

**Meeting of the Tennessee State University Board of Trustees
Audit Committee Meeting
September 16, 2021
Tennessee State University – Electronic**

MINUTES

Committee Members Present: Trustees Deborah Cole and Van Pinnock.

Other Board Members Present: Joseph W. Walker, III, Pam Martin, Andre Johnson, Steve Corbeil, 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; 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 9:43 a.m. CDT on September 16, 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 Pinnock seconded and the motion carried.

II. ROLL CALL/DECLARATION OF A QUORUM

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

III. APPROVAL OF THE JUNE 17, 2021, AUDIT COMMITTEE MEETING MINUTES

Trustee Cole moved to recommend to the full Board the approval of the minutes from the June 17, 2021, Audit Committee meeting, as contained in the September 16, 2021, Board materials. Trustee Pinnock seconded the motion, which carried.

Trustee Cole took time to thank Secretary Pendleton and Dr. Nicholas-Phillips for the preparation and timely delivery of the Board materials.

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 September 16, 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 then stated that she had two internal audits and one external audit to discuss.

Director Davis reviewed the audit of expenditures generated by the Student Assistance Fund for the year ended June 30, 2021, as performed at the request of the Ohio Valley conference (OVC). Details of the review are outlined in the Board materials on pages #35 and #36. Upon completion of the audit, it was found that the Athletics Department had the appropriate controls in place to ensure that student-athletes were eligible to receive SAF benefits and that expenditures were in compliance with NCAA guidelines.

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 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 #40 and #41. The current status showed that the findings were not sufficiently corrected. Chair Cole commented that this needed to be corrected and all information should be presented to Director Davis in a timely manner. She also asked that another follow-up be conducted on this finding. The details of the finding condition and recommendations are outlined on pages #42 to #46 in the Board materials.

Trustee Cole expressed that she wanted these findings corrected and did not expect these to be presented again to the Board. She asked Director Davis to follow-up again with these areas and report at the next meeting. She specifically made that address to VP Doug Allen and to President Glover. Her dismay was that there was ample time to correct these findings and yet they persist.

President Glover assured her that corrections will be made and added that this area of responsibility was added to VP Allen as of September 1st. She was certain that VP Allen would be able to get all the corrections done and would work with Director Davis.

Director Davis shared that the Comptroller of the Treasury, Division of State Audit, had performed a financial and compliance audit of the financial statements and related notes on the financial statements of TSU and the TSU Foundation. The Division of Audit issued an unmodified audit opinion but with five audit findings. This resulted in the University's unaudited net position being decreased by \$423,537.25 and the Foundation's unaudited net position being increased by \$1,179,764.67. The five findings, recommendations and management's response are all outlined in the Board materials on pages #48 to #52.

Director Davis went on to share that the Division of State Audit was charging TSU with correcting these repeat findings and that management had taken necessary steps to do so. Several vacant positions were now filled with knowledgeable and competent personnel who would be responsible for the timely reconciliations of the statements, preparations of the financial statements and reporting. These positions were filled both at TSU and the Foundation.

Regarding the preparation of the current financial statements, the University did engage a reputable Accounting firm to assist with this matter.

A lengthy discussion followed with President Glover reiterating the steps that were taken to correct these deficiencies, which included hiring VP Doug Allen and several other key positions in the Business & Finance Division. She assured the Board that the findings from 2019 will not reoccur in the 2020 financial statements and in fact there will be “a marked change” in the way things will be reported.

VP Allen added that he recently brought on a Director for Student Collections, since this was a key area of concern. He also shared that the bank reconciliations were now current and will be reflected in the package being prepared for SACSCOC submission.

Trustee Cole thanked Director Davis and President Glover for the report. She stressed that she was aware of the extent of work that was done regarding the bank reconciliations and looks forward to moving ahead in this new direction.

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 September 16, 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 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 Pinnock added that this report was very helpful in keeping the Committee properly informed.

Trustee Cole thanked Director Davis for her report on this agenda item.

VI. 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 was carried unanimously. The Committee then transitioned into the executive session.

VII. 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. CDT.