

**Tennessee State University
Board of Trustees**



**Approval of the
March 15, 2018,
Audit Committee
Meeting Minutes**

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

ACTION ITEM

DATE: June 21, 2018

ITEM: Audit Committee Report - Approval of the March 15, 2018, Audit Committee Meeting Minutes

RECOMMENDED ACTION: Approval

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

The document reflecting the minutes from the March 15, 2018, Audit Committee meeting is included in the June 21, 2018, Board materials.

MOTION: To approve the minutes from the Board of Trustees' March 15, 2018, Audit Committee meeting, as contained in the Board materials for the Board's June 21, 2018, meeting.

**Meeting of the Tennessee State University Board of Trustees
Audit Committee Meeting – March 15, 2018
Tennessee State University Main Campus – McWherter Administration Building,
President’s Conference Room
3500 John A. Merritt Blvd., Nashville, Tennessee**

MINUTES

Committee Members Present: Dr. Deborah Cole and Dr. Edith Peterson Mitchell (via conference call).

Other Board Members Present: Dr. Ali Sekmen.

University Staff Present: President Glenda Glover; Mr. Laurence Pendleton, University Counsel and Board Secretary; Ms. Cynthia Brooks, Vice President for Business and Finance; Dr. Curtis Johnson, Chief of Staff and Associate Vice President of Administration; and Ms. Adrian Davis, Director of Internal Audit.

Guests: Ms. Lauren Collier, Tennessee Higher Education Commission, Director of Institution and Board Affairs, and Ms. Brittany Mosley, Tennessee Higher Education, Director of HBCU Success.

I. CALL TO ORDER

Trustee Cole called the meeting to order at 8:30 a.m. After calling the meeting to order, Trustee Cole opened the meeting with a statement regarding the necessity for the Audit Committee to conduct an electronic meeting.

Trustee Cole noted that pursuant to Tennessee Code Annotated (T.C.A.), § 8-44-108 (b) (3), the Audit Committee made the determination of necessity to conduct an electronic meeting on March 15, 2018 at 8:30 a.m. as a physical quorum of the committee was not present.

Trustee Cole also stated that in accordance with T.C. A. § 8-44-108 (b) (2), the Audit Committee offered the following facts and circumstances on which the Audit Committee made the determination of necessity:

- The Audit Committee was scheduled to address important audit related matters that required the committee’s timely action, including the approval of the Office of Internal Audit’s Charter, the review of Completed Internal Audits, and the discussion of items deemed confidential under State law.
- One of the Audit Committee members did not attend in person due to an unforeseen flight cancellation and, as a result, the physical presence of a quorum of the Audit Committee was not practical within the period of time requiring action.

- For these reasons, the Audit Committee determined that meeting participation by a quorum of the Audit Committee members by electronic means of communication was necessary.

Trustee Cole made the motion that a necessity did exist for the meeting to proceed by electronic means. Trustee Mitchell seconded the motion. There was no discussion and Trustee Cole called for a vote. Secretary Pendleton called the roll. The motion carried unanimously.

Trustee Cole then asked President Glover to introduce the Guests and University Staff that were present. President Glover introduced everyone in attendance at the Audit Committee meeting on March 15, 2018.

II. ROLL CALL/DECLARATION OF A QUORUM

Trustee Cole asked Board Secretary Pendleton to call the roll. Secretary Pendleton called the roll, which reflected that Audit Committee member Mitchell was present via conference call. Secretary Pendleton then announced the presence of a quorum.

III. APPROVAL OF NOVEMBER 16, 2017, COMMITTEE MEETING MINUTES

Trustee Cole announced the next item on the agenda, which was the approval of the November 16, 2017, Audit Committee minutes. Trustee Mitchell moved to recommend to the full Board the approval of the November 16, 2017, Audit Committee minutes, as contained in the Board materials for the March 15, 2018, Board meeting. Trustee Mitchell seconded the motion. There was no discussion and Trustee Cole called for a vote. Secretary Pendleton called the roll. The motion carried unanimously.

