

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
AUDIT COMMITTEE  
NOVEMBER 2023 MEETING

11:30 a.m. – 12:30 p.m. EST  
Friday  
November 17, 2023

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

**COMMITTEE MEMBERS**

Melissa Steagall-Jones, Committee Chair  
Dorothy Grisham  
Dr. Linda Latimer  
Ron Ramsey  
Tony Treadway

—  
**AGENDA**

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from September 15, 2023](#)
- IV. [Action Item: Approval of Policy on Audit of Expenses Related to the Function of the Office of the President – \*Fulks\* \(3 minutes\)](#)
- V. [Review of Audit Committee Responsibilities – \*Lewis\* \(5 minutes\)](#)
- VI. [Action Item: Revisions to the FY24 Audit Plan – \*Lewis\* \(2 minutes\)](#)
- VII. [Audits and Investigations Performed September through October 2023 – \*Lewis\* \(5 minutes\)](#)
  - A. [Audit of President’s Expenses](#)
  - B. [Memo on Investigations](#)
  - C. [Completed Audit Heat Map](#)
- VIII. [Recommendation Log Status as of October 31, 2023 – \*Lewis\* \(5 minutes\)](#)
- 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: November 17, 2023

ITEM: Approval of the Minutes of September 15, 2023

COMMITTEE: Audit Committee

RECOMMENDED ACTION: Approve

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

The minutes of the September 15, 2023 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 September 15, 2023 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

September 15, 2023  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, September 15, 2023, at 11:32 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 11:32 a.m.

**II. Roll Call**

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

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

**III. Approval of the Committee Minutes from April 21, 2023**

The minutes from the April 21, 2023, meeting of the Audit Committee were approved as submitted with Trustee Dorothy Grisham making the motion and Trustee Ron Ramsey seconding the motion. The motion passed unanimously.

**IV. Action Item: Approval of Board of Trustees Professional Development Policy**

Dr. Mark Fulks, University Counsel, presented to the committee a policy that facilitates ongoing professional development activities for members of the Board of Trustees, as required by one of the provisions of the Focus Act. The policy resembles those adopted by other locally-governed institutions in the state.

Trustee Tony Treadway made a motion that the policy be adopted. Trustee Grisham seconded the motion. It passed unanimously.

**V. Action Item: Approval of Appearance Before the Board of Trustees Policy**

Dr. Fulks presented this policy that specifies a standard process for members of the university community and the general public to address the Board of Trustees during full Board meetings. There are three different statutory provisions that require such a policy. The board had adopted a policy in 2019, but new legislation adopted during the most recent session of the Tennessee General Assembly made policy revisions necessary. The new policy requires individuals desiring to address the Board to preregister at least 72 hours prior to the start of the full Board meeting.

Trustee Treadway made a motion that the policy be adopted. Trustee Ron Ramsey seconded the motion. It passed unanimously.

**VI. Action Item: Audit Plan for FY 24**

Ms. Becky Lewis, Director of Internal Audit, told the committee that the plan includes audits required by state statute and/or the Division of State Audit, one audit for public radio station WETS-FM that is required annually by the Corporation for Public Broadcasting, follow-up reviews based on prior audit recommendations, and additional audits and investigations deemed necessary throughout the course of the year. Ms. Lewis said that during the audit plan process, a risk analysis of the audit universe at ETSU is performed. Based on this analysis, areas with a higher risk factor are included in the audit plan.

Trustee Ramsey made a motion that the audit plan be approved. Trustee Treadway seconded the motion. It passed unanimously.

**VII. Audits and Investigations Performed April 2023 Through August 2023**

Ms. Lewis reported that since April, her office has completed three audits and two investigations.

- A. Executive Level Audit: An audit of the Chief Marketing and Communications Officer was conducted in accordance with the annual audit plan. At the request of administration, the Office of Internal Audit randomly selects and conducts an audit of an executive-level administrator. There were no findings as a result of this audit.
- B. Follow-Up to State Audit Findings: In accordance with the requirements of the Division of State Audit, the ETSU Office of Internal Audit did a follow-up review of state audit's findings contained in the FY 2022 financial statement audit. One was related to collection procedures on accounts receivable. It was determined that corrective actions have been taken to help ensure collection of accounts receivable policies are being followed. The second issue dealt with eligibility of Title IV financial aid recipients. It was determined that management has implemented adequate controls to help ensure compliance with Title IV requirements.

