

**Tennessee State University
Board of Trustees**

**AUDIT
COMMITTEE REPORT**

**TENNESSEE STATE UNIVERSITY BOARD OF TRUSTEES
AUDIT COMMITTEE MEETING AGENDA**

10:00 a.m. CST
Thursday,
September 24, 2020

Tennessee State University – Board Committee
Meeting: Via Zoom Link:

**ORDER OF
BUSINESS**

- I. Call to Order
- II. Roll Call/Declaration of a Quorum
- III. Approval of the June 18, 2020, Audit Committee Meeting Minutes
- IV. Approval of the Fiscal Year 2020-2021 Revised Audit Plan
- V. Report of Completed Internal Audits
- VI. Review of Outstanding Audit Issues
- VII. Executive Session – Discussion of Items Deemed Confidential Under State Law

**Tennessee State University
Board of Trustees**

**Approval of June 18,
2020, Audit
Committee Meeting
Minutes**

TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 24, 2020
ITEM: Audit Committee Report - Approval of the June 18, 2020,
Audit Committee Meeting Minutes
RECOMMENDED ACTION: Approval
PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

The document reflecting the minutes from the June 18, 2020, Audit Committee meeting is included in the September 24, 2020, Board materials.

MOTION: To approve the June 18, 2020, Audit Committee meeting minutes, as contained in the September 24, 2020, Board materials.

**Meeting of the Tennessee State University Board of Trustees
Audit Committee Meeting
June 18, 2020
Tennessee State University – Electronic**

MINUTES

Committee Members Present: Trustees Deborah Cole, Obie McKenzie and Richard Lewis;

Other Board Members Present: Joseph W. Walker, III, Pam Martin, Andre Johnson, Steve Corbeil, Dr. Ali Sekmen, and Braxton Simpson.

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Dr. Alisa Mosley, Interim Vice President for Academic Affairs; Dr. Curtis Johnson, Chief of Staff; Dean Frank Stevenson, Assoc. Vice President of Student Affairs; Horace Chase, Vice President of Business and Finance; Dr. Frances Williams, Assoc. Vice President of Research & Sponsored Programs; and Terrence Izzard, Assoc. Vice President of Enrollment Management; Adrian Davis, Auditor.

Guests:

I. CALL TO ORDER

Trustee Cole called the meeting to order at 10:25 a.m. on June 18, 2020. Trustee Cole moved to make certain findings on the record regarding the necessity for conducting the meeting electronically without a physical quorum present due to the coronavirus pandemic. The Committee found that there were various important matters that required immediate action by the Committee. Participation by electronic means was necessitated by the COVID-19 pandemic and accompanying guidance from the Center for Disease Control (“CDC”) and the State of Tennessee to enforce social distancing guidelines, including limiting face-to-face contact whenever possible. Electronic participation for the Committee meeting was necessary for the safety of Board members, staff, and guests. Trustee Lewis seconded and the motion carried.

II. ROLL CALL/DECLARATION OF A QUORUM

Trustee Cole asked the secretary to the board to call the roll. Board Secretary Pendleton called the roll. Present: Trustees Deborah Cole, Richard Lewis, and Obie McKenzie. A quorum was established.

III. APPROVAL OF THE MARCH 12, 2020, AUDIT COMMITTEE MEETING MINUTES

Trustee Cole moved to recommend to the full Board the approval of the minutes from the March 12, 2020, Audit committee meeting, as contained in the June 18, 2020, board materials. Trustee Lewis seconded the motion, which carried.

IV. ANNUAL REPORT ON THE AUDIT OFFICE’S AUDIT ACTIVITIES

Trustee Cole asked President Glover and Director of Internal Audit, Ms. Adrian Davis, to provide pertinent information related to this agenda item.

