

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

April 24, 2020
Johnson City, Tennessee

The ETSU Board of Trustees Audit Committee met at 8:30 a.m. on Friday, April 24, 2020 during a virtual meeting held on Zoom that was livestreamed.

I. Call to Order

David Golden, Vice-Chairman of the ETSU Board of Trustees and Chairman of the Audit Committee, called the meeting to order at 8:31 a.m.

II. Roll Call

Board of Trustees Secretary Adam Green explained that before roll call could be taken, he needed to present a series of questions to the committee members, and that due to the trustees participating remotely, all votes taken must be done so by roll call. Trustees Golden, Grisham, and Niswonger indicated that they could hear clearly and that there was no one present in the room with them. Committee members present were: David Golden, Dorothy Grisham, and Board Chair Scott Niswonger. Other Trustees present were Virginia Foley, Linda Latimer, and Cristopher Santana. Additional trustees joined the meeting later. In accordance with Tennessee Code § 8-44-108 Section (b) (2), Green stated that this was a regularly scheduled quarterly meeting of the Audit Committee, that the committee business is critical to the operations of the university, and in light of the COVID-19 virus outbreak and the statewide recommendations as well as those from the Centers for Disease Control and Prevention, social distancing measures and a limit on groups that gather are being observed. Green requested a roll call vote to determine the necessity of holding the meeting.

A motion was made by Trustee Grisham and seconded by Trustee Niswonger. A roll call vote was taken and the motion passed unanimously.

III. Approval of the Committee Minutes from February 21, 2020

The minutes from the February 2020 meeting were reviewed. Trustee Niswonger moved for them approved and Trustee Grisham seconded the motion. A roll call vote was taken, and the motion was approved unanimously.

IV. Annual Review of Charters

Rebecca Lewis, Chief Audit Executive for ETSU, presented a copy of the most recent Audit Committee charter that was approved by the Board of Trustees. This charter was approved by the Comptroller of the Treasury in September 2017. The most recent Internal Audit charter was also presented that was approved by the Board of Trustees in April 2018. Ms. Lewis stated her office had reviewed both charters and did not identify any necessary corrections or additions.

V. Annual Review of Policies

Ms. Lewis referenced three policies that were included in the Audit Committee materials. The committee is required to review these each year. Two of those policies – ETSU’s Internal Audit Policy and the Reporting Fraud, Waste and Abuse Policy – have been reviewed by her office and no changes or additions were recommended. A committee has developed a draft of a Conflict of Interest Policy which, once finalized and approved, will replace the current policy that is under the Tennessee Board of Regents.

Ms. Lewis also noted that the Audit Committee is required to review the institution’s Code of Conduct. Prior to the FOCUS Act, neither ETSU nor TBR had such a policy. A meeting is scheduled with the appropriate university representatives to work on this policy. Chairman Golden asked if a timeline should be requested by the committee for the Conflict of Interest and Code of Conduct policies to be finalized. President Noland noted that the employee who was working on ETSU policies left the university to take a job in North Carolina and that these two policies will be finalized by the next Audit Committee meeting.

VI. Revisions to the FY 2019-2020 Audit Plan

Ms. Lewis reported that an audit was requested by the Dean of the ETSU Clemmer College to make recommendations to improve operations within the Center of Excellence in Math and Science Education. This center is a collaboration between the College of Arts and Sciences and the Clemmer College. Plans are in place to add the College of Business and Technology to the center.

In addition, Martha Burge from the ETSU Internal Audit team has been asked to serve on a Quality Assurance Review (QAR) for Georgia Southern. Chairman Golden noted this was an excellent opportunity for an ETSU staff member to be part of a QAR at another university.

VII. Audit Work Performed February 2020 – March 2020

According to Ms. Lewis, her office issued reports for three audits and one investigation during the February 1 – March 31, 2020 timeframe. Two of these audits – Women’s Soccer Expenditures and NACHA – had minimal or no issues. NACHA is an annual audit required by the bank and addresses web-based transactions.

A timekeeping audit for the Honors College, which was the third audit performed, found that a non-exempt employee was working an excessive amount of unapproved overtime. The overtime was based on the need of the employee rather than the need of the university. The audit also found that the employee did not always accurately record hours worked and leave taken. Management is now requiring written approval be obtained for all overtime. The discrepancies noted in the audit will be submitted to Payroll for correction.

The investigation completed was within the Department of Internal Medicine. Ms. Lewis' office was contact by ETSU's Office of Research and Sponsored Programs Administration (ORSPA) with concerns related to a professor's NIH grants and this person's failure to report a relationship with foreign institutions. The issue identified related to insufficient and non-disclosure of other financial support, over-commitment of time, and inappropriate use of grant funds. ORSPA has begun putting controls and procedures in place and will continue to implement controls to help ensure adherence to NIH and university policies. Ms. Lewis noted that the ETSU ORSPA self-reported the matter to NIH. ETSU Internal Audit issued a report on March 24.

A copy of the Audit Heat Map was presented to the committee.

VIII. Recommendation Log Status as of March 31, 2020

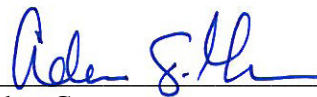
The Recommendation Log was presented and reflected that follow-up reviews have been performed since the last Audit Committee meeting.

IX. Review of Audited Financial Statements from the Comptroller of the Treasury

The Tennessee Comptroller of the Treasury Division of State Audit issued a final audit report of ETSU's financial statements for fiscal year ending June 30, 2019. The report indicated no findings or modified opinions. Chairman Golden congratulated Dr. Noland and his team on this excellent report.

No other business items were noted. The committee meeting adjourned at 8:57 a.m. and went into executive session.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its September 18, 2020 meeting.