

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

September 17, 2021
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, September 17, 2021, at 8 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chairperson Melissa Steagall-Jones called the meeting to order at 8 a.m.

II. Roll Call

Board Secretary Dr. Adam Green led the roll call. Because Trustee Dorothy Grisham participated remotely, in accordance with Tennessee Code § 8-44-108 section (c) (3), Dr. Green asked Trustee Grisham for the record if she could clearly hear so that she could participate in the meeting, and if she would identify any persons present in the room with her from which she was participating in the meeting. She reported that she could hear and was alone. Those Trustees present in the East Tennessee Room affirmed they were able to hear Trustee Grisham.

Additionally, Dr. Green reported that since a Trustee is participating remotely, should any votes be taken, they must be taken by roll call.

Committee members present were:

Trustee Ron Ramsey
Trustee Dorothy Grisham (participating remotely)
Trustee Melissa Steagall Jones

Dr. Green reported to Trustee Steagall-Jones that a quorum was present. In addition to the Committee members, Trustees Virginia Foley and Linda Latimer were also present.

III. Minutes of the Audit Committee Meeting from October

The minutes from October 21, 2020 and April 23, 2021 were reviewed. Trustee Ramsey made a motion for the minutes to be approved. Trustee Grisham seconded the motion. The motion passed unanimously upon a roll call vote.

IV. Annual Audit Plan for FY 2022

Ms. Rebecca Lewis presented the Annual Audit Plan which is developed by Internal Audit through a risk assessment process. In addition to risk-based audits, the proposed plan also includes required audits, special requests, follow-up reviews, and audits/investigations in progress from the prior fiscal year. Once the plan is approved, it is submitted to the Comptroller of the Treasury, Division of State Audit. All revisions to the audit plan must be approved throughout the year by the Audit Committee.

- V. Trustee Ramsey made a motion for the plan to be approved. Trustee Grisham seconded the motion. The motion passed unanimously upon a roll call vote.

VI. Audit Work Performed April through August 2021

Ms. Lewis reported that Internal Audit has completed one audit and two investigations since the last committee meeting.

An audit related to the Performance Audit of the Board of Trustees issued by the Comptroller of the Treasury was completed. This follow up focused on the additional controls that were put in place since the audit related to the Clery Daily Crime Log. Based on the review, Ms. Lewis felt that significant improvements have been made to help ensure the accuracy of the daily crime log entries.

Investigation into allegations involving the Ronald E. McNair Post-Baccalaureate Achievement Program was conducted. The main portion of the audit was related to a claim that payments were not accurately paid to participants. According to Ms. Lewis, this was primarily unsubstantiated. These payments do, however, go through financial aid and could affect the amount of aid.

An investigation into Slocumb Galleries was also conducted. This involved the sale of donated artwork. Various policies involving the acceptance of the gifts and the subsequent sale did not follow university policies. Corrective action has been identified by the college to help prevent future policy violations from occurring.

A copy of the Audit Heat Map was included in agenda materials and presented to committee members.

VII. Recommendation Log Status as of August 31, 2021

Committee members reviewed the recommendation log and offered no changes.

VIII. Report of Audit Functions for FY 2021

Ms. Lewis discussed the annual report on the internal audit function. During FY 2020, her office completed 12 audits or investigations as well as nine follow-up reviews. Approximately 70 percent of audit time was spent in the areas of “Instruction and Academic Support” and “Financial Management.”

IX. Internal Audit Employee Profiles

Ms. Lewis presented the departmental profiles, which include salaries, professional certification, and years of experiences for each member of the ETSU Internal Audit team. A new employee, Bryan Brockwell, joined the team a month ago. In accordance with the Audit Committee Charter, these profiles must be approved by the Audit Committee annually. Trustee Ramsey made a motion for approval. Trustee Grisham seconded the motion. The motion passed unanimously upon a roll call vote.

X. Internal Audit Operating Expenses

A copy of the departmental budget was shared with the Audit Committee.

XI. Board of Trustees’ Conflict of Interest Policy

Dr. Mark Fulks, University Counsel, presented a draft copy of the Conflict of Interest Policy for the Board of Trustees. Dr. Fulks stated the policy, which replaces the current policy which was carried forward from the Tennessee Board of Regents, provides a framework for defining potential conflicts of interests, obligates disclosure of any actual or perceived conflicts of interests, outlines prohibited conduct, and requires periodic review of the policy by the Audit Committee.

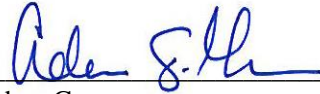
Trustee Foley raised a question regarding the need for clarification in the policy that employment at ETSU by the faculty and student trustees is permitted and does not reflect a conflict of interest. The committee agreed that this adjustment to the language within the policy should be made.

Trustee Ramsey made a motion for the policy to be approved as amended. Trustee Grisham seconded the motion. The motion passed unanimously upon a roll call vote.

XII. Other Business

There were no other business items to discuss. A motion was made and seconded to adjourn to Executive Session. Chair Steagall-Jones stated that no actions will be taken while the committee is in Executive Session, and that the committee will not reconvene.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its November 19, 2021 meeting.