

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE
SEPTEMBER 2025 MEETING

11:05 a.m. – 11:35 a.m. EDT
Friday
September 12, 2025

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

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from May 23, 2025](#)
- IV. [Action Item: Audit Plan for FY26 – Lewis \(2 minutes\)](#)
- V. [Action Item: Internal Audit Employee Profiles – Lewis \(2 minutes\)](#)
- VI. [Audits and Investigations Performed May through August 2025 – Lewis \(5 minutes\)](#)
 - A. [Professional Development Audit](#)
 - B. [Complimentary Tickets Audit](#)
 - C. [ITS General Controls Audit](#)
 - D. [Grade Changes Audit](#)
 - E. [Memo on Advisory Services](#)
 - F. [Completed Audit Heat Map](#)
- VII. [Recommendation Log Status as of August 31, 2025 – Lewis \(2 minutes\)](#)
- VIII. [Report on Audit Functions for FY25 – Lewis \(2 minutes\)](#)
- IX. [Report on Internal Audit Operating Expenses – Lewis \(2 minutes\)](#)
- X. Other Business
- XI. Executive Session to Discuss Active Audits, Enterprise Risk Management, and Review University Risks and Related Internal Controls
- XII. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 12, 2025

ITEM: Approval of the Minutes from May 23, 2025

COMMITTEE: Audit

RECOMMENDED ACTION: Approve

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

The minutes of the May 23, 2025, 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 May 23, 2025, 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

May 23, 2025
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, May 23, 2025, at 11:12 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chair Melissa Steagall-Jones 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 Melissa Steagall-Jones
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Tony Treadway

Other Trustees present were Charles Allen, Janet Ayers, Steve DeCarlo, and Trent White.

III. Approval of the Committee Minutes from February 21, 2025

The minutes from the February 21, 2025, meeting of the Audit Committee were approved as submitted with Trustee Tony Treadway making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Action Item: Approval of Audit Committee Charter

Ms. Becky Lewis, Director of Internal Audit, reported to the committee that there were no significant changes in this charter, other than some editorial modifications. Upon approval, the charter will be submitted to the state.

Trustee Grisham made a motion that the Audit Committee Charter be approved, and Trustee Treadway seconded the motion. It passed unanimously.

V. Action Item: Approval of Internal Audit Charter

Ms. Lewis indicated that this charter identifies the purpose, authority, roles, and responsibilities of the Office of Internal Audit. She said the content of the charter is similar to the previous version, but the new charter reflects the Global Internal Audit Standards. She said those standards set a higher expectation of communication among the Chief Audit Executive, the Board of Trustees, and senior administration.

Trustee Grisham made a motion that the revised Internal Audit Charter be approved, and Trustee Treadway seconded the motion. It passed unanimously.

VI. Action Item: Approval of Compliance Charter

Ms. Lewis told the committee that both the Office of Legal Counsel and the Office of Compliance have reviewed this charter, with only minor changes having been made.

Trustee Treadway made a motion that the revised Compliance Charter be approved, and Trustee Grisham seconded the motion. It passed unanimously.

VII. Action Item: Approval of Internal Audit Policy

Ms. Lewis said that the Audit Committee must review this policy annually. In addition to some name changes and revisions to comply with the university's new policy format, the major change involved the Office of Internal Audit's method on how follow-up reviews are being conducted.

Trustee Grisham made a motion that the revised Internal Audit Policy be approved, and Trustee Treadway seconded the motion. It passed unanimously.

VIII. Action Item: Approval of Preventing and Reporting Fraud, Waste, and Abuse Policy

Ms. Lewis said the policy has been reviewed by her office and revised to include additional information related to protection from retaliation and how employees should report instances of possible retaliation. In addition, the revised policy includes disciplinary options in cases where retaliation is found to have occurred.

Trustee Grisham made a motion that the revised policy be approved, and Trustee Treadway seconded the motion. It passed unanimously.

IX. Action Item: Revisions to the FY25 Audit Plan

Ms. Lewis requested two changes to the plan. First, she asked for the addition of ProCard consulting, especially given recent personnel changes in offices that deal directly with ProCard matters, along with the need to ensure that charges are properly approved and documented

campuswide. Ms. Lewis then requested that Family Medicine timekeeping be removed from the FY25 plan and reintroduced after the implementation of the new Voyager system.

Trustee Treadway made a motion that the revised plan be approved, and Trustee Grisham seconded the motion. It passed unanimously.

X. Annual Review of Policies

A. Conflict of Interest Policy

B. Employee Code of Conduct Policy

Ms. Lewis indicated that these policies are required, by charter, to be reviewed annually. She said that in both cases, the Office of Human Resources and the Office of Legal Counsel conducted reviews and found that no changes were necessary.

