

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

February 21, 2020
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met at 9 a.m. on Friday, February 21, 2020 at the Millennium Center on ETSU's main campus in Johnson City, Tennessee.

I. CALL TO ORDER

David Golden, Vice-Chairman of the ETSU Board of Trustees and Chairman of the Audit Committee, called the meeting to order at 9:00 a.m.

II. ROLL CALL

Board of Trustees Secretary Adam Green discussed the process for having a board member participate by electronic means. He asked Trustee Grisham, who was participating by phone, if she was able to hear him. She confirmed that she could hear those in the Millennium Center meeting room and the Trustees stated they could clearly hear her. Trustee Grisham also reported that she was alone in the room where she was participating. In addition to Trustee Grisham, committee members present were Trustee Ron Ramsey and Trustee David Golden. Other Board of Trustees in attendance were Trustee Steve DeCarlo, Trustee Cristopher Santana, Trustee Virginia Foley, and Chairman Scott Niswonger.

III. APPROVAL OF MINUTES FROM THE NOVEMBER 15, 2019 AUDIT COMMITTEE

The minutes from the November 15, 2019 meeting were reviewed. Trustee Ramsey moved for them to be approved and Trustee Golden seconded the motion. A roll call vote was taken and the motion passed.

IV. POLICY ON DEVELOPMENT AND ADMINISTRATIVE RULEMAKING

Trustee Golden introduced Mark Fulks, University Counsel, who explained that the Policy on Development and Administrative Rulemaking formalizes the existing policy process while establishing the Office of University Compliance as an informal

policy office to work with the originators and sponsors on guiding policies through the process. This policy was available for public comment from September 30 – October 9. During the October meetings of the Academic Council and the University Council, both bodies approved the policy. This policy complies with Board of Trustees' delegation of authority to the President and the university's shared governance model. The policy is also in compliance with Tennessee's Uniform Administrative Procedures Act for making university rules. Trustee Grisham made a motion for approval and Trustee Ramsey seconded the motion. A roll call vote was taken, and the motion passed.

V. PUBLIC RECORDS RULE

Pursuant to the Tennessee Public Records Act, government entities must promulgate rules regarding public records. Once approved by the Board of Trustees, this proposed rule will be examined by the Tennessee Attorney General's Office prior to a public rulemaking hearing for public comment on the rule. The proposed rule complies with the Tennessee Public Records Act and the Family Educational Rights and Privacy Act (FERPA). This proposed rule will be presented by Mark Fulks for approval to be further presented at a public rulemaking hearing. A roll call vote was taken, and the motion passed.

VI. ANNUAL SECURITY AND FIRE SAFETY REPORT

President Noland shared an overview of ETSU's 2019 Annual Security and Fire Safety Report, which is published in accordance with the Jeanne Clery Disclosure of Campus Security Policy and Crime Statistics Act. The report includes specific security practices and resources that are available for the entire campus community in an effort to reduce the risk of becoming a victim of a crime. This report is kept on the ETSU safety website. In response to a question from one of the trustees, Dr. Noland explained that there are times that the Johnson City Police Department does assist in the response to an incident on campus, such as an automobile accident.

VII. REVISIONS TO THE FY 2019-2020 AUDIT PLAN

Ms. Rebecca Lewis reported that since the last meeting her office received one concern, which resulted in an active investigation. She is also requesting that the Women's Soccer expenditures be added to the audit plan in light of the resignation of the head coach and that the timekeeping audits be removed from the plan since they have not yet begun.

Trustee Golden stated that he feels it is important that it is a good allocation of resources for Ms. Lewis and her team to focus on the major initiatives. Trustee

Ramsey made a motion to approve the revisions to the audit plan, and Trustee Grisham seconded the motion. A roll call vote was taken, and the motion passed.

VIII. AUDIT WORK PERFORMED NOVEMBER 2019 THROUGH JANUARY 2020

Three audits have been performed since the last meeting:

WETS-FM Radio: This is a financial statement audit that is performed annually at the request of the Corporation for Public Broadcasting. There were no findings, and an unmodified opinion was issued. No material weaknesses were noted.

Timekeeping – International Programs: The audit was performed, and no findings or observations were identified.

Payroll Services: An investigation related to Payroll Services Fraud was completed. This investigation involved two employees whose payroll was diverted to a fraudsters bank account. The university was able to recuperate a portion of the diverted funds. The amount diverted was approximately \$7,000 and the recovery amount was around \$3,700. Both Payroll and ITS made immediate improvements to strengthen the university's controls to help prevent similar issues from occurring. No evidence was discovered to indicate an employee was involved in the fraud.

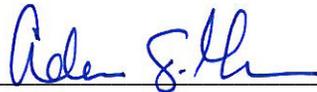
A copy of the Audit Heat Map was presented to the committee.

IX. RECOMMENDATION LOG STATUS AS OF JANUARY 31, 2020

The recommendation log reflected that several follow-up reviews since the last audit committee meeting have been completed.

No other business items were noted. The committee meeting adjourned and went into executive session.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its April 24, 2020 meeting.