

**Meeting of the Tennessee State University Board of Trustees
Audit Committee Meeting
September 18, 2025
Tennessee State University – The Farrell Westbrook Complex (the “Barn”)**

MINUTES

Committee Members Present: Trustees Dimeta Smith Knight, Marquita Qualls and Charles Traughber. Other Trustees present: Dakasha Winton, Azana Bruce, Trevia Chatman, Jeffery Norfleet, Terica Smith, Leticia Towns, and Artenzia Young-Seigler

University Staff Present: President Dwayne Tucker; Ginette Garza Brown, Interim General Counsel and Board Secretary; Dr. Robbie Melton, Acting Interim Provost & Vice President for Academic Affairs; Bradley White, Interim VP of Business and Finance; Sterlin Sanders, Chief Information Officer; Jim Grady, Alvarez & Marsal

I. CALL TO ORDER

Committee Chair Smith Knight called the meeting to order at 9:08 a.m.

II. ROLL CALL/DECLARATION OF A QUORUM

Committee Chair Smith Knight declared that all members were present, constituting a quorum. Secretary conducted the roll call. The following committee members were present: Trustees Dimeta Smith Knight, Marquita Qualls and Charles Traughber.

III. ADOPTION OF AGENDA

Trustee Traughber moved to adopt the agenda as presented. The motion was seconded by Trustee Qualls. The motion passed unanimously.

IV. APPROVAL OF JUNE 12, 2025, AUDIT COMMITTEE MEETING MINUTES

The minutes from the June 12, 2025, meeting of the Audit Committee were approved as submitted, with Committee Chair Smith Knight making the motion and Trustee Traughber seconding the motion. The motion passed unanimously.

V. REPORT ON INTERNAL AND EXTERNAL AUDIT ITEMS

Committee Chair Smith Knight introduced the next agenda item, the report on internal and external audit items, noting that the materials were provided for informational purposes and that no Board action was required. She asked Dr. Renée Forbes-Williams to present on behalf of the Audit Committee.

Dr. Forbes-Williams reported that no external audits had been finalized since the last committee meeting. She stated that the University expects the FY 2025 Single Audit to be issued in March

2026 and that the FY 2024 financial statement audit is projected to be released by the end of September 2025.

Turning to internal audits, Dr. Forbes-Williams reported that the review of the NCAA Student Assistance Fund was completed and submitted on July 25, 2025. In addition, the FY 2024 Single Audit Report of Action was submitted to the State on the morning of September 17, 2025, and to the Audit Committee Chair, the President, and the Interim Vice President of Business and Finance the evening prior.

At the request of Committee Chair Smith Knight, Dr. Forbes-Williams summarized the four findings included in the FY 2024 Single Audit that remain uncorrected:

- Finding 2024-001 – The Financial Aid Office did not adequately reconcile its Direct Loan records to the federal loan servicing system, as required by federal regulations. While not corrected, revised policies and procedures have been implemented.
- Finding 2024-002 – The University did not consistently ensure that Title IV credits were refunded in accordance with federal guidelines. This issue remains uncorrected, though revised Banner-based procedures are being tested.
- Finding 2024-003 – The University did not report timely and accurate student enrollment status information for the Federal Direct Loan and Pell Grant Programs. This finding remains uncorrected.
- Finding 2024-004 – The University did not return Title IV funds in compliance with federal regulations. This finding also remains uncorrected.

Dr. Forbes-Williams confirmed that these findings mirror those previously discussed with the Committee and that they are included among the fifteen findings identified by the State. She noted that management, in coordination with Bradley White, is actively working to resolve them and that corrective actions must be addressed in the report due to the State by November 7, 2025.

VI. REPORT ON INTERNAL AND EXTERNAL ASSESSMENT REVIEW

Committee Chair Smith Knight introduced the next agenda item, the report on internal and external assessments, noting that the materials had been provided in the Board's meeting materials. She invited Dr. Forbes-Williams to present on behalf of the Audit Committee.

Dr. Forbes-Williams reported that, as required by the Institute of Internal Auditors (IIA), a Quality Assurance Review (QAR) GAP assessment conducted by the M&A Group began on July 8, 2025, and is expected to be completed by the end of September. She stated that the results of the assessment will support the University's readiness for the IIA-mandated external review, which occurs every five years, and that a full report will be made available to the Board once finalized.