XI. Audits and Investigations Performed February through April 2025

Ms. Lewis reported that two audits were completed during this period: the College of Health Sciences Dean's Office and the College of Nursing Dean's Office. In both cases, there were no findings.

The Heat Map of Completed Audits showed no issues.

XII. Recommendation Log Status as of April 30, 2025

Ms. Lewis reported that she and her staff are continuing to perform follow-up reviews of prior audit recommendations.

XIII. Other Business

There was no other business to come before the committee.

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

The committee adjourned at 11:26 a.m. to go into executive session.

XV. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 12, 2025

ITEM: Audit Plan for FY26

COMMITTEE: Audit

RECOMMENDED ACTION: Approve

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

The annual audit plan is developed through a risk assessment process. Risk factors include previous audit results, internal control systems, policy or personnel changes, size, sensitivity, and external audit coverage. Special requests by Board of Trustees and university management are also considered when scheduling audits. The audit plan is developed at the beginning of each fiscal year and is subject to revision throughout the year. The approved plan is also submitted to the Comptroller of the Treasury, Division of State Audit.

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

RESOLVED: The Audit Plan for 2025-26 is approved as presented in the meeting materials.

East Tennessee State University
Internal Audit Plan as of 07/25/2025
Fiscal Year Ending June 30, 2026

Rank	Type	Area	Audit
Required by State Audit	R	FM	Cash Counts/Inventories
Brought Forward Required by State Statute	R	FM	President's Expense FY 2025
Required by Many	R	FM	Risk Assessments
Required by CPB	R	FM	WETS-FM
Required by State Statute	R	FM	President's Expense FY 2026
Follow-Up	F	FM	Follow-Up: Family Medicine Timekeeping
Follow-Up	F	IS	Follow-Up: Administration
Follow-Up	F	FM	Unscheduled Follow-Ups
Brought Forward Invest	I	FM	Investigation 24-04
Brought Forward Invest	I	IA	Investigation 24-07
Investigation	I	FM	Unscheduled Investigations
Consulting	C	IS	General Consultation
Consulting	C	IS	Procard Consultation
Project	P	IS	Board of Trustees (Prep for Meetings, Meetings, etc.)
Project	P	IS	IIA Gap Analysis with new standards
Project	P	IS	UI Path - Data Analytics
Project	P	IS	QAIP Self Assessment
Project	P	IS	Voyager Implementation
Brought Forward Advisory	D	SS	Clery Act
Brought Forward Advisory	D	IA	Continuing Education for Health Professionals
Brought Forward Advisory	D	IA	College of Pharmacy
Special Request	S	IA	Study Abroad
Special Request	S	FM	Procards (including follow-up)
Special Request	S	FM	Executive Level Audit FY 2026
Special Request	S	PP	Central Receiving and Facilities Mgmt Inventory
Brought Forward Risk Based	A	IA	Grade Changes
Brought Forward Risk Based	A	AT	NCAA Compliance
Brought Forward Risk Based	A	IS	Fringe Benefits
Risk Based	A	IS	Compensation
Risk Based	A	IS	Mental Health
Risk Based	A	SS	Tuition Discounts
Risk Based	A	RS	Institutional Animal Care
Risk Based	A	IT	IT Audit - TBD
Risk Based	A	SS	Student Accounts

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
D - Advisory
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
PP - Physical Plant
RS - Research
SS - Student Services

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 12, 2025

ITEM: Internal Audit Employee Profiles

COMMITTEE: Audit

RECOMMENDED ACTION: Approve

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

The Board of Trustees must annually approve the salaries of those individuals working in the Department of Internal Audit. A table of salaries is provided in the meeting materials. This also provides information regarding the professional certifications and years of service.

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

RESOLVED: The salaries of the Internal Audit staff are approved as presented in the meeting materials.

ETSU Internal Audit Employee Profile - FY 2026

Name	Position	Professional Certification	Current Annual Salary	Years of Professional Experience	Years of Experience at ETSU
Becky Lewis	Chief Audit Executive	CPA	\$ 124,953	31	27
Martha Winegar	Associate Director	CPA	\$ 86,599	20	13
Bryan Brockwell	Internal Auditor	-	\$ 60,017	6	6
Caleb Phillips	Internal Auditor	-	\$ 60,017	2	1.5

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 12, 2025

ITEM: Audits and Investigations Performed May through August 2025

COMMITTEE: Audit

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

Ms. Lewis will provide an overview of the audits, advisory services, and internal investigations completed during the period May 1, 2025, to August 31, 2025.

Audits

- Professional Development Audit – An audit of East Tennessee State University’s Department of Professional Development was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. Testwork was performed for department revenue and budget transfers, as well as a sample of camps and conferences which took place between June 2023 and November 2024. Professional Development serves as educational outreach to the community, supports life-long learning, impacts economic and workforce development, provides community and professional engagement, and enhances skills through non-credit, special interest, and youth programs.
- Complimentary Tickets Audit – An audit of Complimentary Tickets was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The testwork included complimentary tickets related to Intercollegiate Athletics and Martin Center for the Arts. Testwork included complimentary tickets distributed by the ticket offices as well as those purchased by university departments for disbursement.
- ITS General Controls Audit – An audit of East Tennessee State University’s ITS General Controls was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The areas reviewed were access controls, succession plan, and the disaster recovery plan.
- Grade Changes Audit – An audit of Grade Changes was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The Registrar’s Office is responsible for reviewing and processing all grade changes in accordance with the Records Procedures

Manual. This manual describes the process instructors must follow to change a final grade on the student's official record. A sample of grade changes was selected for testwork, which focused on the following attributes:

- Grade changes from an "F" to any passing grade,
- Grade changes to replace an Incomplete (I) grade,
- Any decrease in a grade, and
- Any increase in a grade more than one step. An example of a grade change that is more than one step would be a grade of C- to a C+.

Advisory Services

- Continuing Education for Health Professionals – This engagement was requested by the Associate Dean in the College of Medicine after the new director of CEHP discovered that invoices were not being submitted to many of their clients. We first completed a preliminary review related to these invoices. We then reviewed CEHP's current operations including salary allocations, revenues, expenditures, and closeout process for the conferences.

**East Tennessee State University
Professional Development
July 2023 - November 2024**

Key Staff Person: Director of Professional Development	Auditor: Internal Auditor
Introduction: An audit of East Tennessee State University's Department of Professional Development was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. Testwork was performed for department revenue and budget transfers, as well as a sample of camps and conferences which took place between June 2023 and November 2024. Professional Development serves as educational outreach to the community, supports life-long learning, impacts economic and workforce development, provides community and professional engagement, and enhances skills through non-credit, special interest, and youth programs.	
Objectives: <ol style="list-style-type: none">1. To evaluate the adequacy of the internal controls.2. To determine compliance with university policies and procedures.3. To make recommendations for correcting deficiencies or improving operations.	
Scope: The audit was performed in accordance with the <i>Global Internal Audit Standards</i> and included procedures as were considered necessary in the circumstances.	
Total Questioned Costs/Losses: None	Total Recoveries: N/A
Conclusion: During the audit, we reviewed revenue and budget transfers. In addition, two camps and one conference were selected for testwork. Areas of review for the camps and conferences included liability forms, registration/revenues, expenditures, and volunteers. Based on the testing performed, it appears that adequate controls are in place related to revenue, budget transfers, and operations within camps and conferences. There were no observations or findings as a result of this audit. The objectives of the audit were met.	

Restriction on Use of Report: *This report is intended solely for the internal use of East Tennessee State University and ETSU's Board of Trustees. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the Office of Internal Audit and handled in accordance with institutional policies.*

**East Tennessee State University
Complimentary Tickets
Calendar Year 2024**

Key Staff Person: Athletics' and Martin Center Staff	Auditor: Internal Auditor
Introduction An audit of Complimentary Tickets was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The testwork included complimentary tickets related to Intercollegiate Athletics and Martin Center for the Arts. Testwork included complimentary tickets distributed by the ticket offices as well as those purchased by university departments for disbursement.	
Objectives <ol style="list-style-type: none"> 1. To evaluate the adequacy of the internal controls. 2. To determine compliance with university procedures. 3. To make recommendations for correcting deficiencies or improving operations. 	
Conclusions With the assistance of Athletic Administration and Martin Center staff, risks and associated internal controls related to complimentary tickets were identified. Testwork was conducted related to high-risk areas. Those risks identified for Athletics were related to taxable fringe benefits for personal use of a complimentary ticket by an employee and NCAA guidelines related to complimentary tickets for athletes. A sample of complimentary tickets within Athletics was reviewed to ensure compliance with applicable policies and procedures and to determine whether adequate controls were in place to help minimize realized risks. Those risks identified for the Martin Center included disbursing complimentary tickets to ineligible individuals, misuse or waste of complimentary tickets, not collecting accurate information on individuals receiving complimentary tickets, lack of approvals for complimentary tickets, tax obligations for donors or staff, and lack of control over departments distributing complimentary tickets once obtained from the Martin Center. Relevant individuals on campus were interviewed to determine the process for issuing complimentary tickets for the Martin Center to determine compliance with applicable policies and procedures and to evaluate whether adequate controls were in place to help minimize realized risks. Based on the testing performed, the complimentary tickets reviewed were found to be in compliance with applicable policies and procedures. There were no issues that rose to the level of a finding or observation. The objectives of the audit were met.	

**East Tennessee State University
ITS General Controls Audit
July 1, 2024 - December 31, 2024**

Key Staff Person: ITS	Auditor: Internal Auditor
Introduction: An audit of East Tennessee State University's ITS General Controls was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The areas reviewed were access controls, succession plan, and the disaster recovery plan.	
Objectives: <ol style="list-style-type: none">1. To evaluate the adequacy of the internal controls.2. To determine compliance with university policies and procedures.3. To make recommendations for correcting deficiencies or improving operations.	
Total Questioned Costs/Losses: N/A	Total Recoveries: N/A
Audit Results: During the course of the audit, access controls, succession plan, and the disaster recovery plan were reviewed. Specifically, the audit focused on access removal for terminated, resigned, and retired employees, completeness of the ITS business continuity plan, and availability of the succession plan related to various ITS positions. Based on the testing performed, it appears University policies and procedures are being followed. It was noted that controls will be strengthened with the development of a comprehensive succession plan. There were no observations or findings as a result of this audit. The objectives of the audit were met.	

**East Tennessee State University
Course Grade Changes
Calendar Year 2024**

Key Staff Person: Registrar's Office Staff	Internal Audit: Internal Audit Staff
<p>Introduction</p> <p>An audit of Grade Changes was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The Registrar's Office is responsible for reviewing and processing all grade changes in accordance with the Records Procedures Manual. This manual describes the process instructors must follow to change a final grade on the student's official record.</p> <p>A sample of grade changes was selected for testwork, which focused on the following attributes:</p> <ul style="list-style-type: none"> ○ Grade changes from an "F" to any passing grade, ○ Grade changes to replace an Incomplete (I) grade, ○ Any decrease in a grade, and ○ Any increase in a grade more than one step. An example of a grade change that is more than one step would be a grade of C- to a C+. 	
<p>Objectives</p> <ol style="list-style-type: none"> 1. To evaluate the adequacy of the internal controls. 2. To determine compliance with university procedures. 3. To make recommendations for correcting deficiencies or improving operations. 	
<p>Current Audit Results</p> <p>Finding: Controls related to course grade changes need improvement.</p> <p><u><i>Grade Changes from "F" to a Passing Grade</i></u></p> <p>Eighty-eight grade changes from an "F" to a passing grade during the 2024 calendar year were selected for testwork. The issues discovered included the following:</p> <ul style="list-style-type: none"> • Seventy-one of eighty-eight grade changes (81%) from a "F" to a passing grade were completed via email rather than using the <i>Grade Change Request</i> form as required according to the <u>Records Procedures Manual</u>. • Of the seventy-one grade changes made via email, thirteen (18%) did not include the chair's approval in the supporting documentation. • Ten of the eighty-eight grade changes (11%) did not include the reason for the change as required. • There were two instances in which the instructor was also the Chair of the department. • When reviewing grade changes from an "F" to an "A", most appeared to be due to keying errors or late submission of required course work. One "F" to "A" grade change was made for a graduating senior for extenuating circumstances. While this could be appropriate, it seems that more information should be required when such an extreme grade change is made. <p><u><i>Grade Changes from an Incomplete to a Passing Grade</i></u></p> <p>A sample of 52 incomplete grades recorded in Banner and later changed to a traditional grade (A-F) were selected for testwork. The issues discovered included the following:</p> <ul style="list-style-type: none"> • Of the 52 incomplete grades tested, 51 did not have a <i>Report on Assignment of Incomplete Grade</i> on file (98%) as required by university policy. 	

- The *Report on Assignment of Incomplete Grade* requires the instructor to disclose the student's "current grade to date." Nine of the 37 forms completed indicated that the student currently had an 'F' in the course. University policies require that the student must have successfully completed 75% of the course work in order to receive an incomplete. It is possible that some instructors are including the missing work when calculating the current grade.

Grade Changes - Decreased Course Grade

For the 2024 academic terms, a total of 61 course grades were reduced. Due to the possibility that grade changes were a result of keying errors, the number of days between the initial issuance and grade change were reviewed. Out of the 61 grade reductions, thirty-nine were made at least one day apart. While no criteria have been established regarding course grade reductions, it appears unusual to lower a student's final course grade. A review of the 39 grade changes revealed the following:

- The 39 decreases in course grades reviewed were made by 10 instructors.
 - Seven of these instructors decreased the course grade for one student.
 - One instructor decreased the course grade for three students.
 - One instructor decreased the course grade of 12 students. This represented 21% of the students enrolled in two courses.
 - One instructor decreased the course grade of 17 students. This represented 43% of the students enrolled in one course.
- There were a few grade changes that were reduced fairly significantly. For example:
 - A- (posted on 12/12/2024) to a C+ (posted on 12/16/2024)
 - B (posted on 12/12/2024) to a D+ (posted on 12/16/2024)
 - B+ (posted on 12/12/2024) to a D (posted on 12/16/2024)
- While there is no requirement within the procedures, the reason the students' grades were reduced was not documented.

Grade Changes – Increased Course Grade more than One Step

A sample of ten changes which increased the course grade more than one step were reviewed. Nine of the ten did have an email indicating that a grade change had been made. Two of the ten had emails explaining the reason for the grade change even though the grade change procedures do not indicate this is a requirement unless changing from a failing to a passing grade.

Several recommendations were made in order to improve the processes and controls over course grade changes. The Registrar is and will be making revisions to the course grade change process.



EAST TENNESSEE STATE UNIVERSITY

Department of Internal Audit
Box 70566
Johnson City, TN 37614-1707
Telephone: 423/439-6155

MEMORANDUM

TO: ETSU Board of Trustees' Audit Committee

FROM: Becky Lewis, Chief Audit Executive *B Lewis*

SUBJECT: Advisory Services – May 1, 2025, to August 31, 2025

DATE: September 12, 2025

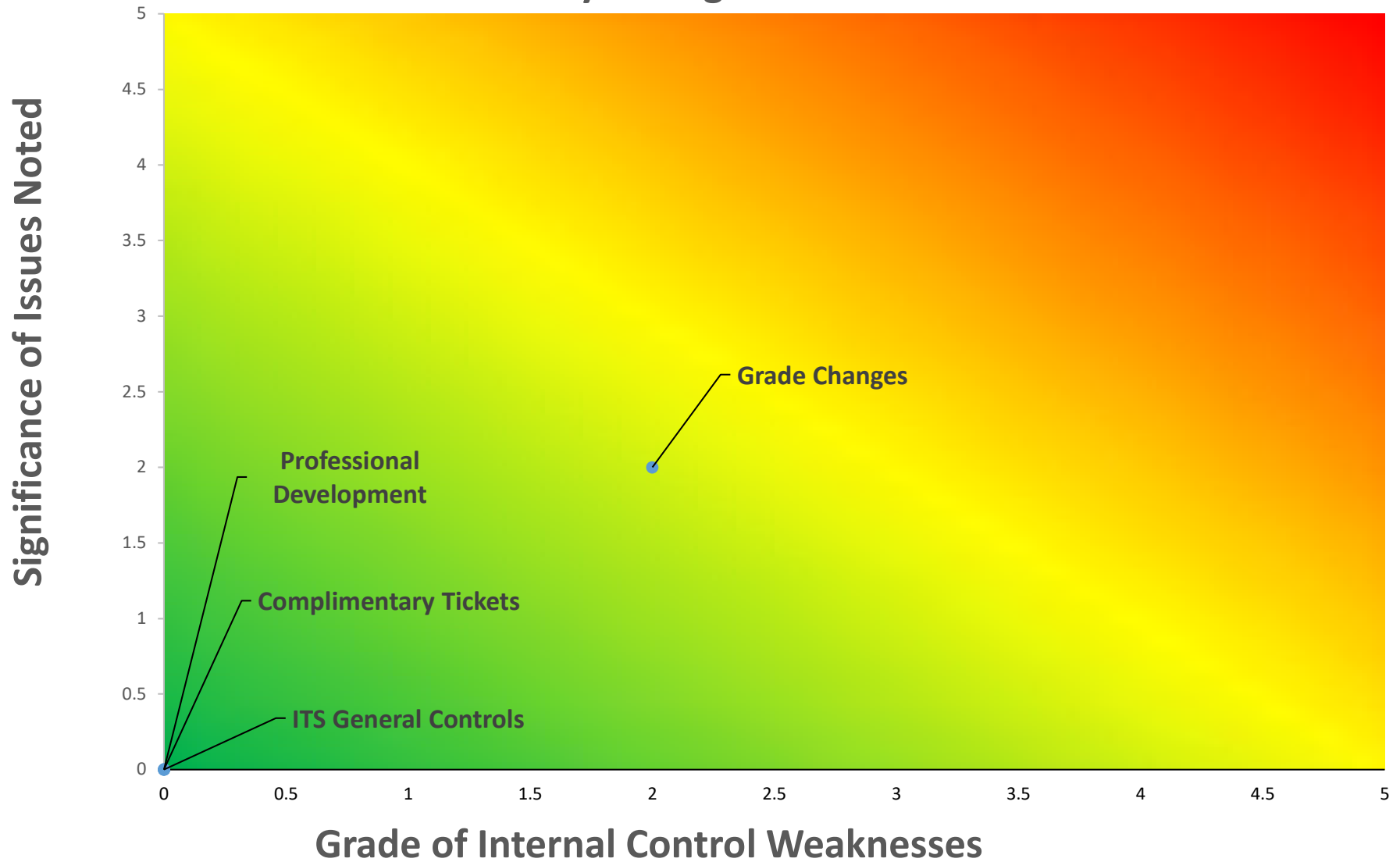
Below is a summary of the advisory services completed between May 1, 2025, to August 31, 2025.

Continuing Education for Health Professionals:

Based on the results of the engagement, changes are being made to various functions within CEHP including billing, invoicing, revenue and expenditure classification, reconciliation processes, departmental oversight, and accountability. These improvements should help CEHP become more efficient in their daily tasks, better informed of the financial status of both the individual programs and the overall department, improve the department's ability to reconcile the financial status of both the department and individual programs, and identify discrepancies and omission within critical functions expeditiously. Internal Audit will continue to work with CEHP while implementing changes within the department.

Heat Map of Completed Audits

from May to August 2025



EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 12, 2025

ITEM: Recommendation Log Status as of August 31, 2025

COMMITTEE: Audit

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

Audit reports often contain recommendations to improve internal controls or procedures. In addition, advisory service reports contain recommendations to improve operations. 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 and advisory service recommendations and is communicated to the Board of Trustees' Audit Committee each meeting.

East Tennessee State University Internal Audit Recommendation Log as of August 31, 2025		
Area	Recommendation	Status
Procard System	Controls over procard purchases need improvement	Yellow
Family Medicine Timekeeping	Policies and procedures related to compensatory time need improvement	Green
Administration	Various policies, procedures, and other internal controls within the Office of Administration need improvement.	Green
Grade Changes	Controls over grade changes need improvement	Green
Continuing Education for Health Professionals	Procedural changes implemented based on advisory service recommendations need review	Green

Legend:	
Actions completed since previous Audit Committee Meeting	Blue
Actions are progressing in a timely fashion or not yet due	Green
Actions are slightly overdue	Yellow
Actions are significantly overdue	Red

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 12, 2025

ITEM: Report on Audit Functions for FY25

COMMITTEE: Audit

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

The Annual Report for the Department of Internal Audit for the 2025 fiscal year is included in the meeting materials. This report fulfills the annual reporting requirements (T.C.A. § 4-14-102) and provides information to the Board of Trustees concerning the FY 2025 efforts



Department of Internal Audit East Tennessee State University

2024-25 Annual Report

Message from the Chief Audit Executive

It is our pleasure to present the Annual Report for ETSU's Department of Internal Auditing. Fiscal Year 2024-25 was a productive year for us.

Our accomplishments include the following:

- ♦ Completed 12 Audits and 7 Investigations
- ♦ Followed up on 3 Prior Internal Audit Reports
- ♦ Issued a Follow Up Report related to 1 State Audit Review
- ♦ Completed 4 Procard Consulting Engagements

Internal Audit reports functionally to the ETSU Board of Trustees and administratively to the President. The BOT Audit Committee continues to provide tremendous support, enabling our department to serve as an effective, independent resource.

Becky Lewis, CPA
Chief Audit Executive



The Rest of the Team

Martha Winegar, CPA
Associate Director

Bryan Brockwell
Internal Auditor

Caleb Phillips
Internal Auditor

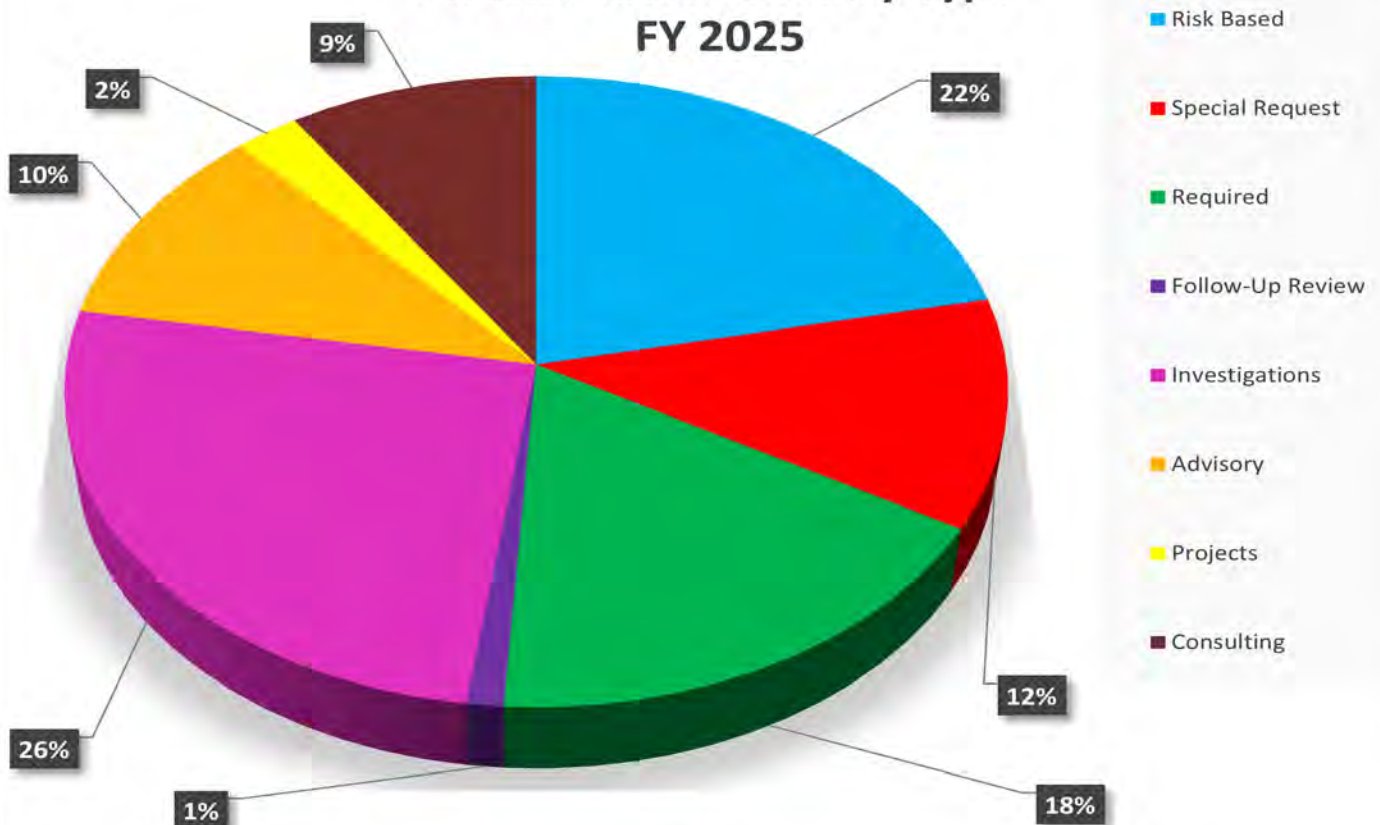
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East Tennessee State University
Audit Activity Completed
Fiscal Year Ended June 30, 2025

Audits - Required	FM	Cash Counts/Inventories
	FM	President's Expense FY 2024
	FM	Risk Assessments
	FM	WETS-FM
Audits - Special Requests	FM	Center for Nursing Advancement
	IS	Professional Development
	IA	College of Nursing - Dean
	IA	College of Health Sciences - Dean
Audits - Risk Based	AX	Auxiliary Enterprises
	FM	Procard System Procedures Audit (includes the Follow Up)
	AT	Complimentary Tickets
	IT	ITS General Controls
Follow-Up Reviews	FM	Follow-Up: State Audit
	RS	Follow-Up: RDC Grants
	SS	Follow-Up: Guest Housing
	FM	Follow Up: Chemistry Procards
Investigations	FM	Investigation 23-08
	IS	Investigation 24-02, 24-03, 24-05, and 25-05
	FM	Investigation 24-06
	IS	Investigation 25-01
	FM	Investigation 25-02
	FM	Investigation 25-03
	FM	Investigation 25-04
	FM	Investigation 25-04
Consulting/Projects	IS	General Consultation
	IS	Procard Consulting
	IS	Board of Trustees (Prep for Meetings, Meetings, etc.)

Actual Audit Hours by Type
FY 2025



This includes 9 audits that were started during FY 2024 and brought forward into FY 2025.

