

**Meeting of the Tennessee State University Board of Trustees
Audit Committee Meeting
November 18, 2021
Tennessee State University – Electronic**

MINUTES

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

Other Board Members Present: Joseph W. Walker, III, 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, Assoc. Vice President of Student Affairs; Dr. Frances Williams, Assoc. Vice President of Research & Sponsored Programs; and Terrence Izzard, Assoc. Vice President of Enrollment Management; and Adrian Davis, Auditor.

I. CALL TO ORDER

Trustee Cole called the meeting to order at 9:50 a.m. CST on November 18, 2021. 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, Obie McKenzie and Van Pinnock. A quorum was established.

III. APPROVAL OF THE SEPTEMBER 16, 2021, AUDIT COMMITTEE MEETING MINUTES

Trustee Cole moved to recommend to the full Board the approval of the minutes from the September 16, 2021, Audit Committee meeting, as contained in the November 18, 2021, Board materials. Trustee Pinnock seconded the motion, which carried.

IV. REVIEW OF COMPLETED INTERNAL AND EXTERNAL AUDITS

Trustee Cole introduced the next item on the agenda, the review of completed internal and external 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 November 18, 2021, 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 two follow-up reports, first was for FY Ending June 30, 2019, and then another for FY Ending June 30, 2020.

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, 2019, there were five audit findings. While two of the findings were corrected, three of the findings were still not corrected in their entirety, though improvements had been made. Details of the review are outlined in the Board materials on pages #28 to #33.

Chair Cole called on VP Allen to explain the findings that were still not corrected and stated emphatically that she does not expect to see any of these types of findings on the FY2021 audit report. VP Allen explained that some of the reconciliations had been performed by an outside CPA firm and his new team are now handling the other reconciliations. Chair Cole reminded everyone that the findings which were not completely corrected will come up again in the next report as a repeat finding. VP Allen assured her that these findings will not be on the FY21 audit.

Chair Cole and VP Allen continued a discussion regarding the reconciliation of the student accounts as it relates to accounts receivable. Ms. Davis stated that the other uncorrected findings will be discussed in Executive Session since it was deemed confidential.

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, there were seven audit findings. Five were repeated from the previous year's report (as discussed) and two additional were added. Director Davis 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 #35 to #41.

The Comptroller of the Treasury, Division of State Audit, issued a report related to its TSU 2020 Single Audit showing two findings. This follow-up review was to ascertain the current status of these two findings. Director Davis stated that the first finding pertained to the Office of Financial Aid not adequately reconciling its Direct Loan records to the Direct Loan Servicing System's records. Details of this can be found in the Board materials on pages #45 and #46. The current status showed that the reconciliations were not accurate and complete. The other finding related to the return of Title IV funds in a timely manner. The details of this finding and recommendations are outlined on pages #46 to #47 in the Board materials.

The Division of Audit issued a clean and unmodified audit opinion but with seven audit findings. This resulted in the University's unaudited net position remaining unchanged and the Foundation's unaudited net position being decreased by \$113,000.00.

President Glover stated that all the financial aspects of the university are now under one area, the Department of Business and Finance. VP Allen confirmed that all the relevant areas are under his

purview and are now in compliance. He is actively documenting the policies and procedures of each finance related area and monitoring closely. He commended his team for correcting the Title IV discrepancy regarding the returning of funds in a timely manner within the 45 day window.

Chair Cole wanted to know what VP Allen's his process for ensuring future compliance. VP Allen stated that communication was key. He was now engaging with each area on a weekly basis and ensuring full compliance with federal laws.

Director Davis added that the Audit of President's expenses resulted in no findings.

Chair Cole later asked about any travel expenses for President Glover since none were noted. Chair Cole and President Glover engaged in a discussion regarding the President's presentation of her travel expenses.

Trustee Bill Johnson thanked President Glover for her generosity regarding permitting a faculty member to charge travel to the university while she pays her own. Chair Cole commended that response.

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 November 18, 2021, 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 both internal and external 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 #55 to #57 in the Board materials. Director Davis stated that the purpose preparing this review was to meet the requirement of the Audit Committee.

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

VIII. ADJOURNMENT

There was no further discussion. Trustee Cole moved to adjourn the meeting and the motion was seconded by Trustee Pinnock. The motion carried unanimously by roll call vote. The meeting was adjourned at 11:15 a.m. CST.