



Middle Tennessee State University Board of Trustees Audit and Compliance Committee

Tuesday, May 23, 2023

MEC Meeting Room – 2nd Floor
Miller Education Center
503 East Bell Street
Murfreesboro, Tennessee 37130



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

Tuesday, May 23, 2023

AGENDA

Call to Order and Opening Remarks

Roll Call

Approval of Minutes (Action)Tab 1

Report on Independence of Chief Audit Executive (Information).....Tab 2

Results of External Reviews (Information)Tab 3

1. Tennessee Division of Claims and Risk Management Letter Report issued April 11, 2023

Quarterly Report – Results of Internal Audit Reports (Information).....Tab 4

Closing Remarks

Adjourn Public Session

Non-Public Executive Session – Discussion of Audits/Investigations (Information)



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Action Item

DATE: May 23, 2023

SUBJECT: **Approval of Minutes**

PRESENTER: Tom Boyd
Committee Chair

BACKGROUND INFORMATION:

The Audit and Compliance Committee met on March 14, 2023. 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, March 14, 2023 in the MEC Meeting Room in the Miller Education Center at Middle Tennessee State University.

Call to Order and Opening Remarks

Board Chairman Steve Smith began the committee meeting with the announcement that due to the death of Trustee Joey Jacobs he had asked Trustee Tom Boyd to chair the Audit and Compliance Committee and Trustee Pete Delay to chair the Finance and Personnel Committee. Committee Chair Tom Boyd called the meeting to order at 11:08 a.m. and welcomed everyone in attendance.

Roll Call

The following Committee members were in attendance: Trustees J.B. Baker, Tom Boyd, Rick Cottle, Pete DeLay, Steve Smith, Pam Wright, and Drew Carpenter. Trustee Christine Karbowiak participated electronically and, pursuant to T.C.A. § 8-44-108(c)(3), she confirmed that she could hear clearly and no one was present in the room with her. A quorum was declared present.

President Sidney A. McPhee; Alan Thomas, Vice President for Business and Finance; Joe Bales, Vice President for University Advancement; Yvette Clark, Interim Vice President for Information Technology and Chief Information Officer; Andrew Oppmann, Vice President for Marketing and Communications; Deb Sells, Vice President for Student Affairs and Vice Provost for Enrollment and Academic Services; James Floyd, University Counsel and Board Secretary; Kim Edgar, Assistant to the President and Chief of Staff; and Diane Snodgrass, Interim Chief Audit Executive were also in attendance.

Approval of Minutes – Action

The first agenda item was approval of the minutes from the November 15, 2022 Audit and Compliance Committee meeting. Trustee Delay moved to approve the minutes from the November 15, 2022 meeting and Trustee Baker seconded the motion. A roll call vote was taken and, with all Committee members voting “Aye,” the motion to approve the minutes from the November 15, 2022 meeting of the Audit and Compliance Committee carried unanimously.

Report of Conflict of Interest Disclosures in 2022 – Information

Mr. Drew Harpool, Assistant Vice President for the Office of Compliance and Enterprise Risk Management presented the 2022 report of the conflict of interest disclosures reviewed by the Conflict of Interest Committee. For 2022, there was one managed conflict compared to 7 overall cases for the prior year. Regarding the seven cases from the prior year, Trustee Karbowski asked if there were any cases that fell under the category of “Eliminated”. Mr. Harpool stated he believed one case from the prior year was in the category of “Eliminated” but he would follow-up with the committee with the information requested.

Review of President’s Statement of Disclosure of Interests for 2023 – Information

Ms. Snodgrass presented the President’s Statement of Disclosure of Interests for 2023 for information and the Committee’s review, noting there were no changes from the disclosures made in 2022.

Report on Compliance with Public Records Policy - Information

Mr. Floyd presented the Report on Compliance with Public Records Policy, Policy 120. A summary of the number of records requests received in calendar year 2022 was provided for the Committee’s review. Mr. Floyd noted the university received 126 total requests which was a reduction from last year when 155 requests were received. Trustee Karbowski asked if there were rights of appeal for the requests that were denied and if so, how many of those were still pending. Mr. Floyd stated there are not rights for denial; the basis for denials varies – it could be the individual is not a Tennessee citizen and records are only available to Tennessee citizens; or the records do not exist. Mr. Floyd stated there is a range of reasons for denials but there are

not any appeal rights. Trustee Smith asked if there was a written procedure for requesting records. Mr. Floyd stated there is a form available for an individual to submit or an individual may email his office and his office would respond accordingly.