IV. APPROVAL OF THE OFFICE OF INTERNAL AUDIT'S CHARTER

Trustee Cole moved to the next item on the agenda – approval of the Office of Internal Audit's Charter. Trustee Cole informed the Board that pursuant to the Audit Committee Charter, the Audit Committee is responsible for the review and approval of the Internal Audit Charter for the University's Office of Internal Audit. Trustee Cole then recognized President Glover for discussion of the agenda item. President Glover deferred to Ms. Adrian Davis, Director of Internal Audit, to provide pertinent information related to the agenda item.

Ms. Davis advised that the Audit Committee is required to follow the Institute of Internal Auditors (IAA) Standards, which states that the authority and requirements be documented in the Internal Audit's Charter. She noted that the current Charter was reviewed by the Tennessee Board of Regents when it served as the governing board for TSU.

Trustee Cole thanked Ms. Davis for the information and moved to recommend the approval of the Audit Charter, as contained in the Board materials for the March 15, 2018, Board meeting, to the full Board. Trustee Mitchell seconded the motion. There was no further discussion and Secretary Pendleton called the roll. The motion carried unanimously.

V. REVIEW OF THE COMPLETED INTERNAL AUDITS

Trustee Cole moved to the next item on the agenda, which was the review of the Completed Internal Audits. She also advised that the information regarding this agenda items was informational and no vote was required.

Trustee Cole asked President Glover to provide pertinent information on the agenda item. President Glover yielded the floor to her designee, Ms. Adrian Davis, Director of Internal Audit, to provide the pertinent information.

Ms. Davis provided a brief follow-up to the completed internal audit reports:

One of the completed reports was a follow-up report to the findings by State Audit. State law requires Internal Audit department to complete a report on the status of the implementation of the state's recommendations within six (6) months of issuance. The findings noted in the report were due to errors contained in the financial statements and notes. In addition, the financial reporting findings in TSU's Foundation Endowment for Educational Excellence were due to errors contained in the notes. Ms. Davis informed the committee that all of the items noted in the report were appropriately addressed.

An additional report was completed on the Technology Access Fee (TAF). The TAF allows students access to computer technology, but there are only certain types of expenses that are allowable with the funds. Internal Audit conducted an audit on TAF for FY 15-FY 16 to determine if the fees were allowable. The audit revealed no findings.

Trustee Cole confirmed with Director Davis that all items were addressed and there were no additional issues with respect to the information provided. Ms. Davis confirmed there were no items to address. Trustee Cole thanked President Glover and the team for the presentation of the reports.

VI. ADJOURNMENT

With no further items on the public portion of the agenda, Trustee Cole moved to adjourn the public portion of the meeting and enter into the Executive Session for discussion of items deemed confidential under state law. Trustee Mitchell seconded the motion. Trustee Cole called for a vote and the motion carried unanimously.

The Board of Trustees Audit Committee meeting adjourned at 8:43 a.m.

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

INFORMATION ITEM

DATE: June 21, 2018

ITEM: Audit Committee Report – Annual Report on the Audit Office’s Activities

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

The Tennessee State University Board of Trustees Audit Committee Charter requires the Audit Committee to review the Audit Office’s annual activities with the Director of Internal Audit.

The Director of Internal Audit will discuss the Office of Internal Audit’s Year End Report for fiscal year 2018.