- C. Guest and Group Housing: An audit of guest and group housing was conducted based on the annual audit plan. The office found that Housing does not always maintain accurate and up-to-date information regarding guests and groups staying overnight on campus. Housing is in the process of implementing controls to help ensure that accurate information is maintained.
- D. Memorandum on Investigations:
  - a. An investigation was conducted into the procedures for reporting time worked at Family Medicine in Bristol. The Office of Internal Audit found that timekeeping policies are not always followed. Management has begun taking the needed steps to help ensure compliance with policies and accuracy of records.
  - b. In addition, an investigation was conducted of the Center of Excellence in Sport Science and Coach Education when a possible loss was reported to Financial Services. While the audit revealed that a loss did not exist, the Office of Internal Audit was concerned regarding the distribution of gift cards to human subjects. The process for distributing did not follow the protocol approved by the Institutional Review Board. Both the IRB and the Center were notified of the concerns.

### **VIII. Recommendation Log Status as of August 31, 2023**

The recommendation log includes 17 different recommendations. Two actions have been completed since the previous Audit Committee meeting; the remainder are either progressing in a timely fashion or are not yet due. No actions are overdue.

### **IX. Report on Audit Functions for FY 2023**

Ms. Lewis reported to the committee that the majority of work time in her office was spent on required audits and investigations, followed by special requests and follow-up reviews. The office completed 12 audits and 10 investigations during the year, as well as five follow-up reviews. The office sent out 35 customer satisfaction surveys, which are completed anonymously. Eighteen were returned, with very positive feedback.

### **X. Action Item: Internal Audit Employee Profiles**

Ms. Lewis presented a table listing all four employees of the Office of Internal Audit, their titles, professional certifications, annual salary, years of professional experience, and years of experience at ETSU.

President Noland thanked Ms. Lewis and her staff for the depth and breadth of the audits being performed.

Trustee Ramsey made a motion that the employee profiles be approved. Trustee Treadway seconded the motion. It passed unanimously.

**XI. Internal Audit Operating Expenses**

Ms. Lewis shared with the committee her office’s operating and travel budgets for fiscal year 2024. The operating budget stands at \$10,790 and the travel budget at \$4,750.

**XII. Quality Assurance and Improvement Program Report**

Ms. Lewis told the committee that the Institute of Internal Auditing Standards requires her office to obtain a peer review every five years. The review was completed in August by internal auditors from Western Kentucky University, the University of Tennessee at Chattanooga, and the Virginia Community College System. Ms. Lewis described the three options when issuing a review: generally conforms, partially conforms, and does not conform to the standards. The peer review indicated that ETSU’s internal audit function generally conforms with the Institute of Internal Auditing Standards and Code of Ethics.

**XIII. Other Business**

There was no other business to come before the committee.

**XIV. Executive Session to Discuss Active Audits and Enterprise Risk Management**

The committee went into executive session at 11:53 a.m.

**XV. Adjournment**

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 17, 2023

ITEM: Approval of Policy on Audit of Expenses Related to the  
Function of the Office of the President

COMMITTEE: Audit Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Dr. Mark Fulks  
University Counsel

Dr. Adam Green  
Board Secretary

In compliance with T.C.A. § 49-8-203, 49-14-104, and 49-7-3001, staff recommends that the ETSU Board of Trustees adopt a policy that specifies the requirements under Tennessee Law related to the reporting of expenditures by the Office of the President of East Tennessee State University.

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

**RESOLVED: Upon the recommendation of the Audit Committee, the Board of Trustees adopts the Policy on Audit of Expenses Related to the Function of the Office of the President as outlined in the agenda materials.**





**AUDIT OF EXPENSES RELATED TO THE FUNCTION OF  
THE OFFICE OF THE PRESIDENT**

Responsible Official: **Chief Audit Executive**

Responsible Office: **Board of Trustees**

**Policy Purpose**

This policy specifies the requirements under Tennessee Law related to the reporting of expenditures by the Office of the President of East Tennessee State University.

