



# **Middle Tennessee State University Board of Trustees Audit and Compliance Committee**

---

Tuesday, August 19, 2025

MEC Meeting Room – 2<sup>nd</sup> Floor  
Miller Education Center  
503 East Bell Street  
Murfreesboro, Tennessee 37132





**Middle Tennessee State University  
Board of Trustees  
Audit and Compliance Committee**

---

Tuesday, August 19, 2025

**AGENDA**

Call to order and Opening Remarks

Roll Call

Approval of Minutes (Action) ..... Tab 1

Annual Report for Audit and Consulting Services (Action) ..... Tab 2

Quarterly Report – Results from Internal Audit Projects (Information)..... Tab 3

Results of External Reviews (Information) ..... Tab 4

Non-Public Executive Session – Discussion of Cyber Security, Risk Assessments  
(Confidential Materials), Results of Audits/Investigations, Contracts, and  
Personnel (Information)

Adjourn Non-Public Executive Session

Public Session – Risk Assessment Reporting (Action) ..... Tab 5

Closing Remarks





**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Action Item**

DATE: August 19, 2025

SUBJECT: **Approval of Minutes**

PRESENTER: Tom Boyd  
Committee Chair

---

**BACKGROUND INFORMATION:**

The Audit and Compliance Committee met on May 20, 2025. Minutes from the meeting are provided for review and approval.



**MIDDLE TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES**

**AUDIT AND COMPLIANCE COMMITTEE  
MINUTES**

The Audit and Compliance Committee met on Tuesday, May 20, 2025 in the MEC Meeting Room in the Miller Education Center at Middle Tennessee State University.

**Call to Order and Opening Remarks**

Committee Chair Tom Boyd called the meeting to order at 11:53 a.m. and welcomed everyone in attendance.

**Roll Call**

The following Committee members were in attendance: Trustees J.B. Baker, Tom Boyd, Pete DeLay, Bill Jones, Christine Karbowskiak-Vanek, Steve Smith, Pam Wright, Michael Wade, Mary Martin, and Shaylaine Roker. A quorum was declared present.

President Sidney McPhee, Alan Thomas, Vice President for Business and Finance; Joe Bales, Vice President for University Advancement; Mark Byrnes, University Provost; Yvette Clark, Vice President for Information Technology and Chief Information Officer; Dr. Khalilah Doss, Vice President for Student Affairs; Jeff Farrar, Senior Associate University Counsel; Kim Edgar, Assistant to the President and Chief of Staff; and Leah Ladley, Chief Audit Executive were also in attendance.

**Approval of Minutes - Action**

The first agenda item was approval of the minutes from the February 25, 2025 Audit and Compliance Committee meeting. Trustee DeLay moved to approve the minutes from the February 25, 2025 meeting and Trustee Jones seconded the motion. A voice vote was taken and, with all Committee members voting "Aye," the motion to approve the minutes from the February 25, 2025 meeting of the Audit and Compliance Committee carried unanimously.

### **Report on Annual Internal Audit Assurances – Information**

The report on the Annual Internal Audit Assurances was presented by Ms. Ladley. The Audit and Compliance Committee Charter, Section IV.D.1 requires the Audit and Compliance Committee to “ensure the Chief Audit Executive’s administrative reporting relationship to the President is independent.” There were no issues with independence to report. The Global Audit Standards require certain communications. First is the confirmation of the internal audit function’s independence, which is confirmed; second, the results of the internal quality assessment which is in progress; and lastly, the need to escalate instances of management’s excessive acceptance of risk which no instances have been identified.