DEPARTMENT OF INTERNAL AUDIT

Year-End Report on
Audit Activity for the
Year Ended June 30, 2018

Adrian R. Davis, CPA, CGFM
Director of Internal Audit

Ray Trobaugh, CFE, CGFM
Assistant Director of Internal Audit

Rank	Type	Area	Audit	Audit Status	Report Date	Observations /Findings	Status of Management's Implementation of Corrective Action
Required	R	AT	NCAA Student Assistance Fund 2017	Completed	8/25/2017	No	-
Investigation	I	SS	Student Refund (18-001)	In progress	-	-	-
Required	R	FM	President's Expenses for FY 2017	Completed	11/6/2017	No	-
Consultation	C	SS	Student Financial Aid	Completed	5/18/2018	Yes	In progress
Follow-Up Review	F	FM	State Audit Follow-up for FY 2016	Completed	2/22/2018	No	-
Management R.A.	M	FM	Review Management's Risk Assessments	Completed	-	-	-
Required	R	IS	Collection & Review of Conflict of Interest Forms	Completed	-	No	-
Consultation	M	FM	Accounts Payable Travel Claim consult	Completed	-	No	-
Risk-Based	A	IT	Technology Access Fee	Completed	2/6/2018	No	-
Risk-Based	A	FM	Review of Travel Claims	In progress	6/29/2018	Yes	In progress
Project	P	IS	Quality Assessment Review - Internal	In progress	6/15/2018	Yes	In progress
Risk-Based	A	IS	Purchasing - Vendor List Review	Completed	-	No	-
Project	P	IS	Presentation on Fraud, Waste, and Abuse	Completed	-	N/A	-
Required	A	RS	Research and Sponsored Programs	Deferred	-	-	-

Audit Types:

R - Required

A - Risk-Based (Assessed)

S - Special Request

I - Investigation

P - Project (Ongoing or Recurring)

M - Management's Risk Assessment

C - Consultation

F - Follow-up Review

Functional Areas:

AD - Advancement

AT - Athletics

AX - Auxiliary

FM - Financial Management

IA - Instruction & Academic Support

IS - Institutional Support

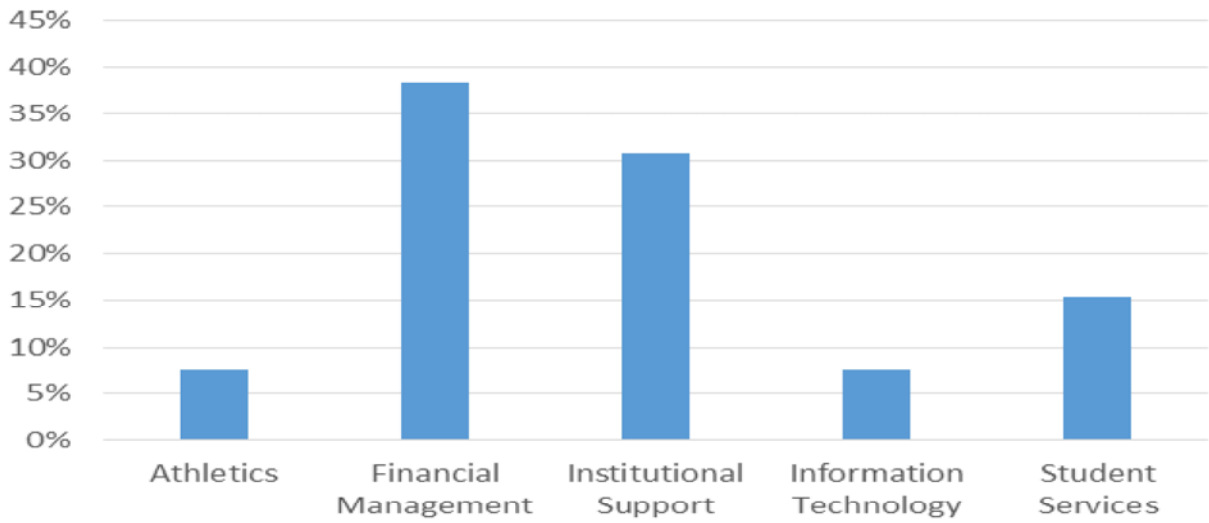
IT - Information Technology

PP - Physical Plant

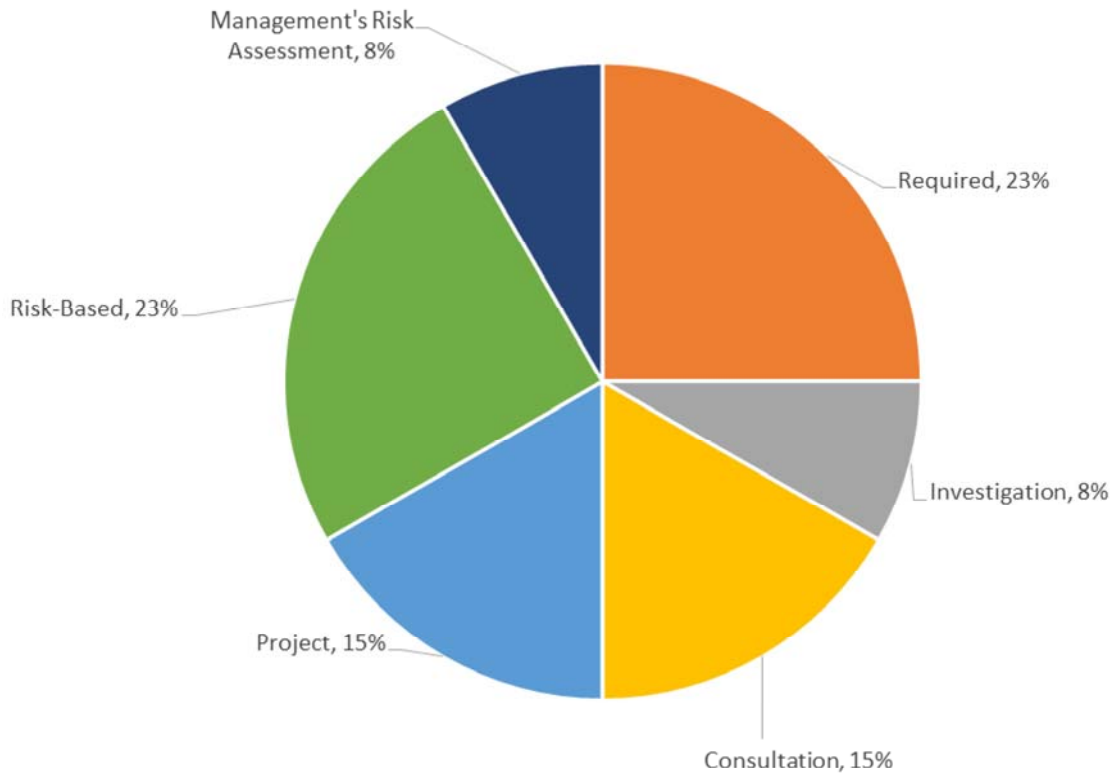
RS - Research

SS - Student Services

Audits by Functional Area



Audit Types for Fiscal Year 2018



TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

DISCUSSION ITEM

DATE: June 21, 2018

ITEM: Audit Committee Report – Discussion of the Audit Office’s Quality Assurance and Improvement Program

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

The Audit Committee Charter and Standard 1300, “Requirements of the Quality Assurance and Improvement Program” of the *International Standards for the Professional Practice of Internal Auditing*, require the internal audit function to maintain a comprehensive quality assurance and improvement program (QAIP). The QAIP is designed to enable an evaluation of the internal audit activity’s conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)* and determine whether internal auditors apply The Institute of Internal Auditors (IIA) Code of Ethics.

The QAIP must include both internal and external assessments. Internal assessments consist of ongoing monitoring and periodic assessments of the office’s internal audit activities and conformance with the Standards and IIA Code of Ethics.

The Office of Internal Audit must conduct an external assessment at least once every five years by a qualified, independent assessor or assessment team from outside the organization to validate that the internal audit activity conforms with the Standards and that internal auditors apply the IIA Code of Ethics. The last external assessment report for the office was issued in August 2013.

External assessments may be accomplished through a full external assessment or a self-assessment with independent external validation. The office’s external assessment will be an independent assessment with external validation.

