

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
AUDIT COMMITTEE  
MAY 2026 MEETING

Thursday  
May 21, 2026  
11:05 a.m. – 11:35 a.m. EDT

East Tennessee Room  
D.P. Culp Student Center  
412 J.L. Seehorn Road  
Johnson City, TN

**COMMITTEE MEMBERS**

Ron Ramsey, Committee Chair  
Wade Farmer  
Dorothy Grisham  
Melissa Steagall-Jones

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**AGENDA**

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from February 20, 2026](#)
- IV. [Action Item: Revisions to FY26 Audit Plan – Lewis \(2 minutes\)](#)
- V. [Annual Review of Charters – Lewis \(3 minutes\)](#)
  - A. [Audit Committee Charter](#)
  - B. [Internal Audit Charter](#)
  - C. [Compliance Charter](#)
- VI. [Annual Review of Policies – Lewis \(3 minutes\)](#)
  - A. [Internal Audit Policy](#)
  - B. [Preventing Fraud, Waste, or Abuse Policy](#)
  - C. [Conflicts of Interest Policy](#)
  - D. [Employee Code of Conduct Policy](#)
- VII. [Audits and Investigations Performed February through April 2026 – Lewis \(5 minutes\)](#)
  - A. [Employee Fee Waivers and Tuition Reimbursements](#)
- VIII. [Recommendation Log Status as of April 30, 2026 – Lewis \(2 minutes\)](#)
- IX. Other Business

X. Executive Session to Discuss Active Audits, Enterprise Risk Management, and Review University Risks and Related Internal Controls

XI. Adjournment

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: May 21, 2026

ITEM: Approval of the Minutes from February 20, 2026

COMMITTEE: Audit

RECOMMENDED ACTION: Approve

PRESENTED BY: Rebecca A. Lewis, CPA  
Chief Audit Executive

The minutes of the February 20, 2026, meeting of the Audit Committee are included in the meeting materials.

**MOTION: I move that the Board of Trustees adopt the resolution, approving the minutes as outlined in the meeting materials.**

**RESOLVED: The reading of the minutes of the February 20, 2026, meeting of the Audit Committee is omitted, and the minutes are approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.**

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
AUDIT COMMITTEE

MINUTES

February 20, 2026  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, February 20, 2026, at 11:12 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

**I. Call to Order**

Committee Chair Ron Ramsey called the meeting to order at 11:12 a.m.

**II. Roll Call**

Board Secretary Dr. Adam Green conducted the roll call. The following committee members were physically present:

Committee Chair Ron Ramsey  
Trustee Wade Farmer  
Trustee Melissa Steagall-Jones

Other Trustees present were Charles Allen, Janet Ayers, Steve DeCarlo, Dr. Steph Frye-Clark, Jon Lundberg, Tony Treadway, and Aashi Vora.

**III. Approval of the Committee Minutes from November 14, 2025**

The minutes from the November 14, 2025, meeting of the Audit Committee were approved as submitted with Trustee Wade Farmer making the motion and Trustee Melissa Steagall-Jones seconding the motion. The motion passed unanimously.

**IV. Action Item: Revisions to FY26 Audit Plan**

Ms. Martha Winegar, Associate Director of Internal Audit, requested one change in the Audit Plan. An audit of Professional Development was requested by the program coordinator due to a change in leadership and compliance with applicable policies and procedures. The Office of Professional Development and the Office of Internal Audit subsequently agreed that an advisory service was needed instead of an audit.

Trustee Melissa Steagall-Jones made a motion that the adjustment to the audit plan be adopted, and Trustee Wade Farmer seconded the motion. It passed unanimously.

## **V. Audits and Investigations Performed November 2025 through January 2026**

Ms. Winegar reported that since November 2025, two audits and one investigation have been completed. The first audit covered employee fringe benefits, including housing, country club memberships, cellphones, moving allowances, and university-owned vehicles. Ms. Winegar said test work showed that these benefits complied with university policies and procedures. The second audit involved ITS change management. According to Ms. Winegar, selective test work was related to governance and oversight, documentation and review, and security and privacy. Each area was found to be compliant with applicable policies and procedures. One investigation took place in International Enrollment and Services and dealt with petty cash loss. Ms. Winegar reported that the investigation examined cash used to fund meals for a group of international students and chaperones visiting the university. A shortage of \$355 was discovered due to inaccurate and missing supporting documentation, the comingling of personal and petty cash funds, and inadequate reconciliation. There was no evidence of fraud.

## **VI. Recommendation Log Status as of January 31, 2026**

Ms. Winegar told the committee that her office is continuing to perform follow-up reviews to ensure that previous audit recommendations were addressed. One follow-up review was recently completed, and the department involved has implemented additional controls and procedures to help improve operations.

## **VII. Annual Public Safety and Clery Report Update**

Mr. Jeff Blanton, Associate Vice President in the Office of Administration, gave an overview of campus crime statistics for the year 2024, gathered and published as required by the Clery Act. Mr. Blanton reported on the four categories specified in the act: criminal offenses, hate crimes, violence against women, and arrests and referrals for disciplinary actions.

In 2024, there were 34 criminal offenses, one hate crime, and eight incidents of violence against women, all eight of which involved domestic violence. In the category of arrests and referrals for disciplinary actions, there were five arrests and 17 referrals. Those referrals were handled through the university's Division of Student Life and Enrollment. Mr. Blanton emphasized the fact that ETSU's crime rate is extremely low. During the reporting period, homicides and arsons remained at zero.

Mr. Blanton then reviewed future plans to further increase security at ETSU and updated the committee on work surrounding the university's Real-Time Crime Center.

## **VIII. Review of Audited Financial Statements from the Comptroller of the Treasury**

Ms. Christy Graham, Chief Financial Officer, presented highlights of the Tennessee Comptroller of the Treasury's Financial and Compliance Audit Report for fiscal year

2025. As the report states, “The opinions on the financial statements are unmodified.” Further, “The audit report contains no findings.” Ms. Graham commended the staff of the Division of Business and Finance, as this is the second straight year that ETSU has had a clean audit.

**IX. Other Business**

There was no other business to come before the committee.

**X. Executive Session to Discuss Active Audits, Enterprise Risk Management, and Review University Risks and Related Internal Controls**

The committee adjourned at 11:33 a.m. to go into executive session.

**XI. Adjournment**

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: May 21, 2026

ITEM: Action Item: Revisions to FY26 Audit Plan

COMMITTEE: Audit

RECOMMENDED ACTION: Approve

PRESENTED BY: Rebecca A. Lewis, CPA  
Chief Audit Executive

Ms. Lewis will provide a listing of additions and deletions to the fiscal year 2025-2026 audit plan since the last meeting.

**Additions**

FWA 26-05 – Internal Audit received a possible fraud, waste, or abuse concern. This will be investigated by audit and/or assigned to the appropriate authority.

FWA 26-06 – Internal Audit received a possible fraud, waste, or abuse concern. This will be investigated by audit and/or assigned to the appropriate authority.

FWA 26-07 – Internal Audit received a possible fraud, waste, or abuse concern. This will be investigated by audit and/or assigned to the appropriate authority.

Gear Up Grant Advisory Service – An engagement was requested by the recently established ETSU GEAR UP unit to provide recommendations related to financial oversight, expenditure responsibilities, and coordination between the university and six local school districts participating in the GEAR UP grant.

**MOTION: I move that the Audit Committee recommend adoption of the following resolution by the Board of Trustees:**

**RESOLVED: The revisions to the Audit Plan for 2025-26 are approved as presented in the meeting materials.**

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: May 21, 2026

ITEM: Annual Review of Charters

COMMITTEE: Audit

PRESENTED BY: Rebecca A. Lewis, CPA  
Chief Audit Executive

**Audit Committee Charter** – The specifications in TCA § 4-35-103 require that an audit committee develop a charter addressing the committee’s purpose, powers, duties, and mission. As outlined in TCA § 4-15-105 the responsibilities of the Audit Committee include “overseeing the university’s financial reporting and related disclosures, especially when financial statements are issued; evaluating management’s assessment of the body’s system of internal controls; formally reiterating, on a regular basis, to the state governing board, council, commission, equivalent body, or management and staff of the agency to which the audit committee is attached, the responsibility of the state governing board, council, commission, equivalent body, or management and staff of the agency for preventing, detecting, and reporting fraud, waste, and abuse; serving as a facilitator of any audits or investigations of the body to which the audit committee is attached, including advising auditors and investigators of any information the audit committee may receive pertinent to audit or investigative matters; informing the comptroller of the treasury of the results of assessment and controls to reduce the risk of fraud; and promptly notifying the comptroller of the treasury of any indications of fraud.”

**Internal Audit Charter** – The Office of Internal Audit adheres to the Institute of Internal Auditors’ mandatory guidance including the Definition of Internal Auditing, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. To that end, the Office of Internal Audit has a charter, which outlines the following, the Office’s: purpose; authority and scope; role and responsibility; organizational status/reporting structure; audit standards and ethics; and how often the charter should be reviewed.