In discussion, Dr. Forbes-Williams confirmed that the final interviews for the assessment, including one with the Board Chair, had been completed and that the assessment team is now

finalizing its report. She noted that she has not yet received feedback but anticipates the final report will be released by the end of the month.

VII. REVIEW OF OUTSTANDING AUDIT ISSUES

Committee Chair Smith Knight introduced the next agenda item, the review of outstanding audit issues, noting that the materials were provided for informational purposes and that no Board action was required. She asked Dr. Forbes-Williams to present on behalf of the Audit Committee.

Dr. Forbes-Williams reported that the review continues to focus on the highest-risk areas, with procurement cards remaining a recurring concern. She noted that prior findings have included cardholders exceeding the \$1,000 single transaction limit without approval and cardholders failing to provide sufficient supporting documentation. An internal control audit is scheduled to begin shortly to address procurement cards and other high-risk areas.

Turning to external audit issues, Dr. Forbes-Williams reported that the Report of Actions for the FY 2024 Single Audit was submitted to the State on the morning of September 19, 2025. She added that the FY 2023 Financial Statement Audit and the Endowment for Educational Excellence (EEE) Audit reports of action are both due November 7, 2025. She then deferred to Associate Vice President Bradley White to provide an update on management's progress in resolving outstanding audit findings.

At the request of Committee Chair Smith Knight, Mr. White summarized the highest-risk outstanding audit issues:

- Bank Reconciliations – The University has restructured its reconciliation process and is leveraging new staff and a reconciliation script to address bulk deposits. Reconciliations are current through June 2025, with full completion (including October transactions) targeted for October 31, 2025. Temporary TBR staff are assisting until the backlog is resolved.
- Financial Aid – Return of Title IV Funds – Prior findings regarding untimely returns remain uncorrected. Corrective actions are in progress, and additional information on the number of affected students will be provided to the Committee.
- Financial Aid – Student Refunds – All Fall 2025 refunds have been issued within the required 14-day window. However, prior-year refunds remain unresolved and require case-by-case review.
- Procurement Cards – Past issues included cardholders exceeding the \$1,000 single transaction limit without approval and failing to submit adequate supporting documentation. An internal control audit focused on procurement cards is scheduled to begin soon.

Committee members discussed the adequacy of resources allocated to resolving longstanding findings and emphasized the need for project management oversight to ensure accountability. In response, President Tucker acknowledged the historical challenges but affirmed that progress is

being made through new permanent hires, additional TBR support, and improved financial stability. Mr. White confirmed that recruitment remains underway for the Controller position and that, in the interim, he and the lead member of the TBR support team are jointly performing Controller-level responsibilities.

VIII. INTERNAL AUDIT PLAN UPDATE

Committee Chair Smith Knight introduced the next agenda item, the update to the internal audit plan, noting that Dr. Forbes-Williams had requested that this agenda item be designated as an action item requiring Committee approval due to significant changes in the scope of work. She then asked Dr. Forbes-Williams to present the update on behalf of the Audit Committee.

Dr. Forbes-Williams explained that the required audits outlined in the approved plan remain unchanged. However, in collaboration with an external firm, the University has expanded the audit scope to include several additional high-risk areas. She reported that 731 additional audit hours have been allocated to the external firm, funded by salary savings from a vacant audit position, and that interest meetings for these audits will take place at the end of September 2025.

At the request of Committee Chair Smith Knight, Dr. Forbes-Williams summarized the key updates to the internal audit plan:

- Accounts Payable – Added to address risks related to vendor payment processes.
- Payroll – Added to review compliance and accuracy of compensation.
- Procurement – Added as a follow-up to issues with purchasing cards and approvals.
- Cash Collections – Added to strengthen oversight of cash handling.
- Travel – Expanded review included with external firm support.

Following discussion, the Committee reviewed a marked copy of the updated audit plan to confirm the additions. After returning from executive session, Committee Chair Smith Knight reconvened the meeting at 11:41 a.m. and called for a motion to approve the updated audit plan as presented. The motion was duly made, seconded, and approved by unanimous vote of the Trustees.

With no further business, the Committee adjourned the meeting by voice vote.

IX. ADJOURNMENT

Trustee Traugher moved to adjourn, with the motion seconded by Trustee Qualls. A voice vote was taken, with all Committee members present voting in favor of the motion. The meeting was adjourned.