

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
AUDIT COMMITTEE

MINUTES

September 21, 2018  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Audit Committee met at 9 a.m. on Friday, September 21, 2018, in the Reece Museum on the ETSU campus.

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 9:02 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

Guests at the meeting were Becky Lewis, chief internal auditor; Martha Stirling, internal auditor; Dr. Brian Noland, ETSU president; Kristen Swing, director of communications; James Batchelder, assistant dean for fiscal affairs, College of Clinical and Rehabilitative Health Sciences; Dr. Lauren Collier, Tennessee Higher Education Commission; and Joe Smith, executive assistant to the president for University Relations (taking minutes).

III. **Approval of Minutes of the Audit Committee from April 27, 2018**

The minutes of the April 27, 2018 meeting of the Audit Committee were presented and approved.

IV. **Quality Assurance and Improvement Program**

Trustee Golden requested to move this topic up from agenda item VII to agenda item IV to allow for sufficient discussion time. Ms. Rebecca Lewis presented a summary of the recent Self-Assessment review in June 2018 followed by the Independent Validation in August 2018. It is required by the Institute of Internal Auditors (IIA) to periodically complete self-assessments and have an independent validation every five years. Through the self-assessment, ETSU identified a few areas that presented opportunities for improvement. These areas of improvement were not included in the

report from the independent validators. The report from the independent validators showed that ETSU generally complies with all IIA standards, which is the best rating an Internal Audit department can obtain from its peers. The independent validators identified three opportunities for continuous improvement. One involves documenting in the audit report the date and person responsible for implementing recommendations. The second one involves the audit universe, which is used to develop our audit plan, for the College of Medicine. The independent validators felt that ETSU needs to identify auditable areas within the College of Medicine and include them in the university. The final one had to do with making sure the Information Technology Auditor had relevant training and to include more IT audits on the plan.

ETSU's responses were included in the report within the audit provided at the meeting. Some of these actions can be easily accomplished, while others may be more difficult based on limitations with staff.

A discussion by committee members took place regarding the various types of IT audits that ETSU might conduct. These might include security audits, firewall audits, or high-level IT audits. Dr. Noland suggested we ask Dr. Karen King and Andrea Di Fabio to identify areas within our IT system that might present the highest risk. In follow-up to the report on the College of Medicine, President Noland recommended that the College of Medicine be included on the audit universe and that we begin by identifying the areas that we could audit and then determine which present the highest risk.

## **V. Audit Plan**

The Audit Plan for fiscal year 2019 was presented for approval. This was provided to Trustee Golden prior to the July 1 meeting in order to obtain preliminary approval at the start of the fiscal year. The committee approved the plan and made a motion to ratify any previous work for the plan that was already done. That motion passed as well.

## **VI. Audits and Investigations Performed**

Five completed audits were presented, with three not having any issues or concerns noted. These were the men's soccer expenditures, the National Automated Clearing House Association (NACHA) website transaction data, and the state audit follow-up. Our prior state audit report had two findings, and the follow-up revealed that corrective action had been taken. The other two audits were requested by the College of Nursing. One involved financial procedures, and the other involved patient safety. The audit on financial procedures revealed supporting documentation was not always prepared and maintained. In addition, the fee schedule used did not always match the approved fee schedule. The audit on patient safety revealed improvements were

needed in regard to privileging and credentialing, follow-up appointments, and the physician's review of charts. Details for those audits were included in the executive summary, and full reports are available upon request.

In addition to the five audits, ETSU completed three reports related to investigations. The first was from the Office of Student Support Services in the College of Nursing. Two reports were issued. The first involved a non-exempt employee who had claimed to have worked overtime without compensation for years. While the investigation did show she may have worked outside her normal schedule, there were also concerns about unrecorded leave and abuse of FMLA. The second report involved some inappropriate Procard purchases of another employee within the department.

The third report was for a payroll services fraud that involved two employees who had responded to a phishing email that gave fraudsters access to their email and allowed them access to communicate with ETSU's Payroll office. The university was able to recuperate a portion of the diverted funds.

Ms. Lewis also presented an overview of the Audit Heat Map.

#### **VII. Recommendation Log Status as of August 31, 2018**

A copy of the Recommendation Log was shared revealing that many follow-up reviews have been completed since the last meeting. Several other projects should be completed by the next meeting.

#### **VIII. Annual Report on Audit Activity FY 2018**

Ms. Lewis shared a copy of the annual report for the Department of Internal Audition for the 2018 fiscal year. The report provides information to the Board of Trustees concerning 2018 audit efforts. Highlights of the report included a listing of all audits that were issued or were in progress during the year, the implementation of a new customer satisfaction survey process, the development of a fraud training presentation, and the results of a fraud risk assessment. The report also included mandatory disclosures that must be made as part of IIA Standards.

#### **IX. Other Business**

Trustee Golden asked if there were any additional business items. Given there were none, the meeting adjourned and the committee moved into executive session.

Respectfully submitted,



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David Linville  
Secretary of the Board of Trustees

Approved by the Board of Trustees at its November 16, 2018 meeting.