of this audit.
- B. Follow-Up to State Audit Findings: In accordance with the requirements of the Division of State Audit, the ETSU Office of Internal Audit did a follow-up review of state audit's findings contained in the FY 2022 financial statement audit. One was related to collection procedures on accounts receivable. It was determined that corrective actions have been taken to help ensure collection of accounts receivable policies are being followed. The second issue dealt with eligibility of Title IV financial aid recipients. It was determined that management has implemented adequate controls to help ensure compliance with Title IV requirements.

- C. Guest and Group Housing: An audit of guest and group housing was conducted based on the annual audit plan. The office found that Housing does not always maintain accurate and up-to-date information regarding guests and groups staying overnight on campus. Housing is in the process of implementing controls to help ensure that accurate information is maintained.
- D. Memorandum on Investigations:
 - a. An investigation was conducted into the procedures for reporting time worked at Family Medicine in Bristol. The Office of Internal Audit found that timekeeping policies are not always followed. Management has begun taking the needed steps to help ensure compliance with policies and accuracy of records.
 - b. In addition, an investigation was conducted of the Center of Excellence in Sport Science and Coach Education when a possible loss was reported to Financial Services. While the audit revealed that a loss did not exist, the Office of Internal Audit was concerned regarding the distribution of gift cards to human subjects. The process for distributing did not follow the protocol approved by the Institutional Review Board. Both the IRB and the Center were notified of the concerns.

VIII. Recommendation Log Status as of August 31, 2023

The recommendation log includes 17 different recommendations. Two actions have been completed since the previous Audit Committee meeting; the remainder are either progressing in a timely fashion or are not yet due. No actions are overdue.

IX. Report on Audit Functions for FY 2023

Ms. Lewis reported to the committee that the majority of work time in her office was spent on required audits and investigations, followed by special requests and follow-up reviews. The office completed 12 audits and 10 investigations during the year, as well as five follow-up reviews. The office sent out 35 customer satisfaction surveys, which are completed anonymously. Eighteen were returned, with very positive feedback.

X. Action Item: Internal Audit Employee Profiles

Ms. Lewis presented a table listing all four employees of the Office of Internal Audit, their titles, professional certifications, annual salary, years of professional experience, and years of experience at ETSU.

President Noland thanked Ms. Lewis and her staff for the depth and breadth of the audits being performed.

Trustee Ramsey made a motion that the employee profiles be approved. Trustee Treadway seconded the motion. It passed unanimously.

XI. Internal Audit Operating Expenses

Ms. Lewis shared with the committee her office’s operating and travel budgets for fiscal year 2024. The operating budget stands at \$10,790 and the travel budget at \$4,750.

XII. Quality Assurance and Improvement Program Report

Ms. Lewis told the committee that the Institute of Internal Auditing Standards requires her office to obtain a peer review every five years. The review was completed in August by internal auditors from Western Kentucky University, the University of Tennessee at Chattanooga, and the Virginia Community College System. Ms. Lewis described the three options when issuing a review: generally conforms, partially conforms, and does not conform to the standards. The peer review indicated that ETSU’s internal audit function generally conforms with the Institute of Internal Auditing Standards and Code of Ethics.

XIII. Other Business

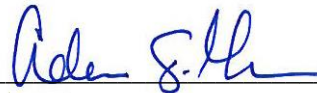
There was no other business to come before the committee.

XIV. Executive Session to Discuss Active Audits and Enterprise Risk Management

The committee went into executive session at 11:53 a.m.

XV. Adjournment

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its November 17, 2023 meeting.