

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

November 17, 2023
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, November 17, 2023, at 10:33 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 10:33 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call. The following committee members were physically present:

Committee Chair Melissa Steagall-Jones
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Tony Treadway

Other trustees in attendance were Charles Allen, Janet Ayers, Steve DeCarlo, and Aamir Shaikh.

III. Approval of the Committee Minutes from September 15, 2023

The minutes from the September 15, 2023, meeting of the Audit Committee were approved as submitted with Trustee Tony Treadway making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Action Item: Approval of Policy on Audit of Expenses Related to the Function of the Office of the President

Dr. Mark Fulks, University Counsel and Chief Compliance Officer, told the committee that this is a policy the Board of Trustees is required to have and that ETSU is following the policy. One minor difference in the revised policy is the timing, moving from annual reports to semi-annual ones.

Trustee Dorothy Grisham made a motion that the policy be adopted. Trustee Tony Treadway seconded the motion. It passed unanimously.

V. Review of Audit Committee Responsibilities

Ms. Becky Lewis, Director of Internal Audit, told the committee that each year, included in the Audit Committee material, is a listing of the committee's responsibilities. These are based on state law, requirements of the Division of State Audit, the Audit Committee Charter, and/or the Internal Audit Policy. They are used to determine the committee's agenda. Ms. Lewis asked the committee if there were any questions or concerns about the responsibilities and compliance with the requirements. There were none.

VI. Action Item: Revisions to the FY24 Audit Plan

Ms. Lewis reported that her office has received one fraud, waste, or abuse concern since September. She requested approval to add that item to the Audit Plan for FY24.

Trustee Dorothy Grisham made a motion to approve the revision to the plan. Trustee Tony Treadway seconded the motion. It passed unanimously.

VII. Audits and Investigations Performed September through October 2023

Ms. Lewis reported that during this period, her office has completed one audit and one investigation.

Audits

- **President's Expenses:** An audit of the President's expenses was conducted in accordance with state law. The objectives were to determine compliance with state statutes and institutional policies regarding expenses and to identify and report all expenses made by, at the direction of, or for the benefit of the President, regardless of funding source. Ms. Lewis indicated that no concerns were identified during the audit.

Investigations

- Ms. Lewis told the committee that an investigation was completed related to pro-card charges in the Department of Chemistry. She said the items were purchased by a professor who borrowed the lab manager's pro-card. The professor indicated that the purchases were to develop experiments and decorate at K-12 outreach programs. Since all items purchased were accounted for and most were unopened, the investigative review did not indicate that fraud had occurred. However, management is concerned about the feasibility and practicality of the potential experiments and believes the purchases constitute waste. The total amount of possible wasteful purchases was \$156.81.

A Completed Audits Heat Map was included in the materials provided to the committee.

VIII. Recommendation Log Status as of October 31, 2023

Ms. Lewis indicated that included in the committee's packet is a report on the status of prior audit recommendations. Her office is continuing to perform follow-up reviews to ensure that prior recommendations have been addressed. The log includes two action items completed since the previous Audit Committee meeting. No actions are significantly overdue.

IX. Other Business

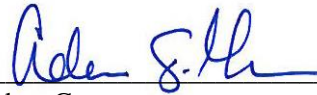
There was no other business to come before the committee.

X. Executive Session to Discuss Active Audits, Enterprise Risk Management, and Review University Risks and Related Internal Controls

The committee went into executive session at 10:46 a.m.

XI. Adjournment

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its February 16, 2024 meeting.