

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE
MINUTES

November 16, 2018
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Audit Committee met at 10:45 a.m. on Friday, November 16, 2018, at the Millennium Center in Johnson City.

I. Call to Order

Mr. David Golden, chair of the Audit Committee and vice chair of the Board of Trustees, called the meeting to order at 10:46 a.m.

II. Roll Call

Board of Trustees Secretary Dr. David Linville led the roll call. Trustees in attendance were:

Dorothy Grisham

Ron Ramsey

David Golden

Other Board of Trustees members present were Dr. Linda Latimer, Scott Niswonger, Jim Powell and Dr. Fred Alsop.

Guests at the meeting were Becky Lewis, chief internal auditor; Martha Stirling, internal auditor; Dr. Brian Noland, ETSU president; Dr. Lauren Collier, THEC representative; James Batchelder, assistant dean for fiscal affairs, College of Clinical and Rehabilitative Health Sciences; Dr. Karen King, chief information officer; and Joe Smith, executive assistant to the president for University Relations (taking minutes).

III. Approval of the Minutes of the Audit Committee, September 21, 2018

The minutes of the September 21 Audit Committee meeting were presented. Trustee Ramsey made the motion for approval and Trustee Grisham seconded the motion. Minutes approved.

IV. Audit Worked Performed September through October 2018

Ms. Lewis discussed two audits and one investigation that have been completed since the last Audit Committee meeting. At the request of President Noland, an audit of an athletic program is performed any time a head coach leaves the program. With the December 2017 retirement of Head Football Coach Carl Torbush, an audit of the

football program was conducted. Two minor issues were identified. One involved a valid purchase that was made with a procurement card, and the other was related to a volunteer who was allowed to rent a car. That same volunteer also did not have a volunteer agreement on file.

The second audit was the president's audit, which a state statute requires be conducted annually. The audit focuses on expenditures made by, at the discretion of, or for the benefit of the President. The audit revealed no statutory or policy violations, material omissions from the expense report, or deficiencies in internal controls.

An investigation was conducted in the Department of Physical Therapy based on concerns over revenue collections for student-led events. A Square device and a cell phone app were used to collect payments for these events, which is a violation of university policies. In addition, revenues for the events could not be verified due to lack of supporting documentation. Overall, the audit revealed \$953.32 in net income that was collected through unallowable methods. No evidence of fraud was discovered. The department is making changes in procedures and is educating students on proper procedures.

A completed audit heat map was also provided.

V. Recommendation Log Status as of October 31, 2018

Ms. Lewis reported on two follow-up reviews since the last audit committee meeting. These included the PCI Questionnaire which has been completed. Staff is working to address a few concerns that were identified.

VI. Internal Audit Salaries

Information on salaries of the ETSU Internal Audit staff were included in the meeting packet. Vice Chairman Golden noted that the committee's charter requires these salaries be reviewed and approved by the committee. He noted that it is important that these salaries be comparable to the market. Trustee Grisham made a motion for approval, and Trustee Ramsey approved the motion.

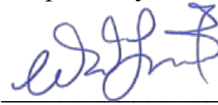
VII. Internal Audit Operating Expenses

Information on current operating expenses for Internal Audit was included in the packet. Since the time that information was submitted, a one-time budget allocation of \$5,000 was added for the QAIP.

VIII. Other Business

No other business items were brought forward. The Audit Committee concluded its meeting and moved into executive session.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "David Linville", written in a cursive style.

David Linville
Secretary of the Board of Trustees

Approved by the Board of Trustees at its February 22, 2019 meeting.