### **Approval of Internal Audit Department Charter – Action**

Leah Ladley presented the revised Internal Audit Department Charter in response to the new Global Internal Audit Standards issued by the Institute of Internal Auditors in 2024. The new charter was drafted using the Model Internal Audit Charter tool provided by the Institute of Internal Auditors and customized to fit our institution. Vice Chair Vanek questioned if the language of the “Mandate” section of the charter was inconsistent. Ms. Ladley said she will look into it to ensure the language of the laws is correct. Trustee Martin questioned if the requirements under “Board of Trustees Oversight” section of the charter needed to be established into conversations regarding setting agendas. Ms. Ladley said we will continue to strengthen our conversations regarding things like that. Trustee Martin asked who is responsible for making sure the Board meets the requirements listed in the charter. Ms. Ladley responded that she is responsible. Trustee Martin asked if she was comfortable with that. Ms. Ladley responded yes. Vice Chair Vanek moved to approve the new charter with the expectation that Ms. Ladley will review the language, and the final charter will be presented at the Board of Trustees meeting for approval. Chairman Smith seconded the motion. A voice vote was taken and the motion to approve the Internal Audit Department Charter carried unanimously.

### **Approval of MTSU Policy 70 Internal Audit – Action**

Leah Ladley presented Policy 70 Internal Audit in response to the new Global Internal Audit Standards issued by the Institute of Internal Auditors in 2024. The policy revision primarily includes changes to terminology and language to ensure consistency with the new standards. No changes were made to the core responsibilities, authority, or independence of the internal audit function. Trustee Delay moved to approve the MTSU Policy 70 Internal Audit. Vice Chair Vanek seconded the motion. Vice Chair Vanek questioned the use of “Consulting” in the department’s name when the “consulting” language is being removed from the definitions. Ms. Ladley said there are plans to change our name in the future. Vice Chair Vanek suggested further review to ensure that charter and policy are aligned with each other and the final policy to be presented at the Board of Trustees meeting for approval. A voice vote was taken and the motion to approve the MTSU Policy 70 carried unanimously.

### **Results of External Reviews – Information**

Ms. Ladley presented the results of two external reviews. The Tennessee Human Rights Commission (THRC) Title VI Compliance Program. They reviewed the implementation plan and there were no recommendations.

The Tennessee Department Health issued a Monitoring Report regarding Reducing COVID-19 Risk Through a Coordinated and Holistic Approach and MTSU-COVID-19 Vaccination POD and no material findings were revealed.

### **Quarterly Report – Results of Internal Audit Reports – Information**

Ms. Ladley reported an investigation memo was issued to administratively close a review following our preliminary assessment with no further action planned. A Loss report was issued for the loss of minor equipment with no internal controls in need for improvement.

### **Non-Public Executive Session**

The Committee adjourned the public session at 12:09 p.m. and entered non-public executive session at 12:17p.m. to discuss security plans, cybersecurity, audits, and investigations. The non-public executive session adjourned at 1:00 p.m.

Respectfully submitted,  
Audit and Compliance Committee

DRAFT



**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Action Item**

DATE: August 19, 2025

SUBJECT: **Annual Report for Audit and Consulting Services**

PRESENTER: Leah Ladley  
Chief Audit Executive

---

**BACKGROUND INFORMATION:**

TCA 49-14-102 and the MTSU Board of Trustees Bylaws and Policy on Board Committees require an annual comprehensive report on the internal audit function to be submitted for the Committee's review. The report is submitted for the Committee's review.

MTSU Policy 70, Internal Audit, Section VII.C. requires approval of the audit plan by the Audit and Compliance Committee. The Internal Audit Plan for Fiscal Year 2026 is included on page eight of the annual report and is presented to the Committee for approval.





# AUDIT AND CONSULTING SERVICES

Annual Report Fiscal Year 2025



**Audit and Consulting Services**  
1301 East Main Street  
Murfreesboro, Tennessee 37132  
o: (615) 898-2914



July 31, 2025

MTSU Board of Trustees  
Audit and Compliance Committee

Dr. Sidney A. McPhee, President  
Middle Tennessee State University  
1301 East Main Street  
Murfreesboro, TN 37132

Trustees and Dr. McPhee:

Enclosed is the annual report for Audit and Consulting Services for FY25. A yearly report of audit work is required by TCA 49-14-102 and the Bylaws and Policies of the MTSU Board of Trustees. The Board Committee policy requires a comprehensive report on the internal audit function to the Board through the Audit and Compliance Committee at a stated meeting. The report includes the status of the FY25 annual audit plan, noting the projects and their current state.