**Policy Statement**

It is the policy of the East Tennessee State University (ETSU) Board of Trustees to require internal financial audits of the Office of the President.

I. Semi-Annual Report.

The Office of the President shall provide a semi-annual report to the ETSU Office of Internal Audit. The first report for the period of July 1<sup>st</sup>-December 31<sup>st</sup> will be due to the Office of Internal Audit by February 1<sup>st</sup>. The second report for the period of January 1<sup>st</sup>-June 30<sup>th</sup> will be due to the Office of Internal Audit by July 31<sup>st</sup>.

The report shall:

- A. include the expenditures made by, at the direction of, or for the benefit of the president;
- B. include Discretionary Expenditures from any source of funds, including but not limited to, institutional funds, foundation funds, unrestricted gifts, athletic funds, sponsorship fees, licensing revenue, royalty funds, and third-parties; and
- C. be in a format as provided by the ETSU Office of Internal Audit.

II. Internal Audit Results.

The ETSU Office of Internal Audit will review the semi-annual reports and will provide an update annually to the Audit Committee of the ETSU Board of Trustees.

On or before December 1 of each year, the results of the President expenditures audit from the previous fiscal year will be provided to the Comptroller of the Treasury by ETSU's Office of Internal Audit.

Authority: T.C.A. §§ 49-8-203, 49-14-104, and 49-7-3001.

Previous Policy:

**Defined Terms**

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

DISCRETIONARY  
EXPENDITURES:

Discretionary Expenditures includes, but are not limited to, unrestricted gifts, foundation funds, athletic funds, sponsorship fees, licenses and royalty funds and other such funds that would not be included in the operating budget for the system head's or chief executive's office.

**Policy History**

**Effective Date**

- a. Initial:
- b. Revised:

**Procedure**

N/A

**Procedure History**

**Effective Date**

- a. Initial:
- b. Revised:

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 17, 2023

ITEM: Review of Audit Committee Responsibilities

COMMITTEE: Audit Committee

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

Ms. Lewis will provide an overview of the responsibilities of the Audit Committee outlined in the meeting materials.

## ***Roles and Responsibilities of Audit Committee***

<u>Policy/Law</u>	<u>Requirement</u>	<u>Meeting</u>
<b>Annual Audit Plan and Year-end Status Report</b>		
TN 49-14-102 (b)	The internal auditor shall file a report on the audit work with the audit committee at least annually.	Annual Audit Plan - First Meeting of new FY
AC Charter III.C.6	Review the results of the year's work with the Chief Internal Auditor	Each AC Meeting as needed
AC Charter III.C.3 & ETSU's Internal Audit Policy V. C.	Review & approve the annual audit plan including management's request for unplanned audits. Review and approve audit plan revisions	Annual Report on Audit Activity - Fall
<b>Quality Assurance and Improvement Program</b>		
AC Charter III.C.7	Ensure audit function maintains a quality assurance & improvement program.	Update Committee As Needed
<b>Audit Reports and Recommendations</b>		
AC Charter III.C.4	Receive and review significant results of internal audits performed.	Each Meeting
ETSU's Internal Audit Policy VII. F.	The Chief Internal Auditor will provide a copy of each report to the Audit Committee.	
AC Charter III.C.5	Ensure implementations of audit recommendations.	
<b>Fraud, Waste, and Abuse</b>		
AC Charter III.F. 1-2.	Ensure that the Board and the institution have an effective process in place to prevent, detect, and report fraud, waste and abuse. Establish a process for employees, taxpayers and other citizens to confidentially report suspected illegal, improper, wasteful, or fraudulent activity.	Annual Report on Audit Activity - Fall
TN 49-14-103 (a)	The internal auditor shall establish a process by which students, employees, taxpayers or other citizens may confidentially report suspected illegal, improper, wasteful or fraudulent activity. Each year the internal auditor shall include with the auditor's annual report a summary of all completed audit activities pursuant to this chapter.	