Results of External Reviews – Information

Ms. Snodgrass reported the results of four external reviews. 1) The Tennessee Comptroller of the Treasury issued the financial and compliance audit for fiscal year ended June 30, 2022. There were no audit findings and the opinions of the financial statements were unmodified. 2) The Tennessee Comptroller's Office released the results of the NCAA agreed-upon procedures applied to the statement of revenues and expenses of the athletics programs for the year ended June 30, 2022. Two significant differences were noted between the amounts in the general ledger and the amounts on the statements but were corrected in the statement included with the report. 3) The Tennessee Department of Transportation (TDOT), Fiscal Monitoring Group completed a desk monitoring review of two contracts between MTSU and TDOT with no findings of noncompliance identified. 4) The U.S. Small Business Administration completed the financial examination of the Tennessee Small Business Development Center for the 2020 program year. There were no findings and the report concluded the Tennessee Small Business Development Center was in compliance with the financial objectives of the Small Business Development Center program.

Quarterly Report – Results of Internal Audit Reports – Information

Ms. Snodgrass reported there have been two audit reports issued since the last committee meeting. The Audit of the Office of the President for Fiscal Year 2022 was completed with no reportable issues. For the second audit report, The Special Review of Faculty and Non-Faculty Sick Leave Banks for the Period January 1, 2019 – July 8, 2022, management implemented corrective action to improve the operation, processes, recordkeeping, and oversight of the sick leave banks and also terminated the supervisor responsible for the administration of the sick leave banks. The status of the 2023 audit plan was included in the meeting materials for the Committee's review.

Non-Public Executive Session

The Committee adjourned the public session at 11:22 a.m. and entered non-public executive session at 11:25 a.m. to discuss audits and investigations. The non-public executive session adjourned at 11:50 a.m.

Respectfully submitted,

Audit and Compliance Committee

DRAFT



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: May 23, 2023

SUBJECT: **Report on Independence of Chief
Audit Executive**

PRESENTER: Diane Snodgrass
Interim Chief Audit Executive

BACKGROUND INFORMATION:

The Audit and Compliance Committee Charter, Section IV.D.1 requires the Committee to “ensure the Chief Audit Executive’s administrative reporting relationship to the President is independent.”

There are no problems or issues with independence to report. The President does not limit the scope of audit work performed by Audit and Consulting Services. The President is supportive and encourages the independence of the Chief Audit Executive.



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: May 23, 2023

SUBJECT: **Results of External Reviews**

PRESENTER: Diane Snodgrass
Interim Chief Audit Executive

BACKGROUND INFORMATION:

**1. Tennessee Division of Claims and Risk Management Letter Report
Regarding Registered Freezers for Research Materials issued April 11, 2023**

The Tennessee Division of Claims and Risk Management reviewed registered freezers containing research materials. The review identified freezers not registered and made minor recommendations to ensure that all freezers with research materials are registered; to update registrations as needed in addition to the regular annual registration; and to update the current lab inspection form to include the presence of freezer registrations. The lab inspection form has since been updated and training for faculty and staff related to critical freezers is planned to be included in the next cycle of annual training administered by the Office of Environmental Health and Safety.



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: May 23, 2023

SUBJECT: **Quarterly Report – Results of
Internal Audit Reports**

PRESENTER: Diane Snodgrass
Interim Chief Audit Executive

BACKGROUND INFORMATION:

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

Since the last meeting of the Audit and Compliance Committee the Audit of Football Paid Attendance for Fall 2022 was completed with no reportable issues.

The current status of the Internal Audit Plan for Fiscal Year 2023 is included for the Committee's review.

**Middle Tennessee State University
Internal Audit Plan
Fiscal Year Ended June 30, 2023
as of May 5, 2023**

Type	Area	Audit Project	Current Status	Audit Results
R	FM	Year-End Inventory FY2022	Completed 7/28/2022	No Reportable Issues
R	FM	Cash Counts FY2022	Completed 7/28/2022	No Reportable Issues
R	GV	Audit of President's Office	Completed 11/18/2022	No Reportable Issues
R	AT	Football Attendance 2022	Completed 4/13/2023	No Reportable Issues
I	SS	INV1702	In Progress	
I	AA	INV1705	In Progress	
I	AA	INV1801	In Progress	
I	SS	INV2201	In Progress	
I	FM	INV2301-Special Review of Sick Leave Banks	Completed 11/29/2022	2 Recommendations
I	IT	INV2302	Administratively Closed 3/10/2023	No Reportable Issues
I	FM	INV2303	Administratively Closed 4/28/2023	No Reportable Issues
P	GV	IIA - Self Assessment & QAR	In Progress	
F	GV	State Audit Assistance/Follow-Up	Project Throughout Year	
C	GV	General Consultation/Risk Assessment	Project Throughout Year	
I	GV	Unscheduled Investigations	Scheduled	
R	FM	Cash Counts FY2023	Scheduled	
R	FM	Year-End Inventory FY2023	Scheduled	
A	IT	Risk/Controls: Vendor Provided Services	In Progress	
A	MC	Marketing & Communications	Scheduled	
A	FM	Payroll	Scheduled	
A	AA	Research Services Procedural Review	Scheduled	
A	FM	Property Management Contract Review	Scheduled	

<p>Audit Types: 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>Area = University Division 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>
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