The annual report also includes a report disclosing our student success efforts, an update on fraud awareness activities and investigations, and a summary report on the financial resources of Audit and Consulting Services. The proposed annual audit plan for FY26 is included.

The report includes status updates for actions included in the FY25-26 Strategic Plan for Audit and Consulting Services.

This report fulfills the annual reporting requirements and provides information to the Board of Trustees concerning the FY25 achievements of Audit and Consulting Services. This report is intended solely for the internal use of Middle Tennessee State University and the MTSU Board of Trustees. It is not intended to be and should not be used for any other purpose.

Respectfully submitted,

A handwritten signature in blue ink that reads "Leah Ladley".

Leah Ladley, CPA, CIA, CFE, CRMA  
Chief Audit Executive



**Middle Tennessee State University  
Audit and Consulting Services  
FY25 Annual Report**

**Introduction:**

TCA 49-14-102 and the Bylaws and Policies of the MTSU Board of Trustees require an annual report of audit work. The Board Committee policy requires a comprehensive report on the internal audit function to the Board through the Audit and Compliance Committee at a stated meeting.

**Audit Accomplishments:**

Audit and Consulting Services completed three audits required by the State of Tennessee, three investigations carried over from fiscal year 2024, and two investigations initiated in the current fiscal year 2025. In July 2025, our office completed the requirement of the IIA for internal assessment. Additional information is located on page three and the updated audit plan for FY25 is located on page four.

**Student Success:**

The auditors were invited to speak to students in an Accounting Systems course in Fall 2024 and again in Spring 2025. This allowed us to contribute to MTSU's Quest for Student Success and share our expertise and real-world experiences with students. We intend to continue engaging with students in the future to promote the internal audit career path. Additional information is located on page five.

**Fraud Awareness:**

When allegations of improper or dishonest acts by an employee, outside contractor, or vendor are received, an investigation is required. Two reports were issued for investigations carried forward from fiscal year 2024, two reports were issued for investigations initiated in fiscal year 2025, and one investigation was administratively closed. The fifth report was issued from an investigation completed by the TN Comptroller's Office. Three projects in progress will be included in the FY 2026 audit plan. Additional information is located on page six.

**Resources:**

The proposed budget for FY26 is \$541,968. The budget and actual expenses for the past two years are located on page seven.

**Planned Audits for FY26:**

Along with the audits in progress and required audits, the planned audits for 2025 include two risk-based projects. Audits are selected for the plan from a risk assessment that includes sources such as management's evaluation of risk (Enterprise Risk Assessment), prior involvement with processes or departments, new and evolving requirements (regulations and policies), and higher education trends. The proposed audit plan for FY26 is located on page eight.

Additional consideration will be given to risk-based IT audit work and the plan will be updated accordingly.

**Global Internal Audit Standards:**

The Institute of Internal Auditors released the new Global Internal Audit Standards in 2024. The new Standards provide a principle-based framework for elevating the quality of the internal audit function. One of the new Standards, Domain III: *Governing the Internal Audit Function*, specifically Section 6.3 *Board and Senior Management Support*, requires the Chief Audit Executive to communicate the essential conditions with the Board and senior management. The conditions are on page nine.

**Strategic Plan 2025 – 2026:**

First presented in FY24, the Strategic Plan outlines Audit and Consulting Services' values, mission, and vision statements. Using the SWOT analysis, the CAE developed plans to address the weaknesses and threats using the strengths and opportunities of the office. The update to the strategic plan is the final component of the FY25 Annual Report.