## ***Roles and Responsibilities of Audit Committee***

**Policy/Law**

**Requirement**

**Meeting**

**State and External Audits**

AC Charter III.A.2.	Review results of the Comptroller's examination of financial statements and another other matters related to the conduct of the audits	Spring and as needed
AC Charter III.B.2.	Review results of external auditors' examination and any other matters related to the conduct of the external audits	

**Presidential Expenses Reporting and Audits**

TN 49-7-3001 (c)	Each state university board shall require an annual internal financial audit of the office of the president of the institution. The audit shall be reviewed by the institution's governing board and the comptroller of the treasury.	
TN 49-14-106 (c)	Annual or other periodic audits of chief executives shall be performed by an internal auditor or auditors who are not employees of the institution of the chief executive being audited. Notwithstanding the foregoing, internal auditors or auditors who report to the board audit committee may perform annual or other periodic audits of the chancellor of the board of regents system or the University of Tennessee president.	Winter - Due annual by December 1st.
TN 49-14-104	The governing boards of all public institutions of higher education shall establish a policy requiring that annual reports detailing expenditures made by, at the direction of, or for the benefit of a system head or chief executive of an institution are to be filed with their respective boards. It is the legislative intent that the policy require the report of discretionary expenditures, which shall include, but not be limited to, unrestricted gifts, foundation funds, athletic funds, sponsorship fees, licenses and royalty funds, and other such funds that would not be included in the operating budget for the system head's or chief executive's office. System heads or chief executives shall not have the authority to grant themselves an exception to fiscal, spending, or travel policies established by their boards or by statute.	This can be reviewed with audit due Dec. 1.

**Miscellaneous Responsibilities**

AC Charter III.C.2	Review and approve the charter of the Internal Audit Department	Spring
AC Charter III.D.1	Ensure Chief Internal Auditor reports functionally to the Audit Committee of the Board and reports to the President for administrative purposes only.	Fall
AC Charter III.D.2	Ensure Internal Audit has adequate resources in terms of staff and budget to perform its responsibilities	Fall or as needed
AC Charter III.D.3	Review & approve appointment, compensation, reassignment or dismissal of Chief Internal Auditor	Fall or as needed
AC Charter III.D.4	Review & approve the compensation & termination of campus internal auditors.	Fall or as needed

## ***Roles and Responsibilities of Audit Committee***

<b><u>Policy/Law</u></b>	<b><u>Requirement</u></b>	<b><u>Meeting</u></b>
AC Charter III.E.5	Review & evaluate risk assessments performed by management.	Winter and updates throughout
AC Charter III. G. 1.	Review and assess the adequacy of the Audit Committee's charter annually, requesting Board approval for any proposed changes.	Spring or as needed
AC Charter III. G. 3.	Review the 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 & implement, include confidential mechanism for reporting code violations, are enforced and include a conflict of interest policy.	Spring
AC Charter III. G. 4.	Review the 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.	Spring

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 17, 2023  
ITEM: Revisions to the FY24 Audit Plan  
COMMITTEE: Audit Committee  
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 2023-2024 audit plan since the last meeting.

**Additions**

FWA 24-02 – Internal Audit received a possible fraud, waste, or abuse concern. This will be investigated by audit and/or assigned to the appropriate authority.

**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 2023-2024 are approved as presented in the meeting materials.**

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 17, 2023

ITEM: Audits and Investigations Performed September through October 2023

COMMITTEE: Audit Committee

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

Ms. Lewis will provide an overview of the audits completed during the period September 1, 2023 to October 31, 2023.

**Audits**

- President's Expenses – An audit of the President's expenses was conducted in compliance with Tennessee Code Annotated, Title 49, Chapters 7 and 14. TCA requires an annual financial audit of the Office of the President. The objectives were to determine compliance with state statutes and institutional policies regarding expenses and to identify and report all expenses made by, at the direction of or for the benefit of the President regardless of the funding source.

