

**Meeting of the Tennessee State University Board of Trustees
Audit Committee Meeting
March 17, 2022
Tennessee State University – Electronic**

MINUTES

Committee Members Present: Trustee Deborah Cole, Obie McKenzie and Van Pinnock.

Other Board Members Present: Pam Martin, Andre Johnson, Richard Lewis, Bill Johnson, and Tiara Thomas.

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Dr. Michael Harris, Interim Provost & Vice President for Academic Affairs; Douglas Allen, Vice President of Finance and Budget; Dr. Curtis Johnson, Chief of Staff; Dean Frank Stevenson, Associate Vice President of Student Affairs; Dr. Quincy Quick, Associate Vice President of Research & Sponsored Programs; Terrence Izzard, Associate Vice President of Enrollment Management; Adrian Davis, Auditor and Dr. Arlene Nicholas-Phillips, Liaison to the Board of Trustees.

I. CALL TO ORDER

Trustee Cole called the meeting to order at 10:25 a.m. CDT on March 17, 2022. 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 McKenzie seconded and the motion carried.

II. ROLL CALL/DECLARATION OF A QUORUM

Trustee Cole asked the Board Secretary to call the roll. Board Secretary Pendleton called the roll. Present: Trustees Deborah Cole, McKenzie and Van Pinnock. A quorum was established.

III. APPROVAL OF THE NOVEMBER 18, 2021, AUDIT COMMITTEE MEETING MINUTES

Trustee Cole moved to recommend to the full Board the approval of the minutes from the November 18, 2021, Audit committee meeting, as contained in the March 17, 2022, Board materials. Trustee Pinnock seconded the motion, which carried.

IV. REVIEW OF COMPLETED INTERNAL AUDITS

Trustee Cole introduced the next item on the agenda, the review of completed internal audits. She then 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 March 17, 2022, Board meeting packet. This was an informational and discussion item, so no vote was required.

President Glover called on Ms. Davis to report on this agenda item. Ms. Davis stated that the Comptroller of the Treasury, Division of State Audit issued a follow-up report for FY Ending June 30, 2020. The objective of this review was to determine whether adequate corrective action had been taken to address the findings, implement the recommendations and mitigate any risks that could occur.

In the audit report related to the financial and compliance audit of the financial statements and related notes to the financial statements of TSU for FY Ending June 30, 2020, Director Davis explained that there were seven audit findings, one was deemed to be confidential so it was not discussed in public. Of the remaining six findings: one was an overall finding relating to the corrective actions taken by the university; three related to repeat findings regarding the foundation's accounting records and the University's bank reconciliation to bank statements; and two were pertaining to financial aid. Details of the review are outlined in the Board materials on pages #29 to #35.

Chair Cole called on VP Allen to explain the findings that were still not corrected and give clarity on the issue of the reconciliations. VP Allen explained that some of the reconciliations had been performed by an outside CPA firm and his new team members are now handling the other reconciliations. He stressed to the Committee the fact that over the past five years reconciliations had not been completed in a timely manner and now, with the work of his team within the past 10 months, they were current and being completed monthly.

Chair Cole, Trustee Pinnock and VP Allen continued a discussion regarding the reconciliations. Chair Cole again commended VP Allen for the strides made regarding bringing the reconciliation issue current. She did remind the Committee that there will be more repeat findings on this issue in the next audit report, due to unresolved past findings. With the current improvements, she anticipates that with the FY22 report, all be cleared.

Trustee Pinnock again asked VP Allen about the measures put in place to improve the outcome of the department. VP Allen shared that increased staffing, added communication, and improved training will prove to be adequate measures for improving the overall performance of the Business and Finance area as well as other areas at the University. Director Davis confirmed that she had seen an improvement though she could not confirm the timeliness.

In the audit report related to the procedures for accounts receivables, Director Davis pointed out that a new bursar had been hired to ensure the efficient operations of the Bursar's office and the collection of accounts receivable. After a short discussion, Chair Cole stressed that she wanted to be sure that the University was adhering to the policy approved by the Board regarding students' accounts and outstanding balances. VP Allen assured her that this was the case. Trustee Johnson then inquired about the amount that was written off for the FY2019 balances. VP Allen shared that \$12 million was the amount written off for FY2019, even though attempts are still being made to collect.