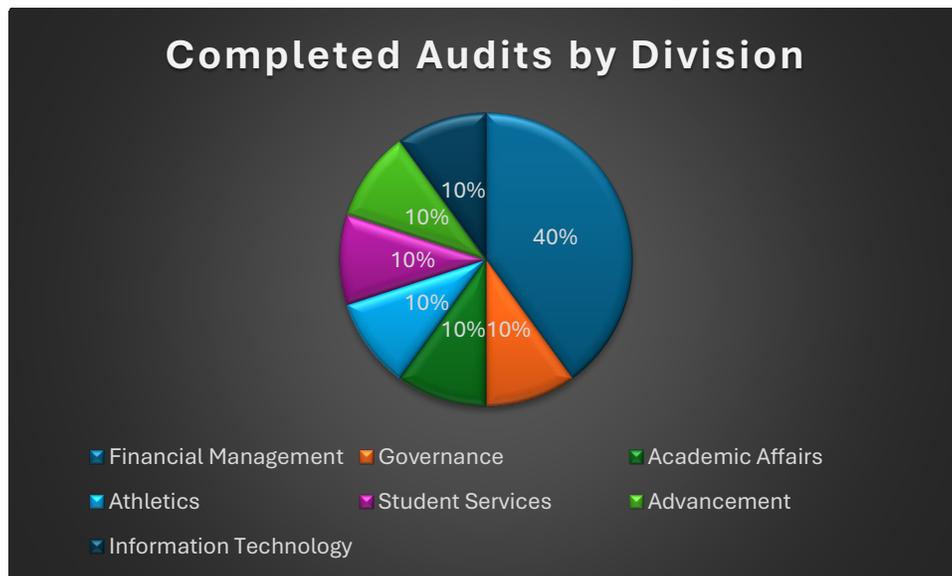
## Audit and Consulting Services Accomplishments

The accomplishments of Audit and Consulting Services for FY25 include the following:

- **Completed 3 Audits, required by the State of TN, 3 investigations carried over from fiscal year 2024 and 3 investigations initiated in fiscal year 2025:**

Type	Area	Name of Audit	Date of Audit Report
R	FM	Year-End Inventory FY2024	7/29/2024
R	FM	Cash Counts FY2024	7/24/2024
R	GV	FY24 Audit of President's Office Expense	11/12/2024
I	AA	INV2403	5/08/2025
I	FM	INV2405	1/30/2025
I	AT	INV2406	7/23/2024
I	SS	INV2502	4/2/2025
I	AD	INV2503	2/4/2025
R	IT	INV2505	4/2/2025

\*See Audit Plan 2025 for the legend explaining the type and area of audits.



- **In addition to completing audits and investigations, our office completed our IIA - self-assessment in July 2025.**

**Middle Tennessee State University  
Internal Audit Plan  
Fiscal Year Ended June 30, 2025  
as of June 30, 2025**

Type	Area	Audit Project	Current Status	Report Date
R	FM	Year-End Inventory FY24	Complete	7/29/2024
R	FM	Cash Counts FY24	Complete	7/24/2024
R	GV	Audit of President's Office Expenses	Complete	11/12/2024
I	AA	INV2403	Complete	5/08/2025
I	FM	INV2404	In Progress - initiated April 2024	
I	FM	INV2405	Complete	1/30/2025
I	AT	INV2406	Complete	7/23/2024
I	SS	INV2501	In Progress - initiated September 2024	
I	SS	INV2502	Administratively Closed	4/2/2025
I	AD	INV2503	Complete	7/7/2025
I	FM	INV2504	Complete	2/04/2025
R	IT	INV2505 - Loss Report	Complete	4/2/2025
I	SS	INV2506	In Progress - initiated May 2025	
P	GV	IIA - Self Assessment & QAR	In Progress - initiated April 2025	
A	FM	P-Card Compliance Review	Planning	
C	FM	Cash Processes in Select Areas	Identified	
F	GV	State Audit Assistance/Follow-Up	Project Throughout Year	
C	GV	General Consultation/Risk Assessment	Project Throughout Year	
R	FM	Cash Counts FY25	In Progress	
R	FM	Year-End Inventory FY25	In Progress	
R	GV	Audit of President's Office Expenses	Scheduled	

