

Meeting of the Tennessee State University Board of Trustees
Audit Committee – August 17, 2017
Tennessee State University – Main Campus – McWherter Administration Building,
President’s Conference Room
3500 John A. Merritt Blvd., Nashville, Tennessee
MINUTES

Committee Members Present: Deborah Cole, Obie McKenzie, and Edith Peterson Mitchell

Other Board Members Present: Joseph W. Walker, III., William Freeman, Stephen Corbeil, Richard Lewis, and 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, Nebert (Ray) Trobaugh, Assistant Director.

I. CALL TO ORDER

Audit Committee Trustee Cole called the meeting to order at 8:00 a.m.

II. ROLL CALL/DECLARATION OF AQUORUM

Trustee Cole asked Board Secretary Pendleton to call the roll. Secretary Pendleton called the roll, which reflected that Committee members McKenzie and Mitchell were present. Secretary Pendleton then announced the presence of a quorum.

III. SELECTION OF THE AUDIT COMMITTEE VICE CHAIR

Trustee Cole announced the next item on the agenda, which was the Committee’s selection of a vice chair. She stated, pursuant to the Board’s Committees of the Board policy, the Board Chair may designate each standing committee’s chair and vice chair, or may authorize the committee to select its committee chair and vice chair.

Chair Walker appointed Trustee Cole to serve as chair of the Audit Committee, and asked her to work with the Committee to select a vice chair.

Trustee Cole opened the floor for nominations to serve as vice chair of the Audit Committee, and also nominated Trustee McKenzie to serve as vice chair.

There being no other nominations, the vote was called - those in favor of Trustee McKenzie to serve as vice chair of the Audit Committee, responded by saying “aye,” and those opposed by “nay.” There were no abstentions; the vote carried unanimously.

Trustee Cole congratulated Trustee McKenzie, on his selection as vice chair of the Audit Committee.

IV. APPROVAL OF AUDIT COMMITTEE CHARTER

Trustee Cole moved to the next item on the agenda – approval of Audit Committee Charter. Trustee Cole then recognized President Glover to discuss this agenda item. President Glover asked Ms. Brooks to provide background information on the agenda item.

Ms. Brooks stated that the Charter provides the details of the Audit Committee’s responsibilities, including its responsibilities related to the State Comptroller office, the TSU Office of Internal Audit, the Director of Internal Audit’s role and reporting relationship with respect to the Audit Committee and the President, and its role involving fraud, waste and abuse. The Charter also addresses the membership and meetings of the Audit Committee.

The committee reviewed the Charter and requested for a revision in Section B in order to reflect clearly the external auditors, which is the State Comptroller.

There being no further discussion, Trustee Cole moved to amend the Charter to reflect the language change in Section B from “external auditor” to “State Comptroller.” Trustee McKenize seconded the motion. The motion carried unanimously.

Trustee Cole then moved to recommend to the full Board, the amended Audit Committee Charter Trustee Mitchell second and the motion carried.

V. DISCUSSION OF AUDIT PROCESS – INTERNAL AUDITS AND EXTERNAL STATE AUDITS

Trustee Cole moved to the next item on the agenda - Discussion of Audit Process – Internal Audits and External State Audits. Trustee Cole recognized President Glover who yielded the floor to Ms. Brooks and Mr. Ray Trobaugh, Assistant Director of Internal Audit.

Mr. Trobaugh provided a brief overview of the Audit process. He stated that an internal audit may be the result of finding fraud during a routine audit or it can be from someone (employee, outside contractor, and/or vendor, etc.) reporting fraud, waste, abuse, etc. The department of Audit provides a link with guidance for reporting fraud, waste, and abuse. The website also provides the department’s phone number, email address (reportfraud@tnstate.edu). It also includes information for contacting the Comptroller’s hotline. General Consultation is made at the request of university personnel and it is a service that is advisory in nature.

The Board discussed the staffing needs of the Audit Depart and the need to ensure adequate resources are available. President Glover advised that Dr. Ruthie Reynolds is available to assist with Audit department if needed. The Board noted that a risk assessment is desired since the department is understaffed and inquired about the possibility of conflict of interest with respect to understaffing, and working in crisis mode with limited resources. Mr. Trobaugh noted, at the present time, he was able to carry out the demands of the office. He also expressed the need for a software program, *MKinsight*, which is an Internal Audit Management System.

President Glover requested that the Board delay addressing the need for resources, as well as any other

concerns until the Director of Audit is hired. The Board asked if there were any outstanding issues the committee needed to address. President Glover and Mr. Trobaugh advised the committee, at the present time, there were none.

VI. APPROVAL OF FY 2017-18 AUDIT PLAN

Trustee Cole moved to the next item on the agenda – approval of FY 2017-18 Audit Plan. Trustee Cole recognized President Glover again, President Glover asked Ms. Brooks to provide an overview.

Ms. Brooks advised that the external audit was completed and TSU had to turn in its response as to the findings to the State Audit within two weeks of receipt. TSU submitted its response on August 16, 2017. Mr. Troubaugh provided a brief overview of the Audit Plan.

- NCAA Student Assistance Fund for FY 2017: Required audit by the OVC. This is an audit of financial benefits made available to student athletes in meeting special financial needs that arise in conjunction with participation in intercollegiate athletics.
- State Audit follow-up for FY 2016: This is a required audit by the state. This is an reexamination audit of any finding/deficiency in the Comptroller’s last audit of the university and determines if management has implemented corrective actions to resolve the deficiency.
- President’s Expense for FY 2017: This audit is required by the state. This audit looks at expenditures made by the President of the university and state/policy/guidelines.
- Risk Assessment: This audit is required by the state. This audit will review the university’s most recent risk assessment. The university is in the process of conducting an annual risk assessment, which will assesses the overall risk for fraud, waste, and abuse. The last risk assessment performed covered the areas of Financial Management and Auxiliary Enterprises.
- External Audits: An external audit is performed each fiscal year by the Comptroller of the Treasury, Division of State Audit. They do a financial and compliance audit of the university’s records. They specifically audit the university’s financial statements and express an opinion on the “fair presentation” of the university financial position. This audit also looks at the internal controls over reporting. They may also audit come of the Communication and Information Technology program. If there are any findings in CIT, they are normally treated as Limited Official Use and not distributed to the public.

Mr. Troubaugh also advised the committee that they have had external audits conducted by the U.S. Department of Agriculture and the U.S. Department of Education.

The Committee reviewed the Audit Plan and stated that the recommended best practice will need to become TSU’s procedures. Trustee Cole advised, as noted in the Audit Report, that it is important to follow the committee’s Charter as outlined.

There being no further discussion, Trustee Cole then moved to recommend to the full Board, the approval of the FY 2017-18 Audit Plan, as contained in the Board Materials for the August 17, 2017, Board meeting. Trustee McKenzie seconded the motion. Trustee Cole called for a vote and the motion carried unanimously.

VII. ADJOURNMENT

There being no further business, Trustee Cole moved to adjourn. 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 9:09 a.m.