

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

February 23, 2018
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Audit Committee met at 9 a.m. on Friday, February 23, 2018 in the Department of Surgery Conference Room in Carl Jones Hall on the Quillen VA Medical Center 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 9:11 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 Dr. David Linville; Becky Lewis, chief internal auditor; Martha Stirling, internal auditor; Logan Greer, internal auditor; Dr. Brian Noland, ETSU president; Kristen Swing, director of communications; 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 November 10, 2017

The minutes of the November 10, 2017 meeting of the Audit Committee were presented. Trustee Golden made a recommendation for approval, and Trustee Ramsey seconded the motion. Motion passed.

IV. Revisions to the FY 2017-18 Audit Plan

Rebecca Lewis requested the addition of four investigations to the Audit Plan for 2017-18. Two of the audits have been completed and will be discussed later during the meeting. An audit of presidential expenses was added to the current year audit plan since Internal Audit is reviewing the expenses each quarter. In addition, Martha Stirling from the Internal Audit staff has been selected as a track coordinator for the 2018 ACUA Annual Conference. An audit of football expenditures has been added

following the announcement that the head coach is retiring. In the future, any time a head coach retires or leaves the program, an audit of expenditures will take place.

Trustee Ramsey made a motion for approval of the revised plan and Trustee Golden seconded the motion. Motion passed.

V. **Audits and Investigations Performed**

Ms. Lewis provided an overview of the audits and internal investigations completed during the time period of November 1, 2017 – January 31, 2018.

WETS-FM Radio FY 2017: A financial statement audit for WETS-FM radio was performed to determine the fair presentation of the financial statements for FY 2017 as required by the Corporation for Public Broadcast (CPB). There were no findings or questioned costs or issues. The audit report for WETS-FM radio was issued with an unmodified opinion. The financial statements appeared to fairly present, in all material respects, the financial position of the radio station as of June 30, 2017, and the audit objectives were met.

A memorandum of investigation was issued on the following audits:

Child Study Center: The investigation revealed cash received by the Child Study Center for its Pride Picnic was not deposited intact, expenses were paid directly from the cash receipts, and records related to the picnic revenue and expenditures were not maintained. In the future, the center will follow university policies and procedures related to picnic revenue and related expenses.

Parking Services: An investigation revealed that an employee (Technician) in Parking Services sometimes removed charges for parking fines and permits from the TickeTrak system when the individuals paid in cash. The Technician would then keep the cash for personal use. Based on the investigation performed, questioned costs totaled \$1,325. The Technician admitted in a signed statement to theft of between \$440 and \$460 and has agreed to make payment arrangements to the university for this amount. Since multiple individuals who accept payments in Parking Services work from the same cash drawer and use the same user ID in TickeTrak, it is possible that the Technician was not the only one involved in the theft. A review of subsequent transactions, however, revealed that theft has not occurred since the Technician's resignation. Management is taking appropriate steps to strengthen the internal control in order to help prevent future incidences from occurring. Ms. Lewis noted that ETSU Public Safety had been contacted regarding this investigation.

A heat map summarizing completed audits from November 1, 2017 – January 31, 2018 was reviewed.

VI. Recommendation Log

Ms. Lewis presented the recommendation log that shows the status of audit recommendations from previous audits. All actions taken by management seem to be progressing in a timely fashion or are not yet due. Updates about the PCI questionnaire discussed at the previous Audit Committee meeting have been received and are progressing toward an August completion date. One follow-up matter has been completed since the last meeting and appropriate actions have taken place. Two ongoing investigations will be discussed in executive session.

VII. Other Business

Trustee Golden asked if there were any other business items to discuss. Given that none were announced, the public portion of the committee meeting adjourned and committee members moved into executive session.

Respectfully submitted,



David Linville
Secretary of the Board of Trustees

Approved by the Board of Trustees at its April 27, 2018 meeting.