<p><b>Audit Types:</b>  A - Risk-Based (Assessed)  C - Consulting  F - Follow-up Review  I - Investigation  M - Management's Risk Assessment  P - Project (Ongoing or Recurring)  R - Required  S - Special Request</p>	<p><b>Area = University Division</b>  AA - Academic Affairs  AD - Advancement  AT - Athletics  FM - Financial Management  GV - Governance/Executive Office  IT - Information Technology  MC - Marketing and Communications  SS - Student Services</p>
---	---

## STUDENT SUCCESS

**“The Quest for Student Success 2025 focuses on student success marked by a deeper, broader, and more equitable academic and student life experience that extends learning beyond graduation. Students who learn how to learn, how to ask the right questions, and how to take risks and learn from their mistakes succeed personally and professionally.” ~ Quest for Student Success 2025**

**“Forty-three percent of chief audit executives and senior internal audit leaders are concerned with finding qualified candidates as they struggle with a lack of access to the talent they need to conduct the expanding tasks of internal audit”, according to Protiviti’s 2023 Next Generation Internal Audit survey.**

Audit and Consulting Services is fortunate to be at the forefront of talent development and can play a vital role in the Middle Tennessee State University community.

We were honored to engage in educational activities to support and enhance our accounting student’s MTSU experience. In March 2025, our auditors were invited to participate in the Accounting Department’s academic program. As part of our involvement, Leah Ladley and Cyndee Ray served as guest speakers for an MTSU Accounting Systems course (ACCTG 4510/5510).

We discussed our journeys and how we became internal auditors during the presentation. By sharing our expertise and real-world experiences, we provided students with insights into the critical role of internal auditors and highlighted the various facets of internal auditing. Our presentation highlighted the skill sets necessary for success in internal auditing, from analytical thinking to effective communication, while emphasizing the importance of ethical practices in the profession. The students engaged with questions about the profession and left the presentations with the knowledge of internal audit as a viable and rewarding career path.

We intend to continue engaging with students in the future to promote the internal audit career path.

## FRAUD AWARENESS

The University is committed to the responsible stewardship of resources. It is required by state law to provide a means by which employees, students, or others may report suspected or known improper or dishonest acts. Audit and Consulting Services manages the reporting process by which students, employees, taxpayers, or other citizens may confidentially report suspected illegal, improper, wasteful, or fraudulent activity. (TCA 49-14-103)

The “Fraud Awareness” brochure explains the reporting expectations and options for any individual who suspects improper or dishonest acts involving university employees, outside contractors, or vendors. The “Fraud Awareness” information and an online reporting form is available on the Audit and Consulting Services webpage.

When Audit and Consulting Services receives allegations of improper or dishonest acts by an employee, outside contractor, or vendor, an investigation is required. The investigation or review aims to determine if the allegation or concern is substantiated or unsubstantiated and if there are any internal control weaknesses or risks that management should address. An audit report is issued if the allegation or concern is substantiated and corrective action is needed. A review is administratively closed with a memo to the file if the concern is unsubstantiated or referred to management or there are no recommendations for corrective action.

Below is an accounting of the reviews pertaining to concerns of possible improper or dishonest acts:

<b>Fiscal Year</b>	<b>2024-2025</b>	<b>2023-2024</b>	<b>2022-2023</b>
From prior FY	4	5	4
Add: Opened during FY	5	4	4
Less: Reports Issued	(5)	(5)	(1)
Less: Administratively Closed	(1)	-	(2)
In Progress at end of FY	3	5	5

Two reports were issued for investigations carried over from fiscal year 2024, two reports were issued for investigations initiated in fiscal year 2025, and one investigation was administratively closed. The fifth report was issued from an investigation completed by the TN Comptroller’s Office.