**Investigations**

- Chemistry Procard (FWA 24-01) – An investigation of East Tennessee State University's Department of Chemistry was conducted by Internal Audit personnel. Some concerns were discovered related to unusual procard transactions and procedures.



**East Tennessee State University**  
**Audit of President's Expenses**  
**For the Fiscal Year July 1, 2022 – June 30, 2023**

<b>Objectives</b>	To comply with Tennessee Code Annotated, Title 49, Chapters 7 and 14, by performing an internal financial audit of the Office of the President for the fiscal year July 1, 2022 to June 30, 2023; to determine compliance with state statutes and institutional policies regarding expenses; and to identify and report all expenses made by, at the direction of or for the benefit of the President regardless of the funding source.																																
<b>Scope</b>	The audit included all accounts under the direct budgetary control of the President, whether funded by institutional funds, foundation funds or external sources and other accounts as necessary. The audit was conducted in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i> , issued by the Institute of Internal Auditors and included tests of the accounting records and such other auditing procedures considered necessary.																																
<b>Analysis</b>	<p>Financial Services along with the President's Office prepares a detailed annual expense schedule of the President's Office. These schedules were reviewed for accuracy and completeness during the audit. The following is a summary by funding source of:</p> <p>(1) certain expenses made by, at the direction of, or for the benefit of the President, and</p> <p>(2) salary and benefits and any other operating expenses for the President's office during the fiscal year ended June 30, 2023:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="text-align: right; width: 15%;">Institutional</th> <th style="text-align: right; width: 15%;">Foundation</th> <th style="text-align: right; width: 10%;">Total</th> </tr> </thead> <tbody> <tr> <td>Salary &amp; Benefits – President &amp; Staff</td> <td style="text-align: right;">\$1,025,115.72</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ 1,025,115.72</td> </tr> <tr> <td>Travel – President</td> <td style="text-align: right;">31,667.61</td> <td style="text-align: right;">-</td> <td style="text-align: right;">31,667.61</td> </tr> <tr> <td>Travel – Other Personnel</td> <td style="text-align: right;">5,733.88</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5,733.88</td> </tr> <tr> <td>Business Meals &amp; Hospitality</td> <td style="text-align: right;">10,000.76</td> <td style="text-align: right;">35,512.24</td> <td style="text-align: right;">45,513.00</td> </tr> <tr> <td>Other Expenses of the President</td> <td style="text-align: right;">162,189.07</td> <td style="text-align: right;">-</td> <td style="text-align: right;">162,189.07</td> </tr> <tr> <td>Miscellaneous Operating Expenses</td> <td style="text-align: right;">34,380.53</td> <td style="text-align: right;">73,814.63</td> <td style="text-align: right;">108,195.16</td> </tr> <tr> <td style="padding-left: 20px;">Total Expenses</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,269,087.57</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 109,326.87</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,378,414.44</td> </tr> </tbody> </table> <p><u><i>Additional Disclosures:</i></u></p> <p><b>Salary and Benefits</b> – Salary and benefits for the President totaled \$615,884.73 and includes the Base Pay, Discretionary Allowance, Vehicle Allowance, Longevity Pay, Retroactive Pay, Incentive Bonus, and Benefits.</p> <p><b>Discretionary Allowance</b> – The President was provided a discretionary spending allowance of \$20,000 for the period. Use of the allowance was not included in testwork performed since the President elected for it to be paid as taxable income.</p> <p><b>Vehicle Allowance</b> – The President was provided a vehicle allowance of \$1,000 per month which is paid as taxable income.</p> <p><b>Longevity Pay</b> – The President received an annual longevity payment of \$1,900 during FY 2023.</p> <p><b>Retroactive Pay</b> – The President was entitled to, but did not receive, the annual across the board raises. Once this was discovered, he was paid \$48,416.65 in retro pay during FY 2023.</p>		Institutional	Foundation	Total	Salary & Benefits – President & Staff	\$1,025,115.72	\$ -	\$ 1,025,115.72	Travel – President	31,667.61	-	31,667.61	Travel – Other Personnel	5,733.88	-	5,733.88	Business Meals & Hospitality	10,000.76	35,512.24	45,513.00	Other Expenses of the President	162,189.07	-	162,189.07	Miscellaneous Operating Expenses	34,380.53	73,814.63	108,195.16	Total Expenses	\$ 1,269,087.57	\$ 109,326.87	\$ 1,378,414.44
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	<p><b>Incentive Bonus</b> – The President’s incentive bonus for FY 2022 totaling \$37,500 was not paid until July 2022 and the incentive bonus for FY 2023 totaling \$30,000 was paid in June 2023.</p> <p><b>Housing</b> – The President was provided the use of a residence. Operating and maintenance costs for the residence, totaling \$15,674.12 for the period, were recorded in Facilities and not included in the above totals. The scope of the review related to these expenses was limited. Home improvement costs, however, are included above in Other Expenses of the President.</p> <p><b>Travel</b> – The president was provided airfare at no cost for two separate trips during FY 2023. Airfare was provided by TVA for a trip from Washington DC to Johnson City, from Johnson City to Norris, and from Norris to Nashville.</p>		
<b>Questioned Costs</b>	None	<b>Recoveries</b>	N/A
<b>Conclusion</b>	<p>The objectives of the audit related to the President’s expenses for the fiscal year July 1, 2022 through June 30, 2023 were met. The audit revealed no significant statutory or policy violations, material omissions from the expense reports or deficiencies in internal controls.</p>		



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# EAST TENNESSEE STATE UNIVERSITY

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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:** Completed Investigations – September 1 to October 31, 2023

**DATE:** November 17, 2023

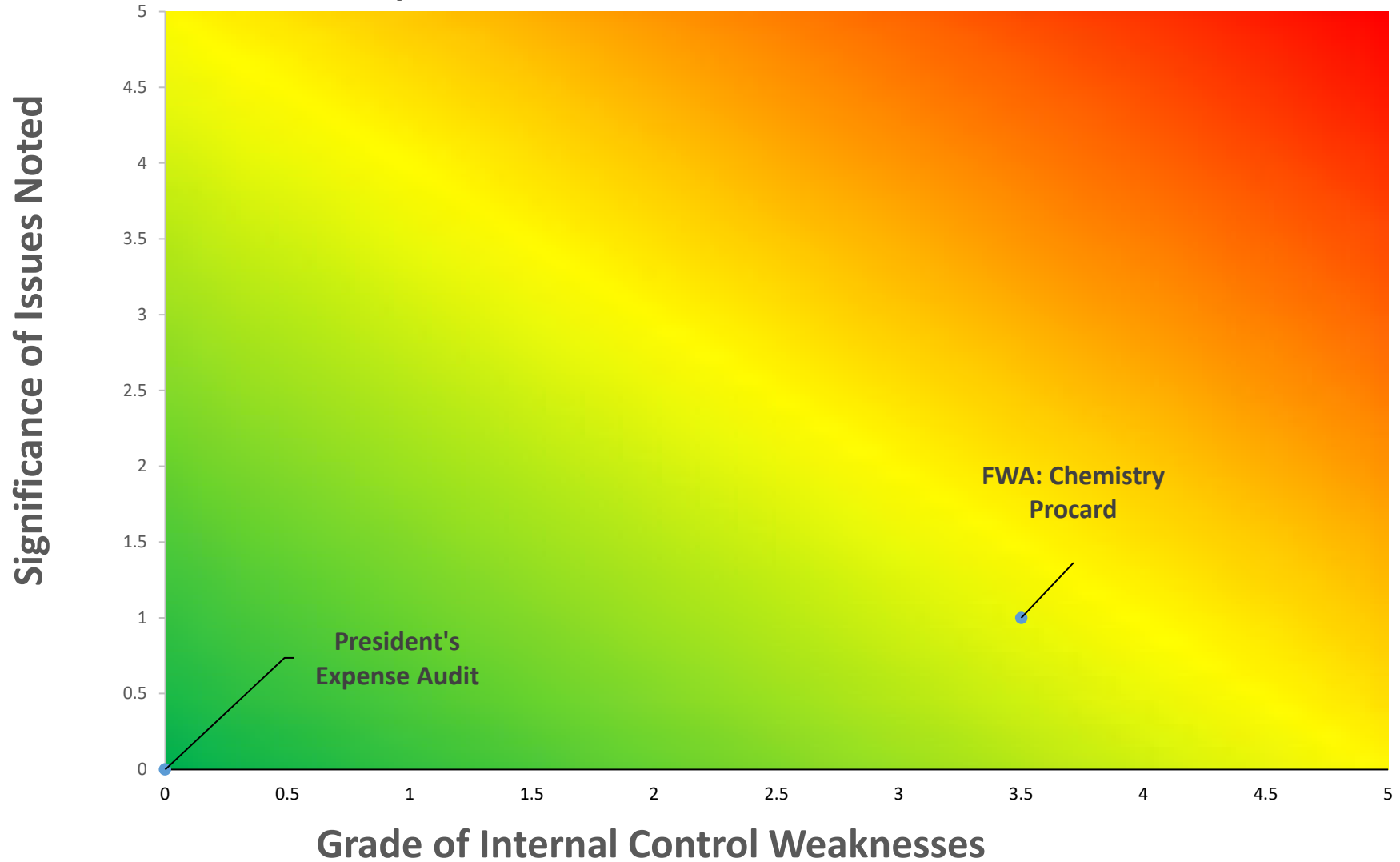
Below is a summary of the investigations completed between September 1 to October 31, 2023.

