

EAST TENNESSEE STATE UNIVERSITY BOARD OF TRUSTEES  
AUDIT COMMITTEE

MINUTES

September 16, 2022  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, September 16, 2022, at 11:30 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 11:30 a.m.

**II. Roll Call**

Board Secretary Dr. Adam Green led the roll call and confirmed to the Committee Chair that a quorum was present.

Committee members present were:

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

**III. Action Item: Approval of the Audit Committee Minutes from April 22, 2022**

The minutes from April 22, 2022, were approved as submitted, with Trustee Ramsey making the motion and Trustee Grisham seconding the motion. The motion passed unanimously.

**IV. Action Item: Audit Plan for FY 2023**

Chief Audit Executive Rebecca A. Lewis, CPA, presented the FY 2023 Audit Plan included in agenda materials. The plan included required audits, follow-up audits, projects, special requests, investigations, and risk-based audits.

The 2023 Audit Plan was approved as submitted, with Trustee Grisham making the motion and Trustee Ramsey seconding the motion. The motion passed unanimously.

## V. **Audits and Investigations Performed April 2022 through August 2022**

According to Ms. Lewis, the Office of Internal Audit completed four audits and two investigations between April 1 and August 31, 2022 including:

- Men's Basketball Expenses Audit — An audit of Men's Basketball Expenditures within the Department of Intercollegiate Athletics was conducted by Internal Audit personnel. In March 2021, concerns were raised regarding the financial records maintained by the Director of Basketball Operations (DBO). Shortly thereafter, the Head Coach (Coach) for Men's Basketball resigned. At the request of administration, the Office of Internal Audit conducts audits of head coaches at the end of their employment. The DBO also resigned in April 2021. Therefore, this audit serves a dual purpose.
- ID Buc\$ Program Audit — An audit of the ID Buc\$ Program managed by Campus ID Services was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. ID Buc\$ is a debit card program for students, staff, and faculty members. Funds can be deposited onto the ID card and then used around campus for food, printing services, books and supplies, vending, various fees, and laundry. In addition, several off-campus locations accept ID Buc\$ as a method of payment.
- Procards System Audit — A system audit of Procurement Cards (Procards) within the US Bank Online System was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. This audit focused on the new system used for documenting and approving purchases made using procards.
- Sim Lab Follow-up Audit Review — The College of Medicine: Human Patient Simulation Laboratory Audit report issued January 19, 2021 contained two findings. As required, Internal Audit has performed a follow-up review of actions taken in response to these findings. The follow up revealed that appropriate action has not been taken related to one of the two finding.
- Men's Basketball Investigation — An investigative review into the possible forged signatures on meal per diem forms involving the Intercollegiate Athletics' Men's Basketball Team at East Tennessee State University (ETSU) was conducted by the Department of Internal Audit. In March 2022, the Office of Financial Services received a document to support petty cash disbursements for meal money which appeared forged. Internal Audit conducted an investigation of all petty cash transactions involving Men's Basketball. The primary objectives were to investigate the validity of the issues identified during the review, determine the extent of any violations of university policies and State law, and evaluate the adequacy of internal controls.
- Clemmer College Investigation Access ETSU — An investigative review into a fundraiser entitled "Access the Groove" hosted by Clemmer College's Access ETSU was conducted by the Department of Internal Audit. After the fundraiser

event was completed, the Project Director contacted the Foundation to inquire about next steps. During these conversations Foundation Accounting became aware that a Square device was used to receive payments at the event. Square allows smart phone or tablet owners to accept and receive debit/credit card payments. These funds are then held by Square until transferred to a bank account or uploaded to a debit card. The use of Square is not an approved method for accepting university payments. Internal Audit conducted an investigation of all transactions related to the fundraiser. Based on the test work performed, financial fraud was not discovered. However, several violations of laws, policies, and procedures occurred.

**VI. Recommendation Log Status as of August 31, 2022**

Ms. Lewis reported that her office continues to perform follow-up reviews to ensure that prior recommendations have been addressed. A status of prior audit recommendations as of August 31, 2022 was included in the agenda materials.

**VII. Report on Audit Functions for FY 2022**

The Annual Report for the Department of Internal Audit for the 2022 fiscal year was presented to committee members. This report fulfills the annual reporting requirements (T.C.A. § 4-14-102) and provides information to the Board of Trustees concerning the 2022 audit efforts of Internal Audit. Committee Chair Steagall-Jones noted that the report was also sent to the State of Tennessee.

**VIII. Action Item: Internal Audit Employee Profiles**

The ETSU Internal Audit Employee Profiles were approved as submitted, with Trustee Ramsey making the motion and Trustee Grisham seconding the motion. The motion passed unanimously.

**IX. Internal Audit Operating Expenses**

For informational purposes, the operating budget for the Office of Internal Audit was included on page 31 of the agenda materials.

**X. Quality Assurance and Improvement Program**

The Institute of Internal Auditors requires the Office of Internal Audit to undergo an external evaluation every five years. There are two options for this external evaluation:

1. Self-Assessment with Independent Validation
2. Full External Assessment

After discussing the advantages and disadvantages with Ms. Lewis and learning more about the full external assessment process, Committee Chair Steagall-Jones noted that, barring any additional proposals from the committee, she is comfortable with a self-assessment with independent validation. The chair suggested inviting the lead of the external evaluation to address the committee at a future meeting.

**XI. Other Business**

No other business was brought before the committee.

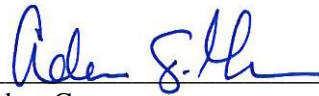
**XII. Executive Session to Discuss Active Audits and Enterprise Risk Management**

At the request of the Committee Chair, the Audit Committee adjourned to Executive Session to discuss active audits and enterprise risk management.

**XIII. Adjournment**

The meeting was adjourned at the conclusion of the Executive Session.

Respectfully submitted,



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Adam Green  
Secretary of the Board of Trustees

Approved by the Board of Trustees at its November 18, 2022 meeting.