

Meeting of the Tennessee State University Board of Trustees
Audit Committee
November 22, 2024
Tennessee State University – The Farrell Westbrook Complex (“The Barn”)

MINUTES

Committee Members Present: Dimeta Smith Knight (Committee Chair), Marquita Qualls, and Charles Traughber. Other Board members present: Trevia Chatman, Jeffery Norfleet, Artenzia Young-Seigler, Terica Smith, Dwayne Tucker, Dakasha Winton, and Tyler Vazquez

University Staff Present: Interim President Ronald Johnson; Laurence Pendleton, General Counsel and Board Secretary; Daaryl Burnette, Interim Vice President of Business and Finance; Renée Forbes-Williams, Director of Internal Audit

I. CALL TO ORDER

Committee Chair Smith Knight called the meeting to order at 10:03 a.m.

II. REPORT ON INTERNAL AND EXTERNAL AUDITS

Trustee Smith Knight next asked President Johnson and Director of Internal Audit Renée Forbes-Williams to provide a report on Internal and External Audits. Dr. Forbes discussed the Correct Action Plan, due 30 days after completion of a report is issued, and a Report of Action, due 6 months after a report is issued. Dr. Forbes directed trustees to p. 166-198 of the Board materials. She spoke about the Report of Action and items that have been corrected or partially corrected. Dr. Forbes noted corrected actions, including the hiring of a new bursar with over 25 years of experience that has returned to the University.

She next reviewed the FY22 audit, covering July 1, 2021-June 30, 2022, which was not released until March 2024, so the information was about two years old. She discussed a Memorandum of Understanding that is in place with the Tennessee Board of Regents to assist with the Office of Business and Finance. She stated that for Finding 2, it has been corrected internally for FY24, but it is an expected repeat finding for FY23. Dr. Forbes-Williams continued to review other findings with the committee.

Trustee Tucker asked whether it is typical to have audits running so far behind. Dr. Forbes-Williams said that part of the problem is the lag in terms of auditors receiving requested information. Dr. Burnette said that the institution is going to rely on the expertise of TBR and Alvarez and Marsal to help work on audit issues. He explained some processes need to be updated. He said the AVP of Risk Management is now overseeing responses to auditors. He said that they are working to put the right people in the right positions. He also said that TSU is working with other LGIs to bring its own staff members up to speed.

Trustee Smith Knight asked about basic controls and processes. Dr. Burnette said that people are working on a day-to-day basis and that there are not current policies and standard operating

procedures. That is why there are repeat findings. He said that he and President Johnson just started three months ago. It is going to take time to determine where the problems are and to come up with a strategy for addressing them. He said it takes time to build a team. Now it's up to them to get the people developed so that they continue their job duties moving forward.

Trustee Smith Knight asked for an organizational chart of Accounting and the Finance Department.

Trustee Young-Seigler asked whether there is adequate staff in the auditing department. Dr. Forbes-Williams said there is not.

Trustee Qualls asked about proper training for staff. Dr. Burnette said that due to cash constraints, bringing in an outside consultant is difficult. There is training provided through Ellucian. He has not yet determined what training is needed. Dr. Burnette said that they are now analyzing needs and available resources. Further discussion took place regarding training. Trustee Traugher asked about compliance and said he wanted to hear about compliance regarding processes and procedures.

The TSAC audit will not be completed until it completes its work in TSU's Financial Aid Department before it gets back to the audit. Funds will be delayed until this audit is complete.

Dr. Forbes-Williams next discussed the Conflict-of-Interest audit. This information is found on p. 197 and summarized on p. 198 of the Board materials. There was an increase of nearly 20% over last year, which was achieved in 12 days as compared to 120-day collection period last year.

III. REVIEW OF OUTSTANDING AUDIT ISSUES

Dr. Forbes-Williams next reviewed the Review of Outstanding Audit Issues on p. 201 of the Board materials. She said that audits scheduled to start in Fall 2024 or being moved back some, including to Spring 2025.

The Status Report on the Annual Audit Plan on p. 203 was next reviewed by Dr. Forbes-Williams.

Trustee Smith Knight asked who is responsible and what actions are being taken by grants management. Dr. Forbes-Williams said this was something found by her predecessor. Trustee Smith Knight asked whether Dr. Forbes-Williams was going to be able to complete the audits within budget and on time. Dr. Forbes-Williams said no and that she would need at least 3 experienced personnel.

Trustee Smith Knight asked President Johnson about "mission critical" positions in Internal Audit. He said that they do not know what the need is in Internal Audit. He noted the need for sufficient staff who are qualified and that this was something they would look into going into the next year. Trustee Smith Knight would like to know what work force and systems are needed and about the need to properly support this area. President Johnson said that their immediate efforts have been focused on front-facing departments, like Financial Aid and the Bursar's Office.

Trustee Chatman asking about an audit in 2025. Dr. Forbes-Williams said there may be an audit released in January related to the FY23 Financial and Compliance and the FY24 Single Audit.

Dr. Forbes-Williams said that the External Review is behind, and they need more staff to complete this. Dr. Forbes-Williams said that she tried to obtain external staff but could not move forward with the consultant because of a conflict-of-interest.

Trustee Smith Knight explained to the committee that Dr. Forbes-Williams is responsible for managing the response for the audit but is not responsible for managing the issues. Trustee Vazquez asked about work study time audits.

IV. EXECUTIVE SESSION

Trustee Winton moved for the Audit Committee to go into Executive Session to discuss items deemed confidential under State law. Trustee Traugher seconded the motion, which carried unanimously by voice vote. The committee then transitioned into the Executive Session.

V. ADJOURNMENT

Trustee Qualls moved to adjourn the meeting, and the motion was seconded by Trustee Traugher. The motion carried by voice vote. The meeting was adjourned at 12:58 p.m.