The projects in progress will be included in the FY26 annual audit plan.

## RESOURCES

As defined in the MTSU Audit and Compliance Committee Charter, the Audit and Compliance Committee is responsible for ensuring Audit and Consulting Services has adequate resources in terms of staff and budget to effectively perform its responsibilities. The following is the estimated budget for 2025-2026 compared to the actual expenses of the prior two fiscal years.

	<b>Estimated Budget 2025 - 2026</b>	<b>Actual Expenses 2024 - 2025</b>	<b>Actual Expenses 2023 - 2024</b>
<b>Salaries</b>	\$ 389,101	\$ 272,966	\$ 232,643
<b>Benefits</b>	138,484	121,247	97,462
<b>Total Salaries and Benefits</b>	\$ 527,585	\$ 394,213	\$ 330,105
<b>Travel</b>	5,000	560	1,026
<b>Operating Expenses</b>	9,383	12,591	27,494
<b>Total Budget/Expenses</b>	\$ 541,968	\$ 407,364	\$ 325,378

(1) The Estimated Budget for FY 2025 -2026 will be finalized in October 2025.

(2) The Actual Expenses for FY 2023 - 2024 include the purchase of Audit Software.

The 2025-2026 budget for Audit and Consulting Services includes funding for two unfilled audit positions.

**Middle Tennessee State University  
Internal Audit Plan  
Fiscal Year Ended June 30, 2026  
as of August 1, 2025**

Type	Area	Audit Project	Current Status	Report Date
R	FM	FY25 Year-End Inventory	Reporting	
R	FM	FY25 Cash Counts	Complete	7/29/2025
R	GV	FY25 Audit of President's Office Expenses	Fieldwork	
I	FM	INV2404	In Progress - initiated April 2024	
I	SS	INV2501	In Progress - initiated September 2024	
I	FM	INV2503	Complete	7/28/2025
I	SS	INV2506	In Progress - initiated May 2025	
P	GV	FY25 Internal Assessment (IA)	Complete	7/31/2025
A	FM	P-Card Compliance Review	Planning	
AD	FM	Cash Processes in Select Areas	Identified	
A	CM	I-9 Processes	Identified	
I	SS	INV2601	In Progress - initiated August 2025	
P	GV	FY26 Internal Assessment (IA)	Planning	
F	GV	State Audit Assistance/Follow-Up	Project Throughout Year	
AD	GV	General Consultation/Risk Assessment	Project Throughout Year	
R	FM	FY26 Cash Counts	Scheduled	
R	FM	FY26 Year-End Inventory	Scheduled	
R	FM	FY26 Audit of President's Office Expenses	Scheduled	

<b>Audit Types:</b>		<b>Area = University Division</b>		
A - Risk-Based (Assessed)		AA - Academic Affairs		
AD - Advisory		AD - Advancement		
F - Follow-up Review		AT - Athletics		
I - Investigation		FM - Financial Management		
M - Management's Risk Assessment		GV - Governance/Executive Office		
P - Project (Ongoing or Recurring)		IT - Information Technology		
R - Required		MC - Marketing and Communications		
S - Special Request		SS - Student Services		CM - Compliance

## Global Internal Audit Standards

In January 2024, the Institute of Internal Auditors (IIA) released the *Global Internal Audit Standards*, replacing the 2017 International Standards with a more principle-based framework, emphasizing governance, accountability, and alignment with organizational objectives. The Internal Audit Department Charter, along with MTSU Policy 70 Internal Audit, was updated in May 2025 to ensure alignment with the new guidance. A key improvement in the new Standards is Domain III, *Governing the Internal Audit Function*, which strengthens the role of the board and senior management in supporting the internal audit activity. Specifically, Section 6.3: *Board and Senior Management Support* outlines conditions essential for the internal audit function to effectively fulfill its purpose, emphasizing the importance of clear communication, advocacy, and collaboration between the Chief Audit Executive (CAE), the Board, and senior management.

### *Domain III: Governing the Internal Audit Function:*

- Emphasizes the importance of clear communication and alignment among the CAE, board, and senior management.
- Introduces essential conditions that must exist to enable internal audit to achieve its purpose and comply with the Standards.
- Requires the CAE to regularly discuss roles, responsibilities, and the impact of support with both governance bodies.
- Establishes clear expectations for the board and senior management to support and advocate for the internal audit function.
- Requires maintaining records of discussion, including agendas, meeting notes, and incorporation into the annual audit report.

### *Section 6.3: Board and Senior Management Support:*

- Reinforces the need for the board to support internal audit and enable it to fulfill its purpose and objectives.
- Stresses the importance of senior management promoting internal audit's role across the organization.
- Requires the CAE to align communications between the board and senior leadership to promote clarity and efficiency.
- Supports developing guidelines that define what information is communicated, to whom, and how frequently.
- Emphasizes retaining detailed records of governance engagements to support audit accountability.

By maintaining regular discussions, aligned communications, and documenting engagements, the CAE builds a solid foundation that supports both audit quality and accountability across the organization.



August 2025

# Audit and Consulting Services

## FY25 Update

Strategic Plan FY25 - 26



LEAH LADLEY, CPA, CIA, CFE, CRMA  
CHIEF AUDIT EXECUTIVE  
MIDDLE TENNESSEE STATE UNIVERSITY

**In August of 2024, Audit and Consulting Services presented a Strategic Plan component within the FY24 Annual Report. Updates to that plan are found here:**

**Addressing weaknesses and threats using strengths and opportunities:**

- **FY24:** We will allocate current resources to create an internship or graduate assistant role. This will provide opportunities for student development while offering our senior internal auditor additional supervisory experience. The results will include enhanced student involvement and professional growth within our team.

**FY25 Update:** We are working to clearly define our needs that can be met with staff supplementation. From there, we will develop job description(s) and pursue the appropriate avenues for engagement.

- **FY24:** We will select and engage a specialized third-party audit firm for our IT audits. This decision is driven by the need for expert analysis from continually updated professionals on the latest IT risks, trends, and strategies. Funding for these engagements will be shifted from our vacant position, and each engagement topic and scope will be determined by MTSU staff.

**FY25 Update:** A third-party Penetration Testing Assessment evaluated MTSU's security posture. Audit & Consulting Services and ITD collaborated to define the scope, support the assessment, and interact with the assessors during the engagement. Due to its sensitive nature, results are shared on a limited basis.

- **FY24:** We have recently implemented audit management software, which enhances our auditing capabilities by streamlining processes and improving reporting and accuracy. It also enhances our recruiting potential by demonstrating our commitment to innovative practices. Our use of data analytics to advance our operations further is an area for future improvements. By finding and applying the correct tool for our environment, we can perform detailed analyses on projects, refine risk assessments, and monitor controls more effectively, thereby enhancing the value of our audit functions.

**FY25 Update:** While we continue to develop both awareness and skills, our pursuit of data analytics on a large scale may be delayed while MTSU implements the Oracle Cloud platform to house data we would be interested in. We continue to consider the use of data in our audits and investigations.





**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Information Item**

DATE: August 19, 2025

SUBJECT: **Quarterly Report – Results from  
Internal Audit Projects**

PRESENTER: Leah Ladley  
Chief Audit Executive

---

**BACKGROUND INFORMATION:**

MTSU Policy 70 Internal Audit section IX.F requires significant results of internal audit work to be presented to the Audit and Compliance Committee quarterly.