**Tennessee State University
Board of Trustees**



**Approval of the
Fiscal Year 2018-19
Audit Plan**

TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
ACTION ITEM

DATE: June 21, 2018

ITEM: Approval of the Fiscal Year 2018-19 Audit Plan

RECOMMENDED ACTION: Approval, Roll Call Vote

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

The annual audit plan for the Department of Internal Audit was prepared using a risk-based approach as required by the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. The audit plan covers the annual audit period ending June 30, 2019. Risk factors (e.g. internal controls, results of prior internal and external audits, results of management's risk assessment, etc.) were considered when determining the items to be included in the audit plan.

The purpose of this agenda item is to consider for approval the Annual Audit Plan for fiscal year 2018-2019.

Item Details: See the attachment that follows.

MOTION: To approve the Fiscal Year 2018-19 Audit Plan, as contained in the Board materials for the Board's June 21, 2018, meeting.

Tennessee State University
 Department of Internal Audit
 Annual Audit Plan
 2018-2019

**Tennessee State University
 Internal Audit Plan
 Fiscal Year Ending June 30, 2019**

Rank	Type	Area	Audit	Budget (Hours)	Estimated Start Date	Estimated Completion Date
Required	R	AT	NCAA Student Assistance Fund FY 2018	175	July 2018	August 2018
Project	P	IS	Quality Assessment Review- External	150	June 2018	August 2018
Risk-Based	A	RS	Research and Sponsored Programs	350	July 2018	September 2018
Required	R	FM	President's Expenses FY 2018	125	September 2018	October 2018
Follow-up Review	F	FM	State Audit Follow-up for FY 2017	225	October 2018	December 2018
Risk Assessment	M	FM	Review Management's Risk Assessments	50	November 2018	December 2018
Required	R	IS	Review of Conflict of Interest Forms	150	January 2019	February 2019
Project	P	IS	Quality Assessment Review-Internal	100	February 2019	March 2019
Investigation	I	IS	Unscheduled Audits/Projects/Investigations	240	TBD	
Consultation	C	IS	Unscheduled General Consultations	125	TBD	
Risk-Based	A	SS	University Scholarships	225	March 2019	May 2019
Follow-up Review	F	IT	Follow-up review on prior IT audit	150	March 2019	May 2019
Risk-Based	A	AX	Equipment Inventory	275	May 2019	June 2019
Required	R	FM	Cash Counts	15	June 2019	June 2019
			Total	2355		

Estimate-Hours Available For Audits = 2355 hours

Audit Types:	Functional Areas:
R - Required	AD - Advancement
A - Risk-Based (Assessed)	AT - Athletics
S - Special Request	AX - Auxiliary
I - Investigation	FM - Financial Management
M - Management's Risk Assessment	IA - Instruction & Academic Support
C - Consultation	IS - Institutional Support
F - Follow-up Review	IT - Information Technology
	PP - Physical Plant
	RS - Research
	SS - Student Services

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

DISCUSSION ITEM

DATE: June 21, 2018

ITEM: Audit Committee Report – Discussion of the Institutional Risk Assessment

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

To document compliance with TCA 9-18-101, known as the *Financial Integrity Act*, management of the university must annually perform an institutional assessment of risk. The objectives of the annual management risk assessment are to provide reasonable assurance of the following:

- (1) Accountability for meeting program objectives;
- (2) Promoting operational efficiency and effectiveness;
- (3) Improving reliability of financial statements;
- (4) Strengthening compliance with laws, regulations, rules, and contracts and grant agreements; and
- (5) Reducing the risk of financial or other asset losses due to fraud, waste, and abuse.

The Audit Committee reviewed the institutional risk assessment, in accordance with its charge under the approved Audit Committee Charter, during the executive session of the Audit Committee meeting held on March 15, 2018.

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

DISCUSSION ITEM

DATE: June 21, 2018

ITEM: Audit Committee Report – Executive Session. Discussion of
Items Deemed Confidential under State Law

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole