The East Tennessee State University Board of Trustees Audit Committee held its first meeting at 9 a.m. on Monday, May 8, 2017, in the President’s Conference Room in Burgin Dossett Hall on ETSU’s main campus in Johnson City, Tennessee.

I. Call to Order
Mr. David Golden, chair of the Audit Committee and Vice Chair of the Board of Trustees, called the meeting to order.

II. Roll Call
Secretary Dr. David Linville led the roll call. Trustees in attendance were:

- Dorothy Grisham (WebEx)
- Ron Ramsey
- David Golden

Secretary Linville asked Trustee Grisham two questions in accordance with Tennessee Code 8-44-108 section (c)(3). He asked her if she was able to clearly hear the individuals in the President’s Conference Room, to which she said yes. He then asked trustees in the President’s Conference Room if they could hear Trustee Grisham, and they all affirmed they could. Secretary Linville also asked Trustee Grisham to identify any persons present in the room with her, and she indicated that she was alone.

Guests in the President’s Conference Room included Becky Lewis, chief internal auditor; Martha Stirling, internal auditor; Richard Scheuch, information systems auditor; Angela Finney, internal auditor; Deputy Secretary Nathan Dugger; Kristen Swing, director of communications; Robert Nelson, director of ITV services; Chad Fraley, technology coordinator; Ed Kelly, university counsel; Troy Perdue, deputy university counsel; Joe Smith from University Relations (taking minutes) and Nathan Morabito, reporter at WJHL-TV 11.

Chair Golden announced this was the first audit committee meeting and said the work being done by the committee today was necessary in preparation for the upcoming visit by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC).
III. Introduction of Office of Internal Audit Staff and Functions

Chair Golden introduced Becky Lewis, chief internal auditor. Ms. Lewis stated she had been with the Office of Internal Audit at ETSU since 2001 and became director in 2011. She holds a bachelor’s degree in mathematics from ETSU as well as a master of accountancy degree. Ms. Lewis introduced members of the Internal Audit staff who were in attendance at the meeting. They were:

- **Martha Stirling**, assistant director of internal audit. Ms. Stirling joined the office in 2012 and holds a bachelor’s degree in accountancy from Morehead State University as well as an active CPA license;
- **Richard Scheuch**, who joined the ETSU office in 2006 and serves as the information systems auditor. He holds a bachelor’s degree in mathematics from Florida Atlantic University and maintains an active CISSP license; and
- **Angie Finney**, who joined the ETSU staff in 2002 and moved to the internal audit office in 2015. She holds a bachelor’s degree in accountancy from ETSU and an active CPA license.

Ms. Lewis provided an overview of the role of the internal audit office at ETSU. She stated that an annual audit plan is developed each year and that the fiscal year 2018 plan will be presented at the next audit committee meeting. The types of audits conducted by the office include required audits as well as audits that are requested by administration or the Audit Committee. The staff also has audits which are carry-forward from the previous year, follow-up audits, and fraud, waste, and abuse audits. Ms. Lewis asked committee members to notify her of any requested audits they may have within the next few weeks. Recent audits performed include president’s expenses, access and diversity funds, financial aid, off-campus international educational programs, NCAA compliance, miscellaneous course fees, and WETS-FM radio. Ms. Lewis said that when an audit is performed, the scope may include one or more of the following: reviewing the reliability and integrity of financial and operational information; accessing compliance with policies, plans, procedures, laws, and regulations; verifying assets are safeguarded; assessing efficiencies; and comparing results to goals and objectives. She said that she and her staff are looking forward to working with the Audit Committee and the Board of Trustees. There were no questions from the committee.

IV. Adoption of Audit Committee Charter

Ms. Lewis said an audit committee charter is required by state law and that it defines the power, duties, and mission of the committee. It was modeled after the one maintained by the Tennessee Board of Regents and it has been reviewed by university counsel and the president.

Trustee Ramsey made a motion to adopt the charter and Trustee Grisham seconded the motion. The motion passed 3-0.
V. Adoption of Internal Audit Charter

Ms. Lewis stated that an internal audit charter is required by the Institute of Internal Auditors Mandatory Guidance. It describes the purpose, authority and scope, roles and responsibilities, organizational status, reporting structure and outlines how often the charter should be reviewed. It is a revised charter in response to the creation of the Board of Trustees and has been reviewed by the committee, the president, and university counsel. Trustee Grisham commented on how this charter was exactly what the committee needed.

Trustee Ramsey made a motion to adopt the charter and Chair Golden seconded the motion. The motion passed 3-0.

VI. Adoption of Policies

Ms. Lewis presented two additional policies for the committee to consider. The first was the Internal Audit Policy, which addresses staffing and the responsibility of internal audit functions, audit planning, and reporting on internal audit activities. The second policy was the Preventing and Reporting Fraud, Waste, and Abuse Policy, which provides the university community with guidance for preventing and reporting these activities. These are new policies modeled after the TBR. The Preventing and Reporting Fraud, Waste, and Abuse Policy has been reviewed by the committee, the president, and university counsel.

Ms. Lewis noted one correction on page 19 whereas a reference is made to the “Tennessee Board of Regents conflict of interest policy.” This will be changed to state the ETSU conflict of interest policy.”

Trustee Ramsey made a motion to adopt the two policies and Chair Golden seconded the motion. The motion passed 3-0.

VII. Other Business

Chair Golden asked if there were any other business matters to discuss. Given there were no further business matters raised, Chair Golden adjourned the open portion of the meeting and stated that after a brief recess the committee would go into Executive Session.

Respectfully submitted,

[Signature]
David Linville
Secretary of the Board of Trustees

Approved by the Board of Trustees at its June 9, 2017 meeting.