Director Davis then went on and explained that the additional two findings were regarding Title IV funds and financial aid records. Details of these are outlined in the Board materials on pages #34 to #35. She stated that the first finding related to the return of Title IV funds in a timely manner and that with 26 of 33 students audited, the calculation was correct and returned timely. VP Allen spoke to the 7 exceptions. The other finding pertained to the Office of Financial Aid not adequately

reconciling its Direct Loan records to the Direct Loan Servicing System's records. The current status showed that though monthly reconciliations were performed, they were not always timely resolved. Chair Cole asked that Director Davis get with VP Allen and bring back some additional information on this item.

Next, Director Davis addressed the audit of TSU Foundation Gifts. She stated that the objective here was to determine if gifts were being timely deposited, timely recorded and spent in accordance with donor intent. Based on the findings, Director Davis concluded that the TSU Foundation management did not always ensure that donated funds were timely deposited; gifts were not always recorded timely and gifts were not always spent in accordance with donor intent. Details of the findings are outlined on pages #39 to #44 in the Board materials. VP Allen shared some clarity on these findings.

Chair Cole again asked that VP Allen and Director Davis get together and provide additional information on these findings, since they were both seemingly "on different pages" regarding the requirements.

Director Davis recapped the review of Federal Work Study Timesheets. She stated that 47% (14 of 30) of the timesheets reviewed found that students performed work duties during scheduled class hours; 30% (15 of 50) revealed that students worked more than 20 hours per week; and 10% (5 of 50) showed that the supervisor did not accurately calculate the hours worked. She did state that an automated process had now been implemented so as to eliminate any human error going forward. VP Allen commented on these findings that are outlined on pages #47 to #50 in the Board materials.

In her follow-up review on Admissions, Director Davis pointed out that her team reviewed 33 students enrolled in the spring 2021 semester and found that the required immunization documentation was not obtained for 4 of 33 (12%) students. This represented 2 graduate students and 2 undergraduate students. The current review of fall 2021 revealed that 231 of 1,997 (11.6%) students did not present the required immunization documentation. This represented 11 graduate students and 220 undergraduate students. Details of this finding are outlined on pages #53 to #55 in the Board materials.

V. REVIEW OF OUTSTANDING AUDIT ISSUES

Trustee Cole announced the next item on the agenda, the Review of Outstanding Audit Issues and asked President Glover to provide pertinent information related to this agenda item. The material is included in the March 17, 2022, Board meeting packet. This was an informational and discussion item, so no vote was required.

President Glover again asked Director Davis to discuss this item as included in the Board Meeting packet. She pointed out that her office prepares a review of all outstanding audit issues which resulted from internal audits. She shared that included in her report were also the follow-up dates. A detail outline of these outstanding issues can be found on pages #58 to #60 in the Board materials. Director Davis stated that the purpose preparing this review was to meet the requirement of the Audit Committee. Chair Cole asked that everyone take time to read through the findings and note the follow-up dates as listed on Director Davis' report.

VI. REVIEW OF RISK ASSESSMENT PROCESS

Trustee Cole announced that the next item on the agenda was the Review of the University's Risk Assessment Process and asked President Glover to provide pertinent information related to this agenda item. President Glover called on Director Davis to present on this item. The material is included in the March 17, 2022, Board meeting packet. This was an informational discussion item, so no vote was required.

Director Davis shared that in order to document compliance, TSU must annually perform a management assessment of risk, incorporating several controls such as obligations and cost compliance review; ensuring that funds, property and other assets are safeguarded against waste and misappropriation; and ensuring that revenues and expenditures are properly recorded. The objectives of the risk assessment are to provide accountability, promote operational efficiency, improve reliability of financial statements and strengthen compliance with laws and regulations.

Director Davis confirmed that the University's risk assessment was performed, completed and presented in a timely fashion to the Comptroller of the Treasury and the Commission of Finance and Administration. Trustee Cole thanked Director Davis for her report on this agenda item.

VII. EXECUTIVE SESSION FOR DISCUSSION OF ITEMS DEEMED CONFIDENTIAL UNDER STATE LAW

Trustee Cole stated that seeing there were no items for discussion, there was not need to enter into an Executive Session.

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 11.30 a.m. CDT.