

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
AUDIT COMMITTEE

MINUTES

April 22, 2022  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, April 22, 2022, at 10:47 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 10:47 a.m. The meeting was initially slated to convene at 11:30 a.m. but was able to begin earlier due to the early adjournment of the Finance and Administration Committee meeting.

**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  
Committee Chair Melissa Steagall-Jones

**III. Approval of the Audit Committee Minutes from February 18, 2022**

The minutes from February 18, 2022, were approved as submitted, with Board Chair Dr. Linda Latimer making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

**IV. Annual Review of Charters**

Chief Audit Executive Rebecca A. Lewis, CPA, presented three Charters, which were included in the agenda materials, to the Audit Committee for their annual review including:

- Audit Committee Charter
- Internal Audit Charter
- Compliance Charter

Ms. Lewis noted that Internal Audit had reviewed the three Charters and determined that no revisions were required.

The Audit Committee made no proposals for Charter amendments.

#### **V. Annual Review of Policies**

In accordance with the Audit Committee Charter, the Audit Committee must annually review its Internal Audit Policy and its Preventing and Reporting Fraud, Waste, and Abuse Policy. Both policies were included in agenda materials.

The Committee had no queries or reservations about these policies and did not suggest any changes.

#### **VI. Action Item: Revisions to the FY 2021-2022 Audit Plan**

Ms. Lewis requested approval for the following additions to the audit plan for fiscal year 2021-2022.

- Guest and Group Housing – An audit of guest and group housing was requested by management.
- FWA 22-05 – Internal Audit received a possible fraud, waste, or abuse concern. This will be investigated by audit and/or assigned to the appropriate authority.
- FWA 22-06 – Internal Audit received a possible fraud, waste, or abuse concern. This will be investigated by audit and/or assigned to the appropriate authority.

Ms. Lewis also requested approval for the following deletions from the audit plan for fiscal year 2021-2022.

- Football – Internal Audit is adjusting the process for completing audits within the Athletic Department. Rather than conducting an audit at the end of a head coach's tenure, Internal Audit will review a specific risk area and conduct the audit across all sports on an annual basis.
- NCAA Compliance – This audit was removed in order to add the Group and Guest Housing Audit.

The requested revisions to the audit plan were approved as submitted, with Trustee Dorothy Grisham making the motion and Board Chair Dr. Linda Latimer seconding the motion. The motion passed unanimously.

## **VII. Audit Investigations Performed February 2022 through March 2022**

Ms. Lewis provided an overview of the audits and investigations completed from February 1, 2022 to March 31, 2022 including:

- Men’s Soccer Expenditures within the Department of Intercollegiate Athletics
- Provost/Senior Vice President for Academics was conducted by Internal Audit personnel in accordance with the Annual Audit Plan.
  - At the request of Administration, the Office of Internal Audit conducts an audit of a randomly selected executive-level administrator annually.
- Center of Excellence in Math and Science Education (CEMSE)
  - This audit was conducted at the request of the Clemmer College Dean due to structural changes within the Center.

Between February 1 and March 31, 2022, one investigation was conducted. The investigation memorandum was included in the agenda materials on page 41.

## **VIII. Recommendation Log Status as of March 31, 2022**

A copy of the Recommendation Log as of March 31, 2022, was provided for the Committee’s review on page 44 of the agenda. Per Ms. Lewis, it appears that management has taken appropriate actions to correct those deficiencies recorded on the log.

## **IX. Quality Assurance and Improvement Program**

State law mandates that the Office of Internal Audit adhere to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA). The IPPF requires Internal Audit to maintain an active Quality Assurance and Improvement Program (QAIP) that includes periodic self-assessments and external assessments. Every five years, the IPPF mandates an external assessment by a qualified, independent assessor or assessment team from outside the organization. The acceptable methods for an external evaluation include a full external assessment or a self-assessment with independent validation. The self-assessment with external

validation is the most common and cost-effective means of completing the required external assessment. Members of the International Association of College and University Auditors (ACUA) frequently volunteer as external assessors, requiring just travel expenses for the week-long site visit. The previous external evaluation, a self-assessment with ACUA validation, was completed in August 2018, coinciding with the formation of the Board of Trustees. This evaluation was performed outside of the normal audit cycle to allow the newly formed Board to assess the depth, breadth, and scope of the Office of Internal Audit. The subsequent external evaluation will take place in August 2023. In addition to the external evaluation, the Office of Internal Audit usually conducts a self-evaluation in the middle of the five-year period.

**X. Review of Audited Financial Statements from the Comptroller of the Treasury**

Dr. B.J. King, Chief Financial Officer for Business and Finance, provided an overview of Audited Financial Statements from the Comptroller of the Treasury. The Tennessee Comptroller of the Treasury, Division of State Audit, issued a final Financial and Compliance Audit Report of ETSU's financial statements for the fiscal year ending June 30, 2021. The audit report in its entirety was included immediately following page 54 of the agenda. An exit conference with the Division of State Audit was held on January 27, 2022; participants met both in person and via Zoom. Dr. B.J. King, Chief Financial Officer, noted that the independent auditor's report was issued with unmodified opinions.

There were no questions or discussions following Dr. King's presentation.

**XI. Other Business**

There were no additional discussions.

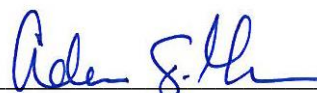
**XII. Executive Session to Discuss Active Audits and Enterprise Risk Management**

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 adjourned at the conclusion of the Executive Session.

Respectfully submitted,



Adam Green  
Secretary of the Board of Trustees