**Compliance Charter** – The Office of University Compliance has a charter, which outlines the following, the Office’s: purpose; mission; vision; organizational oversight; authority; coordination with other units; professional standards; and responsibilities.

# East Tennessee State University

## *Audit Committee Charter*

### **I. Purpose and Mission**

The Audit Committee, a standing committee of the East Tennessee State University Board of Trustees, provides oversight and accountability on all aspects of university operations. The committee will assist the Board in fulfilling its oversight responsibilities by reporting regularly to the Board about Audit Committee activities and issues that arise with such recommendations as the committee deems appropriate. The Audit Committee will provide for open communications among the Board, university senior management, and the Tennessee Comptroller's Office auditors regarding audit matters.

The Audit Committee will provide oversight in the following areas:

- A. Audit engagements with the Tennessee Comptroller's Office, including the integrity of financial statements and compliance with legal and regulatory requirements,
- B. Audit engagements with external auditors,
- C. Internal Audit administration and activities,
- D. Management's internal controls and compliance with laws, regulations, and other requirements,
- E. Management's risk and control assessments,
- F. The University's Code of Conduct,
- G. Fraud, waste, and abuse prevention, detection, and reporting, and
- H. Other areas as directed by the Board.

### **II. Authority**

The Audit Committee has the authority to conduct or authorize audits or investigations into any matter within its scope of responsibility. The scope of internal auditing extends to all aspects of institutional operations and beyond fiscal boundaries. The committee is authorized to:

- A. Seek any information it requires from employees or external parties. Employees are directed to cooperate with the committee's requests,
- B. Have access to all books, records, and physical properties of East Tennessee State University,
- C. Meet with Board and institutional officials, external and internal auditors, legal counsel, or others as necessary, and
- D. Delegate authority to subcommittees, providing that such decisions by any subcommittee are presented to the full committee at its next scheduled meeting.

### III. Responsibilities

The Board employs a person qualified by training and experience to serve as the Chief Audit Executive, who reports directly to the Audit Committee. The Chief Audit Executive coordinates audit activities with the Tennessee Comptroller of the Treasury and with any other appropriate external auditors. The Audit Committee facilitates any audit and investigative matters, including advising auditors and investigators of any information the committee may receive pertinent to these matters.

The Audit Committee will carry out the following duties for the Board and will report to the Board about Audit Committee activities and issues that arise with such recommendations as the committee deems appropriate:

#### A. Tennessee Comptroller's Office Audits (State Auditors)

1. Understand the scope and approach used by the State Auditors in conducting their examinations,
2. Review results of the Comptroller's examinations of financial statements and any other matters related to the conduct of the audits,
3. Review with management and legal counsel any legal matters (including pending litigation) that may have a material impact on the financial statements, and any material reports or inquiries from regulatory or governmental agencies,
4. Ensure that the Comptroller is notified of any indications of fraud in the manner prescribed by the Comptroller,
5. Resolve any differences between management and the Comptroller's auditors regarding financial reporting, and
6. Meet, as needed, with the Comptroller's auditors to discuss any matters that the Audit Committee or State Auditors deem appropriate.

#### B. External Audits

1. Understand the scope and approach used by the external auditors in conducting their examinations,
2. Review results of the external auditors' examinations and any other matters related to the conduct of the external audits, and
3. Meet, as needed, with the external auditors to discuss any matters that the Audit Committee or external auditors deem appropriate.

#### C. Internal Audit Activities

1. Ensure that the Chief Audit Executive reports directly to the Audit Committee and has direct and unrestricted access to the chair and other committee members,
2. Review and approve the charter for the East Tennessee State University's Internal Audit department,
3. Review and approve the annual audit plans for East Tennessee State University's Internal Audit department, including management's request for unplanned audits,

4. Receive and review significant results of internal audits performed,
5. Work with East Tennessee State University management and Internal Audit to assist with the resolution of cooperation issues and to ensure the implementation of audit recommendations,
6. Review the results of the year's work with the Chief Audit Executive, and
7. Assure compliance with *the Global Internal Audit Standards (Standards)*, the Office of Internal Audit must implement and maintain a quality assurance and improvement program that incorporates both internal and external assessments.
  - a. Internal assessments are ongoing, internal evaluations of the internal audit activity, coupled with periodic self-assessments and/or reviews.
  - b. External assessments enable the internal audit activity to evaluate conformance with the *Standards*; internal audit and audit committee charters; the organization's risk and control assessment; the effective use of resources; and the use of successful practices.
  - c. An external assessment must be performed at least every five years by an independent reviewer or review team.
  - d. Results of the external assessment will be communicated to the Audit Committee and management.

D. Internal Audit Administration

1. Ensure the Chief Audit Executive reports functionally to the Audit Committee of the Board and reports to the President for administrative purposes only.
2. Ensure that East Tennessee State University Internal Audit has adequate resources in terms of staff and budget to effectively perform its responsibilities.
3. Review and approve the appointment, compensation, reassignment, or dismissal of the Chief Audit Executive, and
4. Review and approve the compensation and dismissal of campus internal auditors.

E. Risk, Internal Control and Compliance

1. Consider the effectiveness of the internal control system and compliance with laws and regulations, including computerized information system controls and security,
2. Understand the scope of internal and external auditors' reviews of internal controls over financial reporting,
3. Make recommendations to improve management's internal control and compliance systems to ensure the safeguarding of assets and prevention and detection of errors and fraud. The components of the control system are:
  - a. control environment—creating a culture of accountability;
  - b. risk assessment—performing analyses of program operations to determine if risks exist;
  - c. control activities—taking actions to address identified risk areas;
  - d. information and communication—using and sharing relevant, reliable, and timely information; and

- e. monitoring —tracking improvement initiatives and identifying additional actions needed to further improve program efficiency and effectiveness.
  4. Review and evaluate the enterprise risk management process performed by institutional management, and
  5. Inform the Comptroller of the Treasury of the results of enterprise risk management process.
- F. Fraud
1. Ensure that the Board and the institution have an effective process in place to prevent, detect, and report fraud, waste and abuse.
  2. Establish a process for employees, taxpayers and other citizens to confidentially report suspected illegal, improper, wasteful, or fraudulent activity.
  3. Inform the Comptroller of the Treasury of assessments of controls to reduce risks of fraud.
  4. Promptly report indications of fraud to the Comptroller of the Treasury.
  5. Facilitate audit and investigative matters, including advising auditors and investigators of any pertinent information received by the Audit Committee.
- G. Other
1. Review and assess the adequacy of the Audit Committee’s charter annually -, requesting Board approval for any proposed changes.
  2. Ensure there are procedures for the receipt, retention, and treatment of complaints about accounting, internal controls, or auditing matters.
  3. Review East Tennessee State University’s code of conduct and/or policies regarding employee conduct to ensure that they are easy to access, are widely distributed, are easy to understand and implement, include a confidential mechanism for reporting code violations, are enforced, and include a conflict of interest policy.
  4. Review East Tennessee State University’s conflict of interest policy to ensure that the term “conflict of interest” is clearly defined, the policy is comprehensive, annual signoff is required, and potential conflicts are adequately resolved and documented.

#### **IV. Independence**

Each member should be independent in fact and appearance of any interests that are in conflict with their duties as a Committee member.

Each member shall strictly adhere to the Code of Ethics for Appointed Board Members.

## **V. Membership**

- A. Pursuant to TCA § 4-35-104, the Audit Committee shall have at least three members,
- B. The Committee and its Chair shall be approved by the Board upon recommendation of the Board Chair,
- C. Audit Committee members, including its Chair, shall serve for a two-year term,
- D. For good cause, such as the need to ensure continuity in Board leadership during a period of transition in Board membership or in the offices of Governor or President, the Board, on the recommendation of the Chair, may extend the term of the Committee and Committee Chair appointments for up to one year beyond the two year term,
- E. Competencies and professional or business expertise of members and previous Board and committee experience of Trustees, together with any special qualifications required by the bylaws for certain committees, will be considered in committee and chair appointments.
- F. The Audit Committee shall include at least one member, preferably the chair of the committee, who shall have extensive accounting, auditing, or financial management expertise,
- G. Each member of the audit committee should have an adequate background and education to allow a reasonable understanding of the information presented in the financial reports of the university and the comments of auditors with regard to internal control and compliance findings and other issues.
- H. The Vice Chair of the Board shall serve as an ex officio member of the Audit Committee but shall not be counted for quorum purposes.
- I. The Audit Committee may be composed of one external member and two or more Trustees who satisfy the membership requirements. An external member must have extensive accounting, auditing, or financial management expertise. An external member may not serve as Chair of the Audit Committee.
- J. If a vacancy occurs in a committee or chair position prior to expiration of the two-year term, the Board shall appoint a Trustee to fill the remainder of the term, upon the recommendation of the Chair.