Since the last meeting of the Audit and Compliance Committee, the following audit projects have been completed:

1. An investigation from an internal referral source was completed. Improvements were made to the system of internal controls. An audit memo was issued to the TN Comptroller's Office.
2. Cash Counts for FY25 were completed with no reportable issues.
3. The FY25 Internal Assessment required by the Institute of Internal Auditors was completed on July 31, 2025.





**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Information Item**

DATE: August 19, 2025

SUBJECT: **Results of External Reviews**

PRESENTER: Leah Ladley  
Chief Audit Executive

---

**BACKGROUND INFORMATION:**

**1. TN Department of Safety & Homeland Security (TDOSHS) Internal Audit Division**

Desk review of the Middle Tennessee State University Police Department (MTSUPD) for Quarter 2 and Quarter 4 of the federal fiscal year ending September 30, 2024 – issued May 16, 2025.

TDOSHS reviewed the grant contract's internal controls, annual audit reports and any Comptroller's Office investigation reports, quarterly cost reimbursement requests, allowable costs and program income and other funds to ensure no opportunities for duplicate reimbursement of costs.

The desk review revealed no findings or observations.

## **2. State of Tennessee Department of Health (TDH) Compliance and Ethics**

Monitoring review of four Middle Tennessee State University (MTSU) contracts between December 2024 and March 2025 – issued July 8, 2025.

The Grant monitoring team reviewed the MTSU contract's compliance with the scope of services, attachments, narrations, civil rights requirements, and specific TDH policy as well as obtaining an understanding of MTSU's billing procedures.

The monitoring review of the contracts revealed no findings of a material nature.

## **3. TN Bureau of Investigation (TBI), Office of Internal Audit**

Subrecipient monitoring desk review of 2 Middle Tennessee State University Criminal Justice grants; Improve TN SAC's Ability and Tennessee's Human Trafficking Task, for the Fiscal Year 2024; July 1, 2023 to June 30, 2024 – issued July 14, 2025.

The desk review included evaluation of the subrecipient's risk to determine the appropriate monitoring for each subrecipient, monitoring activities to ensure the grant is used for authorized purposes, compliance with Federal and State statutes, regulations and any applicable terms and conditions and that the Grant performance goals are achieved.

There were no findings, observations, or recommendations noted for the desk review conducted.

## **4. Tennessee Department of Environment and Conservation, Division of Water Resources**

An audit of the City of Murfreesboro and Middle Tennessee State University (MTSU) Co-Permittee Municipal Separate Storm Sewer System (MS4) program covered the period from September 17, 2019 to July 25, 2025 – issued July 25, 2025.

The audit included a review of regulatory mechanisms, procedures and records, as well as observation of MS4 staff as they performed an inspection of a project covered under the local construction site stormwater runoff control program. The permit consists of six minimum control measures (MCMs) and a monitoring program.

There are two required actions:

- Updating the PIE (public information & education) plan to include the identification of job categories and applicable management measures for employee education for both the city and MTSU.
- Revising the program to include documentation of procedures for review and approval of permanent stormwater plans ensuring technical standards are consistent with Tennessee Rule 0400-40-10-.04 (Permit subpart 4.2.5.2).





**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Action Item**

DATE: August 19, 2025

SUBJECT: **Risk Assessment Reporting**

PRESENTER: Drew Harpool  
Interim Vice President  
Business and Finance

---

**BACKGROUND INFORMATION:**

Section 9-18-104 of the Financial Integrity Act requires institutions of higher education to prepare and provide a management assessment of risk to the State of Tennessee's Commissioner of Finance and Administration and to the Comptroller of the Treasury by December 31 annually.

For 2025, the university-wide risk and control activities were updated for Student Affairs, Marketing and Communications, and University Advancement.

Similar to MTSU's risk assessment reporting of 2024, the risk assessment documents are designated as confidential and are discussed in the non-public executive session of the Committee. The university-wide risk assessment reports for 2025 are presented to the Committee for approval prior to the reports' submission to the State.

