

**Tennessee State University Board of Trustees
Audit Committee Meeting.
June 13, 2019
Tennessee State University. 3500 John A. Merritt Blvd. Nashville, Tennessee
McWherter Administration Building
President's Conference Room**

MINUTES

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

Other Board Members Present: Dr. Joseph Walker, III, Pam Martin, Dr. Ali Sekmen, Braxton Simpson, Mr. Bill Freeman and Mr. Stephen Corbeil.

University Staff Present: President Glenda Glover; Mr. Laurence Pendleton, General Counsel and Board Secretary; Dr. Curtis Johnson, Chief of Staff and Associate Vice President of Administration; Ms. Adrian Davis, Director of Internal Audit; Horace Chase, Vice President for Business and Finance, and Dr. John Cade, Vice President for Enrollment Management.

Guests: Ms. Lauren Collier, Tennessee Higher Education Commission, Director of Institution and Board Affairs.

I. CALL TO ORDER

Trustee Cole called the meeting to order at 10:30 a.m. on June 13, 2019.

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. Trustees Cole, McKenzie (remote), and Mitchell were present. Secretary Pendleton announced the presence of a quorum.

III. APPROVAL OF THE FEBRUARY 21, 2019, AUDIT COMMITTEE MEETING MINUTES

Trustee Cole moved to approve the minutes from the February 21, 2019, Audit committee meeting, as contained in the June 13, 2019, board materials. Trustee Mitchell seconded the motion, which carried unanimously.

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

Trustee Cole asked President Glover to present a report on the Audit Office's annual activities. President Glover designated Adrian Davis to present the report.

Director Davis informed the committee that during the state audit of June 30, 2017 a discrepancy of \$246k was discovered. The difference was later reduced to below \$7K at the July 31, 2018 audit. The new target date for reconciling has been moved to July 31, 2019 and at that time, the audit department will be able to document what caused the \$246K error. Director Davis commented that

it was determined that the error may have been caused by the manner in which our reconciliations were done and not by any material differences.

Chair Cole commented that these Bank Reconciliations are done a year later and so if the discrepancy still exist after the July 31st audit, it means that there will be another comment from the State.

Director Davis explained that there are now three different accounts to be reconciled: Foundation, University and Payroll. She explained that the financial report is due quarterly, while the performance report is due semi-annually.

Director Davis stated that there were no findings in the Institutional Scholarship Audit (2018/2019). The report is found in the Board materials on pages 40 and 41.

Chair Cole suggested that a list be made of all follow-up items. She wanted to see what was cleared and what was still outstanding.

Director Davis provided a complete executive summary as reflected in the Board materials for meeting dated June 13, 2019 on pages 34 through 37.

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 to present on the completed internal quality assessment report. President Glover asked Adrian Davis to present the report as her designee.

Director Davis reported that the Institute of Internal Auditors (IIA) requires that the Office of Internal Audit perform both internal and external quality assessments. Standard 1311, *Internal Assessments*, issued by the IIA, states that “the chief audit executive is responsible for ensuring that the internal audit activity conducts an internal assessment that includes both ongoing monitoring and periodic self-assessments.” Standard 1320, *Reporting on the Quality Assurance and Improvement Program*, requires the results of ongoing monitoring be reported to the audit committee at least annually. She then presented the results of the Office of Internal Audit's internal quality assessment.

Director Davis stated that the University is required to complete an Internal Assessment annually and an External Assessment every five years. The Office completed its External Assessment in August 2018 and will not be due again for five years. The entire internal quality assessment report is reflected in the Board materials of June 13, 2019 from pages 43 to 51.

Director Davis noted that during the Book Bundle review, there was an exception recorded, where there was a difference of \$300K between the amount that was refunded to Follet and the amount that was billed to students.

Trustee Cole thanked President Glover and her team for the report

VI. APPROVAL OF THE FISCAL YEAR 2019-2020 AUDIT PLAN

Trustee Cole asked President Glover to provide a report on the university's Fiscal year 2019-2020 Audit Plan. President Cole asked Director Davis to continue.

Director Davis added that there were several other areas being examined, namely the University admissions process, Procurement card and the Football attendance certification, to name a few.

Director Davis advised that the complete list of the Annual Audit Plan was reflected on page 53 of the Board materials dated June 13, 2019.

Chair Cole thanked President Glover and her team for the report. Chair Cole then moved to recommend to the full board, the approval of the Office of Internal Audit's Fiscal Year 2019-2020 Audit Plan as contained in the materials for the June 13, 2019, board materials. Trustee Mitchell seconded the motion, which carried unanimously.

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

Trustee Cole moved to retire into executive session to discuss items deemed confidential under state law. Trustee Mitchell seconded the motion, which carried unanimously. The committee transitioned into executive session at 11:11 a.m.

VIII. ADJOURNMENT

There was no further discussion. Trustee Cole moved to adjourn the meeting. Trustee Mitchell seconded the motion, which carried unanimously. The meeting was adjourned.