## **VI. Meetings**

- A. The Audit Committee shall meet as necessary, but at least annually, and also whenever requested by the chair of the Audit Committee or the Comptroller of the Treasury,
- B. The Audit Committee may invite Board management, auditors, or others to attend and provide relevant information,
- C. Meeting agendas will be provided to members in advance, along with appropriate briefing materials,
- D. The Board Secretary or their designee shall take minutes at each meeting of the Audit Committee and maintain approved minutes as the official record of such meeting,
- E. A majority of the members of the committee shall constitute a quorum for the transaction of business

- F. All meetings of the Audit Committee shall adhere to the Open Meetings Act, Tennessee Code Annotated Title 8, Chapter 44, except that pursuant to TCA § 4-35-108(b), the Audit Committee may hold confidential, nonpublic executive sessions for the sole purpose of discussing the following:
1. Items deemed not subject to public inspection under Tennessee Code Annotated, Sections 10-7-503 and 10-7-504, and all other matters designated as confidential or privileged under state or federal law,
  2. Litigation,
  3. Audits or investigations,
  4. Information protected by federal law, and
  5. Matters involving information under Tennessee Code Annotated, Section 4-35-107(a), where the informant has requested anonymity.

**Approvals**

Approved by: Melissa Stegall-Jones Date: 5/23/2025  
Melissa Stegall-Jones  
Chair of the Audit Committee

Approved by: Linda Latimer MD Date: 5/23/2025  
Linda Latimer, MD  
Chair of the Board of Trustees

# **Internal Audit Charter**

## **East Tennessee State University**

### **Purpose**

The purpose of the internal audit function is to strengthen East Tennessee State University's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

The internal audit function enhances East Tennessee State University's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

East Tennessee State University's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

East Tennessee State University's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls as well as the enterprise risk management process.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The East Tennessee State University's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive will report periodically to the board and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

### **Mandate**

#### ***Authority***

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Audit Committee, a standing committee of the Board, oversees the internal audit function at East Tennessee State University. Audit activities are conducted in accordance with and governed by all applicable internal audit and audit committee state statutes, the Institute of Internal Auditors' International Professional Practices Framework, which comprise Global Internal Audit Standards and Topical Requirements (Standards).

The internal audit function's authority is created by its direct reporting relationship to the board. Such authority allows for unrestricted access to the board.

The board authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of East Tennessee State University and other specialized services from within or outside East Tennessee State University to complete internal audit services.

Other than its work performed in conjunction with its quality assurance and improvement program, Internal Audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews nor shall their review relieve others of their responsibilities.

#### ***Independence, Organizational Position, and Reporting Relationships***

The Chief Audit Executive will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Chief Audit Executive will report functionally to the board and administratively to the President. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Chief Audit Executive will confirm to the board, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Chief Audit Executive will disclose to the board any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the Chief Audit Executive, board, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganization within the institution.
- Significant changes in the Chief Audit Executive, board, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Board Oversight**

To establish, maintain, and ensure that East Tennessee State University's internal audit function has sufficient authority to fulfill its duties, the board will:

- Discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Chief Audit Executive has unrestricted access to and communicates and interacts directly with the board, including in private meetings without senior management present.
- Discuss with the Chief Audit Executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the Chief Audit Executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the Chief Audit Executive to consider changes affecting the organization, such as the employment of a new Chief Audit

Executive or changes in the type, severity, and interdependencies of risks to the organization.

- Approve the risk-based internal audit plan.
- Approve the internal audit function's human resources administration and budgets.
- Approve the internal audit function's expenses.
- Collaborate with senior management to determine the qualifications and competencies the organization expects in a Chief Audit Executive, as described in the Global Internal Audit Standards.
- Authorize the appointment and removal of the Chief Audit Executive.
- Approve the remuneration of the Chief Audit Executive.
- Review the Chief Audit Executive's performance.
- Receive communications from the Chief Audit Executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the Chief Audit Executive to determine whether scope or resource limitations are inappropriate.

## **Chief Audit Executive Roles and Responsibilities**

### ***Ethics and Professionalism***

The Chief Audit Executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

### ***Objectivity***

The Chief Audit Executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Audit Executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for East Tennessee State University or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any East Tennessee State University employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Chief Audit Executive, board, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The Chief Audit Executive has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the board and senior management. Discuss the plan with the board and senior management and submit the plan to the board for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the board and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in East Tennessee State University's business, risks, operations, programs, systems, and controls.
- Communicate with the board and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.

- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact East Tennessee State University and communicate to the board and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to East Tennessee State University's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the board and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the board.

#### ***Communication with the Board and Senior Management***

The Chief Audit Executive will report periodically to the board and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the board.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond East Tennessee State University's risk appetite.

#### ***Quality Assurance and Improvement Program***

The Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Chief Audit Executive will communicate with the board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside East Tennessee State University; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

## **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the organization, including all East Tennessee State University's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the board and management on the adequacy and effectiveness of governance, risk management, and control processes for East Tennessee State University.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of East Tennessee State University's strategic objectives are appropriately identified and managed.
- The actions of East Tennessee State University's officers, directors, management, employees, and contractors or other relevant parties comply with East Tennessee State University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact East Tennessee State University.

- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

**Approved by the board during the quarterly meeting on May 23, 2025.**

**Acknowledgments/Signatures**

Rebecca SewB  
Chief Audit Executive, East Tennessee State University

5/23/25  
Date

Melissa Heagall-Jones  
Chair, ETSU Board of Trustees Audit Committee

5/23/25  
Date

Bill  
President, East Tennessee State University

5-23-25  
Date



## OFFICE OF UNIVERSITY COMPLIANCE CHARTER

### **Purpose**

The Office of University Compliance at East Tennessee State University (ETSU) is committed to upholding the University's foundational values of integrity, accountability, and ethical conduct. The Office fosters a culture of compliance by promoting adherence to applicable federal, state, and local laws, regulations, and University policies.

ETSU established the Office of University Compliance to prevent, detect, and respond to violations of law, policy, and regulation. These responsibilities are carried out through education and outreach, policy development, internal investigations, monitoring, and required reporting to governmental agencies. This charter formally outlines the mission, structure, authority, and responsibilities of the Office.

### **Mission**

The Office of University Compliance serves as an independent and objective function dedicated to supporting ETSU's legal, regulatory, and ethical responsibilities. The Office collaborates across the institution to:

- Monitor compliance with federal, state, and local laws
- Provide oversight and training for core regulatory frameworks, including Title IX, Title VI and Title VII of the Civil Rights Act, the Americans with Disabilities Act (ADA), and other civil rights and equity-based laws
- Investigate potential violations and facilitate appropriate corrective actions
- Promote fairness, transparency, and non-retaliation in University processes

### **Vision**

The Office of University Compliance envisions a university community in which compliance is embraced as a shared responsibility and embedded in all aspects of University operations. The Office aims to foster a culture of continuous improvement, transparency, and ethical leadership that supports ETSU's mission of excellence in education and service.

### **Organizational Oversight and Independence**

The Director of University Compliance oversees the Office of University Compliance. This Director:

- Reports directly to University Counsel and the President of the University, ensuring alignment with legal risk management while providing visibility and authority at the highest institutional level;

- Holds a dotted-line reporting relationship to the Office of Internal Audit to ensure organizational independence and functional objectivity in the execution of compliance functions.

The Director of University Compliance oversees the daily operations of the Office and supervises additional compliance staff, including two Compliance Officers. The Office operates independently from operational management and shall be free from actual or perceived interference in the performance of its responsibilities.

### **Authority**

To meet its responsibilities and maintain independence, the Office of University Compliance, with strict accountability for confidentiality and safeguarding of records and information, is authorized to have full, free, unrestricted access to any and all of the University's records, education records, physical properties, and personnel pertinent to conduct compliance assessments, training, monitoring, and investigations.

The University's administration will ensure that units and personnel cooperate with the Office of University Compliance in carrying out its compliance activities.

### **Coordination with other Units**

The Office of University Compliance collaborates with Internal Audit, Human Resources, Student Life & Enrollment, Athletics, and ETSU Police, among other university units, to discuss compliance issues, coordinate efforts, and collaborate on compliance initiatives.

### **Professional Standards**

The compliance function's objective is to establish and promote standards that meet the U.S. Federal Sentencing Guidelines' criteria for an effective compliance program:

1. Compliance standards and procedures to prevent and detect criminal activity;
2. Oversight by high-level personnel, with periodic reporting to the Audit Committee of the Board of Trustees from individuals with operational responsibility;
3. Due care in delegating substantial discretionary authority;
4. Effective communication and training to all levels of employees;
5. Systems for monitoring, auditing, and reporting suspected wrong-doing without fear of reprisal and for periodically evaluating the effectiveness of the compliance and ethics programs;
6. Consistent enforcement of compliance standards including disciplinary mechanisms and appropriate incentives to perform in accordance with the compliance and ethics program; and

7. Reasonable steps to respond to and prevent further similar offenses upon detection of a violation.

### **Responsibilities**

All members of the University community share responsibility for maintaining an environment of accountability and integrity.

- Supervisors must ensure employees have the knowledge and skills to fulfill their obligations. Supervisors must appropriately address or elevate reported violations or similar issues, including by preventing retaliation.
- All employees must obey the laws, regulations, and policies applicable to their university activities, and report illegal or unethical action that comes to their attention.

Members of the University community having responsibility for a specific area of compliance must ensure:

- Oversight of compliance in their specific functional areas;
- Adherence to the University's compliance policies; and
- Implementation of corrective action as necessary, arising from compliance reviews or investigations.

The Director of University Compliance and Compliance Officers are to remain well-informed on the content and operation of the University's compliance program to exercise reasonable oversight of the effectiveness of the program. These responsibilities include:

1. **Standards of Conduct/Policies and Procedures:** confirming that the University implements policies, procedures, training programs, and internal control systems that are reasonably capable of reducing misconduct and that comply with relevant regulatory requirements.
2. **Compliance Roles and Responsibilities:** establishing clear compliance roles and responsibilities across the University, including maintaining a professional staff with sufficient size, knowledge, skills, and experience to oversee University compliance.
3. **Compliance Oversight:** exercising reasonable oversight over compliance activities by requesting and receiving updates from compliance partners.
4. **Reporting and Investigative Mechanisms:** confirming that the University maintains an effective mechanism for stakeholders to report or seek guidance regarding potential or actual wrongdoing, including performing internal investigations and ethics reviews.
5. **Correction and Prevention:** working with the University's senior leadership to promote and enforce compliance through appropriate incentives and disciplinary measures.

6. Culture of Integrity and Compliance: promoting the University's culture of integrity and compliance through communication of compliance standards and policies.
7. External Inquiries: overseeing and coordinating external inquiries into compliance with federal and state laws or regulatory bodies, including taking appropriate steps to ensure safe harbor in instances of non-compliance.

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: May 21, 2026

ITEM: Annual Review of Policies

COMMITTEE: Audit

PRESENTED BY: Rebecca A. Lewis, CPA  
Chief Audit Executive

The Board of Trustees is committed to the responsible stewardship of its resources. Management of the university is responsible for maintaining a work environment that promotes ethical and honest behavior. Additionally, it is the responsibility of management to establish and implement internal control systems and procedures to prevent and detect irregularities, including fraud, waste and abuse. Management at all levels should be aware of the risks and exposures inherent in their areas of responsibility, and should establish and maintain proper internal controls to provide for the security and accountability of all resources entrusted to them.

**Internal Audit Policy** – addresses staffing, responsibilities of the internal audit function, audit planning and reporting on internal audit activities.

**Preventing and Reporting Fraud, Waste, or Abuse Policy** – provides the university community with the guidelines on preventing and reporting such activities.

**Conflicts of Interest Policy** – specifies how a covered employee should disclose conflicts of interest or conflicts of commitment and how a conflict is evaluated.

**Employee Code of Conduct Policy** – specifies the expectations of employees to conduct themselves in a responsible and ethical manner during their employment with ETSU.



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EAST TENNESSEE STATE  
UNIVERSITY

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## Internal Audit

## **Policy Name: Internal Audit**

### **Policy Purpose**

This policy specifies the responsibilities of the Internal Audit function, staffing, audit planning, and reporting on Internal Audit activities.

### **Responsible Official, Office, and Interpretation**

The Board of Trustees Audit Committee, in consultation with the Chief Audit Executive, is responsible for the review and revision of this policy. For questions about this policy, please contact the Secretary of the Board of Trustees. The Board of Trustees, in consultation with the Office of University Counsel, has the final authority to interpret this policy.

### **Defined Terms**

*A defined term has a specific meaning within the context of this policy.*

#### Attribute Standards

Standards that address the expected characteristics of organization and individuals performing Internal Audit activities.

#### Governance Processes

The combination of processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives. Examples of such processes include: 1) the organizational structure within an institution or a department; 2) policies, guidelines, and procedures instituted by the Board or management to direct and control a particular activity such as maintenance fees or hiring practices; and 3) preparation and review procedures for preparing reports such as annual financial statements or federal grant or financial aid reports.

#### Internal Auditing

An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Risk management, control, and Governance Processes.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

# **Policy Name: Internal Audit**

## Performance Standards

Standards that describe the nature of Internal Audit activities and establish criteria to evaluate the performance of Internal Audit activities.

## Risk

The possibility of an event occurring that will have an impact on the achievement of an institution's goals and objectives. Risk is measured in terms of the impact an event may have, the likelihood that an event will occur, and the speed to impact.

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**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

# Policy Name: Internal Audit

## Policy

The Internal Audit function contributes to the improvement of the institution's operations by providing objective and relevant assurance regarding Risk management, control and Governance Processes to management and the Board of Trustees. Management is responsible for evaluating the institution's Risks and establishing and maintaining adequate controls and processes. To provide relevant information, the Internal Audit activity will consider the goals of the institution, management's Risk assessments and other input from management in determining its Risk-based audit activities. To optimize the achievement of the institution's goals and objectives, the Board and management act to minimize the related Risks by implementing reasonable procedures to control and monitor the Risks.

### 1. Internal Audit Standards.

The Internal Audit function shall adhere to The Institute of Internal Auditors' (IIA) Global Internal Audit Standards and Code of Ethics. To assure compliance with the IIA Standards, the Office of Internal Audit must implement and maintain a quality assurance and improvement program that incorporates both internal and external review activities. Internal reviews include both ongoing and periodic review activities. External reviews must be performed at least every five years by a qualified, independent reviewer. Results of the quality assurance reviews will be communicated to the Board of Trustees Audit Committee and management.

### 2. Internal Audit Personnel.

The university shall employ at least two full-time positions, one position will serve as the Chief Audit Executive, with the sole responsibility of serving as Internal Auditors.

#### 2.1. Chief Audit Executive.

The Chief Audit Executive (CAE) is appointed by the President and the appointment must be approved by the Board of Trustees Audit Committee. The CAE must be licensed as a Certified Public Accountant (CPA) or a Certified Internal Auditor (CIA), maintain an active license and annually complete sufficient, relevant continuing professional education to satisfy the requirements for the professional certification held.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

## Policy Name: Internal Audit

The CAE reports directly to the Board of Trustees Audit Committee. This reporting structure assures the independence of the Internal Audit function.

Compensation of the CAE is subject to review by the Board of Trustees Audit Committee. The termination or change of status of the CAE requires a majority vote of the Board of Trustees Audit Committee.

The CAE should communicate concerns to management and the Board of Trustees Audit Committee regarding the lack of sufficient resources to complete the objectives of an engagement or the audit plan. Such resources may include the need for additional personnel or personnel with specialized knowledge, such as those with knowledge of fraud, information technology or other technical areas.

### 2.2. Internal Audit Staff.

Internal Audit staff must possess the professional credentials, knowledge, skills, and other competencies needed to perform their individual responsibilities. The Internal Audit function collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

The Associate Director of Internal Audit must be licensed as a CPA or CIA, maintain an active license and annually complete sufficient, relevant continuing professional education to satisfy the requirements for the professional certification held. Other university auditors should annually complete sufficient, relevant continuing professional education to satisfy the requirements for their related professional certification or, at a minimum, forty hours of relevant continuing professional education annually.

## 3. Internal Audit Role and Scope

### 3.1. Responsibilities.

The Internal Auditors' responsibilities include: 1) working with management to assess institutional Risks and developing an audit plan that considers the results of the Risk assessment; 2) evaluating institutional controls to determine their effectiveness and efficiency; 3) coordinating work with external auditors, program reviewers, and consultants; 4) determining the level of compliance with internal policies and procedures, state and federal laws, and government regulations; 5) testing the timeliness, reliability, and usefulness of institutional records and reports, 6) recommending improvements to controls, operations, and Risk mitigation

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**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

# Policy Name: Internal Audit

resolutions; 7) assisting the institution with its strategic planning process to include a complete cycle of review of goals and values; 8) evaluating program performance; and 9) performing consulting services and special requests as directed by the Board of Trustees Audit Committee or the institution's President.

## 3.2. Scope.

The scope of Internal Auditing extends to all aspects of institutional operations and beyond fiscal boundaries. Internal Auditors shall have access to all records, personnel, and physical properties relative to the performance of duties and responsibilities.

The scope of a particular Internal Audit activity may be as broad or as restricted as required to meet management needs. Objectivity is essential to the Internal Audit function. Therefore, Internal Audit personnel should not be involved in the development and installation of systems and procedures, preparation of records, or any other activities that the Internal Audit staff may review or appraise. However, Internal Audit personnel may be consulted on the adequacy of controls incorporated into new systems and procedures or on revisions to existing systems.

Management is responsible for identifying, evaluating, and responding to potential Risks that may impact the achievement of the institution's objectives. Auditors continually evaluate the Risk management, internal control, and Governance Processes. To facilitate these responsibilities, Internal Audit will receive notices or copies of external audit reviews, program reviews, fiscally related consulting reports, cash shortages, physical property losses, and employee misconduct.

## 4. Audit Plans and Activity Reports.

Internal Audit shall develop an annual audit plan using an approved Risk assessment methodology. At the beginning of each fiscal year, after consultation with the President and other institution management, Internal Audit will prepare an annual audit plan.

The audit plan must be flexible to respond to immediate issues and will be revised for such changes during the year. Audit plans and revisions will be reviewed and approved by the Board of Trustees Audit Committee.

At the end of each fiscal year, Internal Audit will prepare an annual activity report of all significant audit services performed. Annual activity reports and approved audit plans will be provided to the Comptroller's Office, Division of State Audit.

## 5. Audit Engagements.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

## **Policy Name: Internal Audit**

Audit engagements will be planned to provide relevant results to management and the Board of Trustees Audit Committee regarding the effectiveness and efficiency of processes and controls over operations. To ensure management's expectations are met, auditors will communicate with management regarding the objectives and scope of the engagement. In planning and during the engagement, auditors should consider and be alert to Risks that affect the institution's goals and objectives, operations and resources. Auditors should consider Risks based on the operations under review, which include but are not limited to the Risk of financial misstatements, noncompliance and fraud. An audit work program will be designed to achieve the objectives of the engagement and will include the steps necessary to identify, analyze, evaluate and document the information gathered and the conclusions reached during the engagement. Working papers that are created, obtained or compiled by an Internal Audit staff are confidential and are not an open record.

### **6. Audit Results.**

A written report that documents the objectives, scope, conclusions, and recommendations of the audit will be prepared for audit engagements providing assurance to the Board of Trustees and management.

Management shall include corrective action for each reported finding. Internal Audit will perform audits to follow-up on findings or recommendations included in Internal Audit and investigation reports. The results of all follow-up reviews will be emailed to management and reported to the Board of Trustees Audit Committee including the status of each recommendation. If control weaknesses still exist, a written report may be prepared.

In addition, Internal Audit shall perform audits to follow-up on findings or recommendations included in State Audit reports and a written report will be prepared. The President, along with the Board of Trustees Audit Committee, will be notified at the conclusion of a follow-up audit. A written report that documents the objectives, scope, conclusions and recommendations will be prepared for investigations resulting from allegations or identification of fraud, waste or abuse. As appropriate in the circumstances, management will include corrective action for each reported finding. In a case where allegations are not substantiated by the review and there are no other significant operational concerns to report to management regarding the review, the case may be closed by writing a memo to the working paper file documenting the reasons for closing the case.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

## **Policy Name: Internal Audit**

Reports on special studies, consulting services, Comptroller's Office (Division of State Audit) requests, and other non-routine items should be prepared as appropriate, given the nature of the assignment. All Internal Audit reports will be signed by the CAE, or Associate Director in their absence, and transmitted directly to the President in a timely manner. The CAE will present significant results of Internal Audit reports to the Board of Trustees Audit Committee. The CAE will provide a copy of each report to the Comptroller's Office, Division of State Audit.

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**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

# **Policy Name: Internal Audit**

## **Procedures**

N/A

## **Authority and Revisions**

**Authority:** T.C.A. §§ 49-8-203, 4-3-304(9), 49-14-102(a), 49-14-102(b), 4-4-304(9)

**Previous Policy:** N/A

The ETSU Board of Trustees is charged with policy making pursuant to TCA § 49-8-203, et seq. This policy may only be revised by the Board of Trustees. Before a substantive change to the policy section may take effect, the requested changes must be: (1) presented to the Audit Committee of the Board of Trustees for review and approval; and (2) if approved by the Audit Committee, presented for a vote of the Board of Trustees and approved by a majority of the Board of Trustees. The Secretary of the Board will provide a notification to the Board of Trustees if a technical revision to this policy is implemented or a revision to the procedure section is implemented.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A



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EAST TENNESSEE STATE  
UNIVERSITY

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## **Preventing and Reporting Fraud, Waste, or Abuse**

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

Audit Committee  
May 21, 2026

# **Policy Name: Preventing and Reporting Fraud, Waste, or Abuse**

## **Policy Purpose**

This policy specifies the reporting mechanism for Fraud, Waste, and Abuse, as well as the university's commitment to prevent Fraud, Waste, and Abuse.

## **Responsible Official, Office, and Interpretation**

The Audit Committee of the Board of Trustees in consultation with the Chief Audit Executive is responsible for the review and revision of this policy. For questions about this policy, please contact the Secretary of the Board of Trustees. The Board of Trustees, in consultation with the Office of University Counsel, has the final authority to interpret this policy.

## **Defined Terms**

*A defined term has a specific meaning within the context of this policy.*

### Abuse

Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interest or those of an immediate or close family member or business associate. Abuse does not necessarily involve Fraud, violation of laws, regulations, or provisions of a contract or grant agreement. (U.S. Government Accountability Office, Government Auditing Standards, July 2007.)

### Fraud

An intentional act to deceive or cheat, ordinarily for the purpose or result of causing a detriment to another and/or bringing about some benefit to oneself or others. Fraudulent activities may include, but are not limited to the following: theft, misappropriation, misapplication, destruction, removal, or concealment of any institutional assets or resources, including but not limited to funds, securities, supplies, equipment, real property, intellectual property or data; improper use or assignment of any institutional assets or resources, including but not limited to personnel, services or property; improper handling or reporting of financial transactions, including use, acquisitions and divestiture

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

## **Policy Name: Preventing and Reporting Fraud, Waste, or Abuse**

of state property, both real and personal; authorization or receipt of compensation for hours not worked; inappropriate or unauthorized use, alteration or manipulation of data, computer files, equipment, software, networks, or systems, including personal or private business use, hacking and software piracy; forgery or unauthorized alteration of documents; falsification of reports to management or external agencies; pursuit of a personal benefit or advantage in violation of the ETSU Conflict of Interest Policy; concealment or misrepresentation of events or data; or acceptance of bribes, kickbacks or any gift, rebate, money or anything of value whatsoever, or any promise, obligation or contract for future reward, compensation, property or item of value, including intellectual property.

### Internal Controls

Internal Controls are processes performed by management and employees to provide reasonable assurance of: safeguards over institutional assets and resources, including but not limited to cash, securities, supplies, equipment, property, records, data or electronic systems; effective and efficient operations; reliable financial and other types of reports; and compliance with laws, regulations, contracts, grants and policies.

### Waste

Waste involves behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances. Waste is a thoughtless or careless act, resulting in the expenditure, consumption, mismanagement, use, or squandering of institutional assets or resources to the detriment or potential detriment of the institution. Waste may also result from incurring unnecessary expenses due to inefficient or ineffective practices, systems, or controls. Waste does not necessarily involve Fraud, violation of laws, regulations, or provisions of a contract or grant agreement.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

# **Policy Name: Preventing and Reporting Fraud, Waste, or Abuse**

## **Policy**

The Board of Trustees is committed to the responsible stewardship of its resources. Management of the university is responsible for maintaining a work environment that promotes ethical and honest behavior. Additionally, it is the responsibility of management to establish and implement internal control systems and procedures to prevent and detect irregularities, including Fraud, Waste and Abuse. Management at all levels should be aware of the risks and exposures inherent in their areas of responsibility, and should establish and maintain proper Internal Controls to provide for the security and accountability of all resources entrusted to them.

### **1. Preventing Fraud, Waste, or Abuse.**

#### **1.1. Maintaining an Ethical Work Environment.**

Management of the university is responsible for maintaining a work environment that promotes ethical and honest behavior on the part of all employees, students, contractors, vendors and others. To do so, management at all levels must behave ethically and communicate to employees and others that they are expected to behave ethically. Management must demonstrate through words and actions that unethical behavior will not be tolerated.

#### **1.2. Implementing Effective Internal Control Systems.**

Management of the university has the responsibility to establish and implement internal control systems and procedures to prevent and detect irregularities, including Fraud, Waste and Abuse. To determine whether Internal Controls are effective, management of the university should perform periodic risk and control assessments, which should include the following activities: review the operational processes of the unit under consideration; determine the potential risk of Fraud, Waste, or Abuse inherent in each process; identify the controls included in the process (or controls that could be included) that result in a reduction in the inherent risk; assess whether there are Internal Controls that need to be improved or added to the process under consideration; and implement controls or improve existing controls that are determined to be the most efficient and effective for decreasing the risk of Fraud, Waste or Abuse.

Most managers will find that processes already include a number of Internal Controls, but these controls should be monitored or reviewed for adequacy and effectiveness on a regular basis and improved as needed. Typical examples of Internal Controls may

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

## **Policy Name: Preventing and Reporting Fraud, Waste, or Abuse**

include, but are not limited to: adequate separation of duties among employees; sufficient physical safeguards over cash, supplies, equipment and other resources; appropriate documentation of transactions; independent validation of transactions for accuracy and completeness; documented supervisory review and approval of transactions or other activities; and proper supervision of employees, processes, projects or other operational functions.

### 1.3. Reviews of Internal Control Systems.

Audits or other independent reviews may be performed on various components of the internal control systems.

### 1.4. Internal Audits.

Internal Audit is responsible for assessing the adequacy and effectiveness of Internal Controls that are implemented by management and recommend any identified control improvements as a result of this assessment. During an audit of a department or process, Internal Audit will also perform tests designed to detect Fraud, Waste, or Abuse that may have occurred.

### 1.5. External Audits.

The Tennessee Department of Audit, Division of State Audit, performs periodic financial audits of the university. One purpose of this type audit is to evaluate an institution's Internal Controls, which will often result in recommendations for control improvements. State Audit will also perform tests designed to detect Fraud, Waste or Abuse that may have occurred.

### 1.6. Other Reviews.

Various programs may be subject to audits or reviews by federal, state or other outside agencies based on the type of program, function, or funding. Although audits and reviews may include assessments of Internal Controls, the primary responsibility for prevention and detection of Fraud, Waste or Abuse belongs to management of the university. Therefore, management should take steps to review Internal Controls whether or not audits are to be performed.

## 2. Reporting Fraud, Waste, or Abuse.

### 2.1. Responsibility for Reporting Fraud, Waste, or Abuse.

Any employee of the university having knowledge that a theft, forgery, credit card Fraud, or any other act of unlawful or unauthorized taking, or Abuse of, public money,

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

## **Policy Name: Preventing and Reporting Fraud, Waste, or Abuse**

property, or services, or other shortages of public funds has occurred shall report the information immediately to Tennessee's Office of the Comptroller of the Treasury. Others, including institutional management, faculty and staff with a reasonable basis for believing that Fraud, Waste or Abuse has occurred are strongly encouraged to immediately report such incidents. Students, citizens and others are also encouraged to report known or suspected acts of Fraud, Waste or Abuse. Although proof of an improper activity is not required at the time the incident is reported, anyone reporting such actions must have reasonable grounds for doing so. Employees with knowledge of matters constituting Fraud, Waste or Abuse, that fail to report it or employees who knowingly make false accusations may be subject to disciplinary action.

To ensure compliance, the university provides a means for employees and others to report such matters, which are subsequently reported to the Comptroller's Office. Institutional administration with knowledge of Fraud, Waste or Abuse will report such incidents immediately.

### **2.2. Methods for Reporting Fraud, Waste, or Abuse.**

Any employee who becomes aware of known or suspected Fraud, Waste, or Abuse should immediately report the incident to an appropriate departmental official. Incidents should be reported to one of the following officials or offices: a supervisor or department head; an institutional official; the institutional Internal Audit department via website ([Report Suspected Fraud, Waste, or Abuse Website](#)); or the Tennessee Comptroller of the Treasury's Hotline for Fraud, Waste and Abuse at 1-800-232-5454.

If the incident involves their immediate supervisor, the employee should report the incident to the next highest-level supervisor or one of the officials or offices listed above.

Employees should not confront the suspected individual or initiate an investigation on their own since such actions could compromise the investigation. A department official or other supervisor who receives notice of known or suspected Fraud, Waste or Abuse must immediately report the incident to the following: President/Chief Financial Officer (or designee); Internal Audit Office; or Campus Police (when appropriate). The President/Chief Financial Officer or designee receiving such notice will immediately notify the Chief Audit Executive (CAE) regarding the acknowledged or suspected Fraud or misconduct.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

## **Policy Name: Preventing and Reporting Fraud, Waste, or Abuse**

The CAE will notify the Comptroller of the Treasury of instances of Fraud, Waste, or Abuse. After initial notification, the university should refer to applicable policies/guidelines related to institutional losses for additional reporting procedures.

### **2.3. Protection from Retaliation.**

State law and university policies prohibits discrimination or retaliation against employees for reporting allegations of dishonest acts or cooperating with auditors conducting an investigation. The Higher Education Accountability Act of 2004 directs that a person who knowingly and willingly retaliates or takes adverse action of any kind against any person for reporting alleged wrongdoing pursuant to the provisions of this part commits a Class A misdemeanor. Employees should report retaliation to Internal Audit or the Office of Human Resources. An employee found to have retaliated is subject to discipline, including and up to termination.

### **2.4. Confidentiality of Reported Information.**

Detailed information received pursuant to a report of Fraud, Waste, or Abuse or any on-going investigation thereof shall be considered working papers of the internal auditor and shall be confidential. Although every attempt will be made to keep information confidential, circumstances such as an order of a court or subpoena may result in disclosure. Also, if the university has a separate legal obligation to investigate the complaint (e.g. complaints of illegal harassment or discrimination), the university cannot ensure anonymity or complete confidentiality.

## **3. Investigations/Actions.**

### **3.1. Cooperation of Employees.**

Individuals involved with suspected Fraud, Waste, or Abuse must cooperate in any investigation, including, but not limited to, providing complete, factual responses to questions and either providing access to or turning over relevant documentation immediately upon request by any authorized person. The refusal by an employee to provide such assistance may result in disciplinary action, including and up to termination.

### **3.2. Remedies Available.**

The university management will evaluate the information provided and make a determination concerning external reporting obligations, if any, and the feasibility of pursuing available legal remedies against persons or entities involved in Fraud, Waste, or Abuse against the institution. Remedies include, but are not limited to: terminating

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

## **Policy Name: Preventing and Reporting Fraud, Waste, or Abuse**

employment; requiring restitution; and forwarding information regarding the suspected Fraud to appropriate external authorities for criminal prosecution.

In those cases where disciplinary action is warranted, the Office of Human Resources, Office of University Counsel, and other appropriate offices shall be consulted prior to taking such action, and applicable institutional and Board of Trustees policies related to imposition of employee discipline shall be observed.

### **3.3. Resignation of Suspected Employee.**

An employee suspected of gross misconduct may not resign as an alternative to discharge after the investigation has been completed. An employee may resign before the investigation is completed. Exceptions to these requirements may only be granted by the President. If the employee resigns during the investigation, the employment records must reflect the situation as of the date of the resignation, and the outcome of the investigation.

### **3.4. Effect on Annual Leave.**

An employee who is dismissed for gross misconduct or who resigns or retires to avoid dismissal for gross misconduct shall not be entitled to any payment for accrued but unused annual leave at the time of dismissal.

### **3.5. Student Involvement.**

Students found to have participated in Fraud, Waste, or Abuse as defined by this policy will be subject to disciplinary action pursuant to the student disciplinary policy. The Vice President of Student Life and Enrollment or designee will be responsible for adhering to applicable due process procedures and administering appropriate disciplinary action.

### **3.6. Confidentiality During Investigation.**

All investigations will be conducted in as strict confidence as possible, with information sharing limited to persons on a “need to know” basis. The identities of persons communicating information or otherwise involved in an investigation or allegation of Fraud, Waste, or Abuse will not be revealed beyond the university unless necessary to comply with federal or state law, or if legal action is taken.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

# **Policy Name: Preventing and Reporting Fraud, Waste, or Abuse**

## **3.7. Management's Follow-up Responsibility.**

Administrators at all levels of management must implement, maintain, and evaluate an effective compliance program to prevent and detect Fraud, Waste, and Abuse. Once such activities have been identified and reported, the overall resolution should include an assessment of how it occurred, an evaluation of what could prevent recurrences of the same or similar conduct, and implementation of appropriate controls, if needed.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A

# **Policy Name:** Preventing and Reporting Fraud, Waste, or Abuse

## **Procedures**

N/A

## **Applicable Forms and Websites**

[Report Suspected Fraud, Waste, or Abuse Website](#)

[Suspected Fraud, Waste, or Abuse Reporting Form](#)

## **Authority and Revisions**

**Authority:** T.C.A. §§ 49-8-203, 8-19-501(a), 8-50-116, 49-14-103, 8-50-807

**Previous Policy:** N/A

The ETSU Board of Trustees is charged with policy making pursuant to TCA § 49-8-203, et seq. This policy may only be revised by the Board of Trustees. Before a substantive change to the policy section may take effect, the requested changes must be: (1) presented to the Audit Committee of the Board of Trustees for review and approval; and (2) if approved by the Audit Committee, presented for a vote of the Board of Trustees and approved by a majority of the Board of Trustees. The Secretary of the Board will provide a notification to the Board of Trustees if a technical revision to this policy is implemented or a revision to the procedure section is implemented.

**Policy Effective Date:** May 8, 2017 • **Policy Revised:** May 23, 2025  
**Procedures Effective Date:** N/A • **Procedures Revised:** N/A



Conflicts of Interest and Commitment	
Responsible Official: Chief Operating Officer	Responsible Office: Human Resources

### Policy Purpose

This policy specifies how a Covered Employee should disclose Conflicts of Interest or Conflicts of Commitment and how a conflict is evaluated.

### Policy Statement

Perceived or real Conflicts of Interest and Conflicts of Commitment are harmful to ETSU and ETSU's reputation. All Covered Employees must disclose any Conflicts of Interest or Conflicts of Commitment. When a Covered Employee believes a Conflict of Interest or Conflict of Commitment exists or may exist for any Covered Employee, including themselves, the Covered Employee must immediately submit a written disclosure of the facts and circumstances surrounding the Conflict of Interest or Conflict of Commitment to the Office of Human Resources through the Disclosure Form.

#### I. General Principles.

- A. A Covered Employee must take all reasonable precautions to ensure that a Covered Employee's Financial Interests do not place them in a Conflict of Interest or Conflict of Commitment when carrying out their Professional Obligations as employees of ETSU.

Generally, a Conflict of Interest exists when:

1. A Covered Employee allows their Financial Interest to interfere with or compromise the Covered Employee's judgment and objectivity, with respect to the Covered Employee's duties and responsibilities to ETSU.
2. A Covered Employee makes ETSU or ETSU-related decisions or uses ETSU resources in a manner that results in or is expected to result in:
  - a. Financial gain for the Covered Employee or financial gain for a Family Member; or,
  - b. An unfair advantage to or favored treatment for a third-party outside of ETSU.
3. A Covered Employee allows a Financial Interest to affect the design, conduct, or reporting of research. This type of conflict is addressed in the Institutional Financial Conflicts of Interest Policy.

## B. Examples of Conflicts of Interest.

The following situations are examples of prohibited Conflicts of Interest. This is not an all-inclusive list of prohibited Conflicts of Interest.

1. A Covered Employee serving as a member of the board of directors of, serving as a consultant to, or holding an office or management position in an outside entity, and:
  - a. The Covered Employee procures or influences the procurement of goods or services from the outside entity for ETSU; or,
  - b. The Covered Employee uses their ETSU position to obtain favored treatment for that outside entity or to provide an unfair advantage to that outside entity.
2. A Covered Employee holding more than a five percent (5%) Financial Interest, inclusive of Financial Interests held by a Family Member, in an outside venture, and:
  - a. The Covered Employee procures or influences the procurement of goods or services from that outside venture for ETSU; or,
  - b. The Covered Employee uses their ETSU position to obtain favored treatment for that outside venture or to provide an unfair advantage to that outside venture.
3. A Covered Employee soliciting or accepting Gifts from a person or entity:
  - a. In return for influencing a Covered Employee in the discharge of their ETSU or ETSU-related Professional Obligations; or,
  - b. While in a position to obtain favored treatment for that person or entity or to provide an unfair advantage to that person or entity.
4. A Covered Employee selling any products or services to ETSU or another State of Tennessee agency while an employee of or within six (6) months after termination of active employment with ETSU.
  - a. This does not apply to the sale of textbooks, stage plays, and other copyright literary property for which the Covered Employee receives royalties from a distributor in which the Covered Employee does not own a controlling interest.
  - b. This does not apply to Sole-source Suppliers, unless the Covered Employee also procures or influences the procurement of the particular product or service for ETSU. However, the Covered Employee's interest in the Sole-source Supplier must be publicly acknowledged.
5. A Covered Employee using confidential or official ETSU information in any manner that results in or is expected to result in financial gain or an unfair advantage to the Covered Employee, a Family Member, or a third-party.

## II. Enforcement.

Compliance with this policy is a condition of employment for all Covered Employees. A Covered Employee who fails to comply with this policy is subject to discipline, including termination.

Authority: FOCUS Act Tenn. Code Ann. § 49-8-203, et. seq.

Previous Policy: Tennessee Board of Regents Policy 1.02.03.10

## Definitions

*A defined term has a special meaning within the context of this policy.*

**Conflict of Commitment:** The actual or perceived divergence of a Covered Employee's personal time, attention, and energy from the Covered Employee's Professional Obligations

**Conflict of Interest:** The actual or perceived divergence of a Covered Employee's personal interests, including, but not limited to, Financial Interests, from the Covered Employee's Professional Obligations.

**Covered Employee:** Any ETSU employee who is employed in any capacity except student workers, graduate assistants, medical residents, or volunteers

**Family Member:** Includes 1) spouse; 2) child, step-child; 3) parent, step-parent, foster parent, parent-in-law; 4) sibling(s); 5) grandparents and grandchildren and: 6) other members of the family who reside within the home.

**Financial Interest:** Any interest of monetary value, whether or not that value is readily ascertainable, including any interest of a Family Member

**Gift:** Any item gifted in excess of \$250, including but not limited to, any gratuity, service, favor, food, entertainment, lodging, transportation, loan, loan guarantee, or any other item of monetary or personal value.

**Professional Obligations:** The duties and responsibilities owed by a Covered Employee as part of their employment at ETSU, including to act in a manner that the Covered Employee reasonably believes to be in the best interests of ETSU.

**Sole-source Supplier:** The only supplier that can provide a particular good or product.

## Policy History

Effective Date:

Revision Date: 8/26/21

## Procedure

The procedures for disclosure of a Conflicts of Interest or Conflicts of Commitment and the review process are as follows:

I. Disclosure by Covered Employee.

A Covered Employee completes the Disclosure Form on the Human Resources website.

II. Review of Disclosures.

One representative from the Office of Human Resources, the Office of University Counsel, the Division of Business and Finance, the Office of Internal Audit, and the department head for the Covered Employee's unit meets to evaluate the disclosure and determine what action is necessary. A Covered Employee involved in a potential or alleged Conflict of Interest or Conflict of Commitment is not permitted to participate in the evaluation of the matter.

## Procedure History

Effective Date: 8/26/21

Revision Date:

## Related Form(s)

Disclosure Form

## Scope and Applicability

Primary: Human Resources

Secondary:



<b>Employee Code of Conduct</b>	
Responsible Official: <b>Chief Operating Officer</b>	Responsible Office: <b>Office of Human Resources</b>

**Policy Purpose**

This policy specifies the expectations of Employees to conduct themselves in a responsible and ethical manner during their employment with ETSU.

**Policy Statement**

ETSU is committed to the core values of people, relationships, diversity, excellence, efficiency, and honesty, as well as to creating a university community committed to integrity, respect for diversity, engagement in the community, and non-violence. Employees are expected to promote the best interests of students and Employees; treat others with respect and civility; conduct themselves with integrity; utilize ETSU resources in a manner that avoids waste, fraud, and abuse; and maintain a culturally rich and diverse environment in which to work and learn. This policy sets forth standards of conduct to support these core values and is designed to protect the reputation, credibility, financial well-being, and legal obligations of ETSU.

The appearance of unethical or irresponsible conduct, whether such conduct has occurred, can be damaging to ETSU. As such, any appearance of unethical or irresponsible conduct may also be a violation of the Code of Conduct and subject to disciplinary action.

This policy applies to all Employees whether employed full-time, part-time, on a temporary basis, and applies to student workers.

I. Code of Conduct.

Employees must conduct themselves fairly, honestly, in good faith, and in accordance with the highest ethical and professional standards, and must comply with state and federal laws, ETSU policies, and contractual obligations. This includes, but is not limited to:

- A. Employees are expected to be committed to creating an environment that promotes academic freedom, diversity, fair treatment, and respect for all faculty, staff, students, and the general public.

- B. Employees shall follow lawful instructions.
- C. Employees must regularly attend work and accurately report work time and attendance.
- D. Employees are expected to maintain the highest levels of integrity and objectivity as they perform their duties. This includes, but is not limited to their personal conduct, their verbal conduct, their social media presence, and their written work product. Employees are expected to take all reasonable precautions and seek appropriate guidance to ensure their outside interests do not place them in conflict with carrying out their duties and responsibilities to ETSU.
- E. Employees must use institutional and grant property, funds, technology, time, and other resources for legitimate ETSU business purposes. Employees may not use ETSU resources for endeavors unrelated to their ETSU employment responsibilities (e.g. for personal gain or to benefit third parties).
- F. Employees shall not commit fraud, waste, or abuse while executing their employment responsibilities. This includes, but is not limited to falsifying documents or misrepresenting academic credentials, requests for funding, or research findings.
- G. Employees must avoid conflicts of interests or commitments and must follow ETSU policies related to conflicts of interests.
- H. Employees must conduct research with the highest integrity and in compliance with federal, state, and local laws and ETSU policies. Employees involved in conducting research must become familiar with applicable laws, regulations, and policies.
- I. Employees are entrusted with a variety of confidential information about students, faculty, staff, alumni, donors, research sponsors, licensing partners, and university affiliates. Employees must access, use, protect, disclose, preserve, and dispose of confidential information in compliance with applicable laws and ETSU policies. Employees shall not disclose confidential information obtained during their employment, except as required by law. An Employee shall not use confidential information for their personal gain or benefit.
- J. Employees are expected to be committed to the health and safety of all students, faculty, staff, and visitors. Employees are expected to exercise good health and safety practices and to comply with all health and safety laws, regulations, and policies.
- K. Employees are expected to act professionally and treat all students, faculty, staff, persons doing business with ETSU, and visitors with respect. This includes, but is not limited to Employees complying with the ETSU Consensual Relationship Policy. Employees must conduct themselves in a professional manner when communicating in writing, verbally, or signing. Employees shall not commit or assist another Employee in committing Abusive Conduct.