East Tennessee State University
Audit Activity in Progress
As of June 30, 2025

Audits - Required	FM	President's Expense FY 2025
Audits - Risk Based	IA	Grade Changes
	AT	NCAA Compliance
	IS	Fringe Benefits
Investigations	FM	Investigation 24-04
	IA	Investigation 24-07
Project	IS	IIA Gap Analysis with new standards
Advisory	SS	Clery Act
	IA	Continuing Education for Health Professionals
	IA	College of Pharmacy

Customer Satisfaction Survey

Starting in July 2018, Internal Audit implemented an anonymous customer satisfaction survey. In January and July of 2025, surveys were sent to employees who recently had significant contact with Internal Audit. Each individual was asked to complete a 10-question survey. The results of the FY 2025 surveys are below:

Number of Surveys Sent Out	26
Number of Positive Surveys Returned	11
Number of Negative/Mixed Surveys Returned	1
Number of Surveys not Returned	14

Comments:

- Our audit was conducted in a professional manner and assisted our department in reviewing processes which shined a light on the positives, as well as needed improvements.
- The transparent approach and thorough explanation of the goals and processes that Internal Audit verbalized was helpful and appreciated.
- The results were instrumental in our department's ability to implement positive change.
- Very professional.
- They addressed all of my questions and provided great feedback.
- I appreciate that they took the time to listen to our team.
- They are all a great team.
- I especially like that they provide clear and accurate information as the audit begins and follow-up promptly.

Key Performance Indicators	FY 24/24	FY 23/24	FY 22/23	FY 21/22	FY 20/21
Number of Full Time Staff	4	3.83	3.48	3.83	3
Number of Audits Completed	12	8	12	9	5
Number of Follow-Ups on Prior Internal Audit Find-	3	13	4	6	8
Number of State Audit Follow-Ups Issued	1	1	1	1	1
Number of Investigations Completed	7	5	10	11	7
Number of Procard Reviews	4	3	0	0	0
Number of Other Audit Activities Completed (i.e. consulting, projects, etc.)	3	3	3	3	3
Percentage of Effort Spent on Audit Activities	62%	59%	51%	50%	55%
Average Number of Years of Professional Experience	13.75	12.75	13.5	10	12

Mandatory Disclosures:

The Office of Internal Audit's activities are governed by standards promulgated by the Institute of Internal Auditors. These standards require the reporting of specific items to an organization's Board and Senior Management. The following is a list of required disclosures not previously addressed in this document.

Organizational Independence: As required by standard, the Office of internal Audit must confirm to the Board, at least annually, the organizational independence of internal audit activity. ETSU's Office of Internal Audit reports administratively to the President's Office and functionally to the Board of Trustees' Audit Committee. Reporting to the audit committee helps promote the independence necessary for Internal Audit to adequately perform its job functions.

Impairments to Independence or Objectivity: If independence or objectivity is impaired in fact or appearance, the details of the impairments must be disclosed. There were no impairments to independence or objectivity for any engagements performed during the 2024-2025 fiscal year.

Disclosures of Nonconformance: Occasionally circumstances require the completion of projects and/or engagements in a manner that is not consistent with applicable standards. When this occurs, the Office of Internal Audit must disclose the nonconformance and the impact to Senior Management and the Board. During the 2024-2025 fiscal year, there were no instances in which projects were performed in a manner that did not comply with applicable standards.

Resolution of Management's Acceptance of Risk: Each audit engagement can potentially produce items that may pose risk to university operations. Some items will require management's attention while others may be situations in which management decides to accept the risk associated with continuing the current practice. This is normal in limited circumstances and is often due to cost/benefit constraints. The Office of Internal Audit is required to disclose, to Senior Management and the Board, any situation in which it is believed university personnel has accepted a level of residual risk that may not adequately reduce/mitigate the risk of loss. There were no such instances discovered during the 2024-2025 fiscal year.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 12, 2025

ITEM: Report on Internal Audit Operating Expenses

COMMITTEE: Audit

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

The Board of Trustees through its Audit Committee must ensure the Department of Internal Audit has sufficient resources to complete its work. Included in the meeting materials is a copy of the operating budget for the office.

Internal Audit Travel and Operating Budget for FY 2026

	Total Budget	Average Per Auditor
Current Travel Budget	\$ 4,750.00	\$ 1,187.50
Current Operating Budget	\$ 10,790.00	\$ 2,697.50

Travel Budget covers:

- Audit Work
- Continuing Professional Development for 4 Staff Members

Operating Budget covers:

- Telephone instrument and long distance charges
- Professional membership fees
- Operating Supplies
- Conference registration fee for continuing education
- Copier Charges