### ***Chemistry Procard (FWA 24-01):***

The investigation involved purchases made by a Professor on the Laboratory Manager's procard. It revealed several items purchased by the Professor could be considered personal in nature. These included such things as lotions and other beauty products, food/drinks, and birthday/graduation party supplies. However, since all items purchased were accounted for and most were unopened, the investigative review did not indicate fraud had occurred. The Internal Audit Department does not have a background in chemistry and could not assess whether the items purchased for hands-on experiments appear practical for a K-12 outreach program. Management, however, is concerned about the feasibility and practicality of the potential experiments and believes the purchases constitute waste.

# Heat Map of Completed Audits

from September 1, 2023 to October 31, 2023



EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 17, 2023

ITEM: Recommendation Log Status as of October 31, 2023

COMMITTEE: Audit Committee

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.

**East Tennessee State University**

**Internal Audit Recommendation Log as of October 31, 2023**

Area	Recommendation	Status
Internal Medicine	Current policies and procedures over grants need to be reviewed and strengthened within various academic departments, the Office of Research and Sponsored Programs, and Grant Accounting	Green
Dependent/Spouse Tuition Discount	Procedures related to dependent/spouse tuition discounts needs improvement	Green
Human Patient Simulation Laboratory	Procedures related to conflict of interest need improvement	Green
Health Services	Internal controls over the handling and safeguarding of petty cash needs improvement	Green
College of Nursing	Polices and procedures related to workload and overload pay need improvement	Green
Center of Excellency in STEM Education	Departmental controls over travel need improvement	Blue
	Departmental controls over business meal expenditures need improvement	Blue
Men's Basketball	Departmental controls over meal signature forms need improvement	Green
Procard System	Controls over procard purchases need improvement	Green
Access ETSU	Controls over fundraising events need improvement	Green
RDC Grants	Controls over RDC Grant compliance need improvement	Green
Athletic Ticket Office	Internal controls over the handling and safeguarding of petty cash needs improvement.	Green
College of Nursing Health Clinics	Policies and procedures related to employees and the family members seeking treatment at a health clinic need improvement	Green
Family Medicine Timekeeping	Policies and procedures related to compensatory time need improvement	Green
Guest and Group Housing	Billing and collection of guest and group housing needs improvement	Green
Chemistry Procard	Departmental controls over procard purchases needs improvement	Green

**Legend:**

- Actions completed since previous Audit Committee Meeting
- Actions are progressing in a timely fashion or not yet due
- Actions are slightly overdue
- Actions are significantly overdue

Blue
Green
Yellow
Red