- L. Employees shall not engage in disorderly conduct, including, but not limited to, Abusive Conduct; fighting, provoking a fight, or attempting bodily harm or injury to another Employee or to any other individual or threatening physical action or injury on university property or during university activities; or other conduct that threatens or endangers the health, safety, or well-being of any person.
- M. Employees are expected to report any actual knowledge or any good-faith concern that a violation of this Policy may have occurred as soon as it is reasonably possible.
- N. Employees must comply with Tennessee laws on mandatory reporting of child abuse and child sexual abuse. Tennessee laws mandate reporting by any person who has knowledge of physical or mental harm to a child if: 1) the nature of the harm reasonably indicates it was caused by brutality, abuse, or neglect; or 2) on the basis of available information, the harm reasonably appears to have been caused by brutality, abuse, or neglect. Tennessee law also mandates reporting by any person who knows or has reasonable cause to suspect that a child has been sexually abused, regardless of whether it appears the child has sustained an injury as a result of the abuse. A report of child abuse or child sexual abuse must be made immediately to one of the following authorities: the Tennessee Department of Children’s Services (call the Central Intake Child Abuse Hotline at 1-877-542-2873 or 1-877- 237-0004); the sheriff of the county where the child resides; the chief law enforcement official of the city where the child resides; or a judge having juvenile jurisdiction over the child.

## II. Reporting Violations.

Employees who have actual knowledge or a good-faith concern about violations of this policy should report their concerns to the Office of Human Resources. Reporting Employees who wish to remain anonymous may report any concerns via the Office of Internal Audit’s [anonymous on-line form](#). The Offices of Human Resources or Internal Audit will forward the complaint to the appropriate department for review and investigation pursuant to the applicable ETSU policies.

## III. Retaliatory Actions.

No Employee may retaliate against a Reporting Employee for making a good-faith report pursuant to this or any other ETSU policy. If a Reporting Employee experiences retaliation, the Employee should immediately report it the Office of Human Resources.

## III. Violation of Code of Conduct.

Employees are required to cooperate fully in any investigation related to a violation of this or any other ETSU Policy. Investigations will be conducted by the appropriate authority based on the nature of the alleged violation. Employees who violate this Code of Conduct will be subject to disciplinary action pursuant to ETSU policies and state and federal law.

Authority:

Previous Policy:

## Definitions

*A defined term has a special meaning within the context of this policy.*

Abusive Conduct	Abusive Conduct shall have the same meaning as defined within the Healthy Workplace Act, T.C.A. § 50-1-502, as “any acts or omissions that would cause a reasonable person, based on the severity, nature, and frequency of the conduct, to believe that an Employee was subject to an abusive work environment, such as: (1) Repeated verbal abuse in the workplace, including derogatory remarks, insults, and epithets; (2) Verbal, non-verbal, or physical conduct of a threatening, intimidating, or humiliating nature in the workplace; or (3) the sabotage or undermining of an Employee’s work performance in the workplace.
Employee	Anyone employed by the university in any capacity except for personnel classified as graduate assistant or student worker.
Reporting Employee	Any Employee who reports actual knowledge or a good-faith concern of a violation of this policy.
Retaliation	An adverse action taken because of a person’s participation in a protected activity that would discourage a reasonable person from engaging in the protected activity.

## Policy History

Effective Date: 10/12/21

Revision Date:

## Procedure

## Procedure History

Effective Date:

Revision Date:

**Related Form(s)**

**Scope and Applicability**

Primary: Human Resources

Secondary:

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: May 21, 2026

ITEM: Audits and Investigations Performed February through April 2026

COMMITTEE: Audit

PRESENTED BY: Rebecca A. Lewis, CPA  
Chief Audit Executive

Ms. Lewis will provide an overview of the audits and internal investigations completed during the period February 1, 2026, to April 30, 2026.

**Audits**

Employee Fee Waivers and Tuition Reimbursement – An audit of Employee Fee Waivers and Tuition Reimbursements was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The review included employees enrolled at ETSU during the Spring 2025 who received a fee waiver and/or a tuition reimbursement.

**East Tennessee State University  
Employee Fee Waivers and Tuition Reimbursements  
Spring 2025**

<b>Key Staff Person:</b> Human Resources Bursar's Office	<b>Internal Audit:</b> Internal Audit Staff
<p><b>Introduction</b> An audit of Employee Fee Waivers and Tuition Reimbursements was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The review included employees enrolled at ETSU during the Spring 2025 who received a fee waiver and/or a tuition reimbursement.</p>	
<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>• To assess whether internal controls related to employee fee waivers and tuition discounts are properly designed and functioning effectively.</li> <li>• To determine the extent to which employee fee waivers comply with applicable state statutes and university policies and procedures.</li> <li>• To evaluate compliance with university policies and procedures governing employee tuition discounts.</li> <li>• To review current policies and procedures to ensure they clearly outline eligibility criteria and program requirements for these employee benefits.</li> <li>• To verify that actual practices align with established policies and procedures.</li> <li>• To provide recommendations to address identified weaknesses and enhance overall operations.</li> </ul>	
<p><b>Current Audit Results</b> The following opportunities for improvement were identified related to both Employee Fee Waivers and Tuition Reimbursements.</p> <p><u>Observation 1 related to Employee Fee Waivers:</u></p> <p>Based on the review of applicable policies and guidelines, discussions with personnel, and the testwork performed, the following weaknesses were identified:</p> <ul style="list-style-type: none"> <li>• ETSU's current personnel policy, <i>Educational Benefits PPP-13</i>, has not been updated to reflect the university's transition from a TBR institution to a Locally Governed Institution.</li> <li>• With the recent addition of winter session courses and 7-week courses within the Fall and Spring semesters, the definition of a "term" for purposes of this policy has not been clearly established.</li> <li>• Several requirements contained in the original <i>TBR Guideline P-130</i>, as previously noted, have not been incorporated into ETSU's current personnel policy. Management must consider these additional requirements/restrictions when revising ETSU's current policy. These include the maximum credit hours allowed per fee waiver, the provision for partial payment when course credit hours exceed the maximum, and a clear definition of a "term."</li> </ul>	

- It is unclear whether science courses that require separate registration for a lecture and a lab should be treated as a single course or as two distinct courses under this policy.

Observation 2 related to Employee Tuition Reimbursements:

Based on the review of applicable policies, discussions with personnel, and the testwork performed, the following weaknesses were identified:

- *PPP-13* has not been updated to reflect ETSU's transition from a TBR institution to a Locally Governed Institution.
- Since the request for reimbursement form requires the employee to list the specific course(s) enrolled, the enrollment process is completed prior to submitting the form. This conflicts with the policy which requires the form to be submitted at least two weeks prior to enrollment.
- The policy states that course fees for less than six credit hours will be reimbursed; however, current practice appears to allow reimbursement for up to six credit hours per semester.
- With the recent addition of winter session courses and 7-week courses within the Fall and Spring semesters, the maximum number of course per academic year, semester, or term has not been clearly defined.
- Reimbursement is currently not being provided to employees until the official grade has been recorded into the system. The university is no longer reimbursing employees for the course when fees are due as stated in the existing policy.
- The requirement for employees to repay the university for unsatisfactory grades is no longer applicable, since grades are reviewed before reimbursement is issued.

In cooperation with the Bursar's Office, Human Resources agreed to review and revise ETSU's Educational Benefit's policy with regards to employee fee discounts and tuition reimbursement to fully reflect program criteria and current practices.

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: May 21, 2026

ITEM: Recommendation Log Status as of April 30, 2026

COMMITTEE: Audit

PRESENTED BY: Rebecca A. Lewis, CPA  
Chief Audit Executive

Audit reports often contain recommendations to improve internal controls or procedures. For each recommendation, management must respond with a corrective action plan. A follow-up review of these corrective action plans is later performed by Internal Audit. A log is maintained to track the status of prior audit recommendations and is communicated to the Board of Trustees' Audit Committee each meeting.

<b>East Tennessee State University</b>		
<b>Internal Audit Recommendation Log as of April 2026</b>		
<b>Area</b>	<b>Recommendation</b>	<b>Status</b>
Procard System	Controls over procard purchases need improvement	<b>Late</b>
Administration	Various policies, procedures, and other internal controls within the Office of Administration need improvement.	<b>Active</b>
Grade Changes	Controls over grade changes need improvement	<b>Active</b>
Continuing Education for Health Professionals	Procedural changes implemented based on advisory service recommendations needs reviewed	<b>Active</b>
College of Pharmacy	Procedural changes implemented based on advisory service recommendations needs reviewed	<b>Active</b>
Clery Act	Procedural changes implemented based on advisory service recommendations needs reviewed	<b>Active</b>
International Enrollment and Services	Controls over petty cash funds need improvement	<b>Active</b>
Employee Fee Waivers and Tuition Reimbursements	Employee Fee Waivers and Tuition Reimbursements need improvement	<b>Active</b>

<b>Legend:</b>	
Actions completed since previous Audit Committee Meeting	<b>Completed</b>
Actions are progressing in a timely fashion or not yet due	<b>Active</b>
Actions are slightly overdue	<b>Late</b>
Actions are significantly overdue	<b>Critical</b>