Ms. Davis discussed the year end report and discussed the various audit activities as included in the June 18, 2020 board meeting materials. She discussed the audit on Graduate admissions for the Fall of 2019. She discussed that the university was in compliance with the standards, except for two findings: The university did not always obtain and/or retain required supporting documentation (e.g final undergraduate transcripts, student applications, official test scores, etc) to support admission decisions, and the university did not always obtain required immunization records for applicable newly admitted and readmitted students registered for full-time enrollment during the fall 2019 semester.

Trustee Cole asked which area was responsible for this audit. Trustee Cole said that findings must be addressed and asked that Ms. Davis review them again later this year.

Trustee Sekmen discussed the online application process and discussed international student struggles with getting global degree approved by internal accreditation agency. He asked whether delays with COVID-19 were going to cause delay for these international students. Ms. Davis said that none of the concerns from the audit came from this area of outside review of international student transcripts.

President Glover discussed that TSU is still working on answers and working with THEC and others to ensure as timely as possible transcript review. Some federal guidance may be relaxed, possibly specifically for HBCUs.

Trustee Cole emphasized that findings in this audit are not acceptable and ask that additional information/audit be conducted later. Trustee Cole asked about reconciliation on difference in Foundation and TSU accounting. Ms. Davis said that COVID-19 has impacted the ability to reconcile but as of today, there is a method in place and by next week TSU hopes to have it reconciled, as last one is from March 2017. Trustee Cole said that this is not acceptable. President Glover said that they have put together a new plan on how to get this done.

Trustee Cole thanked President Glover and her team for the report.

V. DISCUSSION OF THE AUDIT OFFICE'S INTERNAL QUALITY ASSESSMENT

Trustee Cole asked President Glover and Director of Internal Audit, Ms. Adrian Davis, to provide pertinent information related to this agenda item. The material is included in the June 18, 2020, Board Meeting packet.

Ms. Davis discussed the standards of quality assurance and internal quality assessment reviews. She said that the five year review is not yet due, but that the annual internal quality assessment was completed in 2020. Ms. Davis explained that TSU's audit office was found as generally conforming and that no issues were identified.

Trustee Cole thanked Ms. Davis for the report.

VI. APPROVAL OF THE FISCAL YEAR 2020-2021 AUDIT PLAN

Trustee Cole asked President Glover to provide pertinent information related to this agenda item. The material is included in the June 18, 2020, Board Meeting packet.

Ms. Davis discussed the audit plan for 2020-2021 as included in the Board Meeting packet, including review of CARES act money, university compliance with FERPA, and others.

Trustee Cole moved to recommend to the full Board the approval of the fiscal year 2020-2021 audit plan with the inclusion of internal audit follow-up and referencing 2020 corrected dates, as contained in the June 18, 2020, board materials. Trustee McKenzie seconded the motion, which carried unanimously by roll call vote: Cole, Lewis, and McKenzie.

VII. REPORT ON STATE AUDIT SUNSET REVIEW PROCESS

Trustee Cole asked President Glover and Director of Internal Audit, Ms. Adrian Davis, to provide pertinent information related to this agenda item. The material is included in the June 18, 2020, Board Meeting packet.

Ms. Davis said that the Sunset review is underway for all six LGIs in Tennessee. The timeframe for the review covers July 1, 2016 to the present. Ms. Davis discussed the key components of the audit review. She explained that the draft of the report should come out in November 2020 and that June 30, 2021 is the date of sunset.

Trustee Cole corrected date in report.

VIII. ADJOURNMENT

There was no further discussion. Trustee Cole moved to adjourn the meeting and the motion was seconded by Trustee McKenzie. The motion carried unanimously by roll call vote. The meeting was adjourned at 10:53 am.

**Tennessee State University
Board of Trustees**

**Approval of the
Fiscal Year 2020-2021
Revised Audit Plan**

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

ACTION ITEM

DATE: September 24, 2020

ITEM: Audit Committee Report – Approval of Fiscal Year 2020-2021 Revised Audit Plan

RECOMMENDED ACTION: Approval

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

Background Information:

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, 2021.

Standard 200, *Communication and Approval*, issued by the Institute of Internal Auditors, states that “The chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to management and the board for review and approval”. There were changes made to the 2020-2021 Annual Audit Plan that was presented and approved at the June 18, 2020, Audit Committee Meeting.

The purpose of this agenda item is to consider for approval the Revised Annual Audit Plan for fiscal year 2020-2021.

Item Details: See attachment.

MOTION: To approve the Fiscal Year 2020-2021 Revised Audit Plan, as contained in the Board materials for the Board’s September 24, 2020, meeting.

Tennessee State University
 Department of Internal Audit
 Annual Audit Plan 2020 – 2021 (Revised)

Tennessee State University Internal Audit Plan Fiscal Year Ending June 30, 2021						
Rank	Type	Area	Audit	Budget (Hours)	Estimated Start Date	Estimated Completion Date
Risk-Based	A	IT	Payment Card Industry Compliance (carry-forward)	75	April 2020	October 2020
Required	R	AT	NCAA Student Assistance Fund FY2020	120	June 2020	August 2020
Risk-Based	A	FM	CARES Act Funding Review	150	June 2020	December 2020
Risk-Based	A	IS	Human Resources Audit	275	July 2020	October 2020
Required	R	IS	Internal Audit Findings Follow-Ups	300	July 2020	June 2021
			(A) Equipment Inventory Follow-Up			
			(B) Undergraduate Admissions Follow-Up			
			(C) Graduate Admissions Follow-up			
			(D) Federal Work-Study Follow-Up			
			(E) BMP and STEM Grant Findings Follow-Up			
Required	F	FM	State Audit Follow-up for FY 2018	75	October 2020	December 2020
Risk-Based	A	AX	Residential Halls Audit	275	September 2020	December 2020
Required	R	FM	President's Expenses FY2020	120	October 2020	November 2020
Risk Assessment	M	IS	Review Management's Risk Assessments	50	November 2020	November 2020
Risk-Based	A	IT	Distance Education Review	150	November 2020	January 2021
Investigation	I	IS	Unscheduled Audits/Projects/Investigations	250	TBD	
Consultation	C	IS	Unscheduled Consultation	50	TBD	
Required	R	IS	Review of Conflict of Interest Forms	75	January 2021	February 2021
Risk-Based	A	AD	Foundation Donations Audit	250	January 2021	March 2021
Consultation	C	FM	University Lease Analysis	75	March 2021	April 2021
Required	F	FM	State Audit Follow-up for FY 2019	100	March 2021	May 2021
Consultation	C	FM	Allowance Calculation Review	75	April 2021	May 2021
Risk-Based	A	IS	FERPA Compliance Review	125	March 2021	May 2021
Required	A	IS	Quality Assessment Review- Internal	75	April 2021	May 2021
Required	R	FM	Cash Counts	10	June 2021	June 2021
			Total	2675		
Estimate-Hours Available For Audits = 2675 hours						
Audit Types: R - Required A - Risk-Based (Assessed) S - Special Request I - Investigation M - Management's Risk Assessment C - Consultation F - Follow-up Review			Functional Areas: AD - Advancement AT - Athletics AX - Auxillary FM - Financial Management IA - Instruction & Academic Support IS - Institutional Support IT - Information Technology PP - Physical Plant RS - Research SS - Student Services			

**Tennessee State University
Board of Trustees**

**Review of Completed
Internal Audits**

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 24, 2020

ITEM: Audit Committee Report – Review of Completed Internal Audits

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

Background Information:

The results of audits completed by the Tennessee State University Department of Internal Audit will be discussed.

DEPARTMENT OF INTERNAL AUDIT

**Review of the
National Collegiate Athletic Association
Student Assistance Fund
For the Fiscal Year Ended June 30, 2020**

August 20, 2020

Ms. Beth DeBauche
Commissioner
Ohio Valley Conference
215 Centerview Drive, Suite 115
Brentwood, TN 37027

Dear Ms. DeBauche:

Enclosed is the Tennessee State University Department of Internal Audit's report on our review of the National Collegiate Athletic Association (NCAA) Student Assistance Fund for the fiscal year ended June 30, 2020.

The review indicated that the university had procedures in place to ensure student-athletes were eligible to receive SAF funds. It was determined that the expenditure of funds were in compliance with NCAA guidelines. Our observations are documented in the attached executive summary.

If you or members of your staff should require additional information, please feel free to contact me at 615-963-7656 or adavis74@tnstate.edu.

Sincerely,

Adrian R. Davis

Adrian R. Davis, CPA, CGFM
Director of Internal Audit
Tennessee State University

CC: Dr. Glenda Glover, President
Dr. Deborah A. Cole, Audit Committee Chair
Dr. Mikki Allen, Director of Athletics

Enclosure

Key Department	Tennessee State University Department of Athletics	Internal Auditor	Adrian R. Davis, CPA, CGFM, Director
Background	<p>The National Collegiate Athletic Association (NCAA) funds the Student Assistance Fund (SAF) each year by providing funds to the conference offices. The Ohio Valley Conference (OVC) then distributes funds to each university annually. The SAF was created due to expanded uses of the former Special Assistance Fund to mirror the permissible uses of the former Student-Athlete Opportunity Fund. These former funds are now combined into one fund known as the Student Assistance Fund.</p> <p>SAF funds are to be used “to assist student-athletes in meeting financial needs that arise in conjunction with participation in intercollegiate athletics, enrollment in an academic curriculum, or that recognize academic achievement.” All student athletes are eligible to receive SAF benefits. The student-athletes are not required to be grant-in-aid recipients or have demonstrated financial need. Student-athletes are also eligible if they have exhausted their eligibility or may no longer participate for medical reasons. Prospective student-athletes are not eligible to receive SAF benefits, unless they are receiving summer financial aid prior to full-time enrollment under NCAA Bylaw 15.2.8.</p>		
Objectives	<ol style="list-style-type: none"> 1. To determine if SAF expenditures for fiscal year 2020 were in compliance with NCAA guidelines 2. To determine if account balances and expenditures were accurately reported to the Ohio Valley Conference 		
Scope	<p>Our review was conducted in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i> issued by the Institute of Internal Auditors, inasmuch as these standards relate to the audit objectives, and accordingly, included such tests of the accounting records and such other auditing procedures as considered necessary.</p> <p>The review included, but was not limited to the following:</p> <ul style="list-style-type: none"> – A review of the National Collegiate Athletic Association’s SAF guidelines – Interviews with appropriate university staff in the Athletics Department – An examination of the documentation supporting all expenditures made with SAF funds during the year – A review of the SAF report of expenditures submitted to the Ohio Valley Conference and the NCAA by personnel in the Athletics Department. 		
Prior Audit Finding(s)	There were no findings noted for the fiscal year ended June 30, 2019.		
Current Year Finding(s)	Two university students were paid a total of \$13,914.00 for providing tutoring services to student-athletes during the fall 2019 and spring 2020 semesters. The payments were erroneously applied to the students’ accounts as scholarships. SAF guidelines allow scholarship payments in the summer semester only and the recipient must be a student-athlete. These payments to non-student athletes should have been made via the university’s procurement system as they are not eligible scholarship payments. The amounts were accurately reported as tutoring expenses on the <i>NCAA 2019-2020 SAF and SAOF Reporting of Expenses</i> .		

	<p>Recommendation: Management should ensure that only legitimate scholarship payments are applied to a student’s account in the university’s student information system. Any payments to students for tutoring services should be entered into the university’s purchasing system, where the student will be paid as a vendor for services provided.</p> <p>Management’s Response: The department will work to ensure that the recommendations are met and that all expenditures are paid from the correct systems and accounts.</p>
Conclusion	<p>The results of our review indicate that the Athletics Department had controls in place to ensure that students who received funds were eligible for the funds and that expenditures of the funds were in compliance with NCAA guidelines, except for the finding noted above. It was determined that expenditures totaling \$105,675.22 were accurately reported for the fiscal year ended June 30, 2020.</p>

SAF Expenses as of June 30, 2020

Category of Expenses	FY 2020 Totals
Educational Expenses and Fees	\$ 56,150.71
Personal or Family Expenses	2,615.18
Health and Safety Expenses	10,514.62
Institutional Academic or Programming Enhancements	36,394.71
<i>Total Spent as of June 30, 2020</i>	\$ 105,675.22

**Tennessee State University
Board of Trustees**

**Review Of
Outstanding Audit
Issues**

TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
INFORMATION ITEM

DATE: September 24, 2020

ITEM: Audit Committee Report – Review of Outstanding Audit Issues

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

Background Information:

Tennessee State University is subject to audits by its internal audit department and external entities. The audits, reviews, etc. can result in findings that require corrective actions on the part of university management. The Tennessee State University Audit Committee is diligent in its commitment and responsibility to ensure university compliance. The Audit Committee requests quarterly updates on management's progress towards correcting issues cited in audit reports. The status of management's progress towards correcting outstanding issues will be discussed.

Tennessee State University
Department of Internal Audit
Audit Issues Outstanding as of September 3, 2020

Audit: Equipment Inventory Review

- Issues:** 1. For 22 of 50 items selected for physical inspection, the related custodian did not ensure that the location of the item was updated on the equipment listing
2. For 8 of 50 items selected for physical inspection, the related custodian did not ensure that the equipment listing correctly displayed the item's serial number

Audit: Admissions Fall 2019 - Undergraduate Students

- Issues:** 1. Management exceeded the 10% limit for conditionally admitted first-time freshmen students
2. Management did not ensure that supporting documentation (final high school transcript, test scores, etc.) was obtained for all enrolled students
3. Management did not ensure that required immunization support was obtained for all enrolled students
4. Management did not ensure that all exceptions to admission criteria were properly documented

Audit: Federal Work-Study Timesheet Review

- Issues:** 1. For 14 of 27 students, we determined that the students performed FWS duties during scheduled class hours for at least one day during the months under review
2. For 17 of the 60 timesheets selected for review, the students worked more than 20 hours a week for at least one week while classes were in session.

Audit: RSP - Internal Audit Follow-up (BMP Grant)

- Issues:** 1. Management was not timely in submitting required federal reports and financial and performance reports
2. Time and effort certifications were not prepared for all time charged to the grant during the budget period

Audit: RSP - Internal Audit Follow-up (STEM: Women and Children Grant)

- Issues:** 1. Time and effort certifications were not prepared for all time charged to the grant during the budget period

Audit: Admissions Fall 2019 - Graduate Students

- Issues:** 1. The university did not always obtain and/or retain required supporting documentation (e.g final undergraduate transcripts, student applications, official test scores, etc) to support admission decisions
2. The university did not always obtain required immunization records for applicable newly admitted and readmitted students registered for full-time enrollment during the fall 2019 semester

**Audit: Division of State Audit, Financial & Compliance Audit of Tennessee State University
for the Year Ended June 30, 2017**

- Issues:** 1. TSU and TSU Foundation's accounting records show \$246,000 more cash on hand than shown on the bank statements; this variance is unexplained
2. As noted in the prior three audits, Tennessee State University did not provide adequate internal controls in one area

**Audit: Division of State Audit, Financial & Compliance Audit of Tennessee State University
for the Year Ended June 30, 2018**

- Issues:** **Audit has been completed. Findings have been drafted but are not yet public since the audit report has not been issued, as of September 3, 2020

**Tennessee State University
Board of Trustees**

**Executive Session –
Discussion of Items
Deemed Confidential
Under State Law**

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

ACTION ITEM

DATE: September 24, 2020

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

**MOTION: To approve going into Executive Session to discuss items deemed
confidential under State law.**