Middle Tennessee State University
Board of Trustees
Audit and Compliance Committee

Tuesday, August 18, 2026

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

Middle Tennessee State University
Board of Trustees
Audit and Compliance Committee

Tuesday, August 18, 2026

AGENDA

Middle Tennessee State University
Board of Trustees

Audit and Compliance Committee

Action Item

DATE:	August 18, 2026
SUBJECT:	**Approval of Minutes**
PRESENTER:	Tom Boyd Committee Chair

BACKGROUND INFORMATION:

The Audit and Compliance Committee met on May 19, 2026. 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 19, 2026, in the MEC Meeting Room in the Miller Education Center at Middle Tennessee State University.

<u>Call to Order and Opening Remarks</u>

Committee Chair Tom Boyd called the meeting to order at 11:33 a.m. and welcomed everyone in attendance. He expressed his appreciation to Brenda Burkhart for filling in as Chief Audit Executive for the last several months.

<u>Roll Call</u>

The following Committee members were in attendance: Trustees J.B. Baker, Pete DeLay, John Floyd, Jimmy Granbery, Bill Jones, Kari Neely, Steve Smith, Christine Karbowiak-Vanek, Michael Wade, and Michai Mosby. Chad White was unable to attend the meeting. Chair Boyd appeared electronically. A quorum was declared present.

Dr. Mark Byrnes, University Provost; Joe Bales, Vice President for University Advancement; Yvette Clark, Vice President for Information Technology and Chief Information Officer; James Floyd, Vice President for Legal Affairs, General Counsel, and Secretary to the Board of Trustees; Drew Harpool, Vice President for Business and Finance; Dr. Danny Kelley, Interim Vice President for Student Affairs and Dean of Students; Dr. Andrew Oppmann, Vice President for Marketing and Communications; Kim Edgar, Assistant to the President and Chief of Staff; and Brenda Burkhart, Interim Chief Audit Executive were also in attendance. Dr. Sidney A. McPhee was not present.

<u>Approval of Minutes</u> - Action

The first agenda item was approval of the minutes from the February 24, 2026, Audit and Compliance Committee meeting. Trustee DeLay moved to approve the minutes from the February 24, 2026, meeting and Trustee Jones seconded the motion. A roll call vote was taken with all Committee members voting “Approved”. The motion was carried unanimously and the minutes of the February 24, 2026 meeting of the Audit and Compliance Committee were approved.

Report on Annual Internal Audit Assurances – Information

The report on the Annual Internal Audit Assurances was presented by Brenda Burkhart. The Audit and Compliance Committee Charter require the Audit and Compliance Committee to ensure the Chief Audit Executive’s administrative reporting relationship to the President is independent. The Global Audit Standards require organizational independence of the internal audit function. There were no concerns with independence to report. To address the other communication requirements of the Global Audit Standards, there have been no instances of management’s acceptance of excessive risk identified. For internal quality assessments, the last formal assessment report was dated July 31, 2025, and the planned internal assessment for fiscal year 2026 has been deferred to fiscal year 2027.

Results of External Reviews – Information

Brenda Burkhart presented the results of one external review. The Internal Audit Office of the Tennessee Bureau of Investigation for the period July 1, 2025 to March 31, 2026 was completed with no findings, recommendations, or instances of fraud, waste, or abuse.

Quarterly Report – Results of Internal Audit Reports – Information

Brenda Burkhart reported that no audit reports have been issued since the last meeting. There are three reports currently in the draft report stage.

Non-Public Executive Session

The Committee adjourned the public session at 11:33 a.m. and entered non-public executive session at 11:42 a.m. to discuss topics permissible by appropriate law. The non-public executive session adjourned at 12:15 p.m.

Respectfully submitted,

Audit and Compliance Committee

Middle Tennessee State University
Board of Trustees

Audit and Compliance Committee

Action Item

DATE:	August 18, 2026
SUBJECT:	**Annual Report for Audit Services**
PRESENTER:	Cyndee Ray 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 2027 is included on page nine of the annual report and is presented to the Committee for approval.

AUDIT SERVICES

Annual Report Fiscal Year 2026

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

MIDDLE TENNESSEE STATE UNIVERSITY

August 10, 2026

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 Services for FY26. 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 FY26 annual audit plan, noting the audits 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 Services. The report also includes the proposed annual audit plan for FY27.

The FY27-29 Strategic Plan for Audit Services is also included in the annual report.

This report fulfills the annual reporting requirements and provides information to the Board of Trustees concerning the FY26 accomplishments of Audit 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,

Cyndee Ray

Cyndee Ray, CIA, CFE
Chief Audit Executive

Middle Tennessee State University
Audit Services
FY26 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 Services completed three audits required by the State of Tennessee, three investigations carried over from FY25, and three investigations initiated in the current FY26. Additional information is located on page three and the updated audit plan for FY26 is located on page five.

Student Success:

The prior Chief Audit Executive (CAE) took part in Presidium (MTSU's annual training for student organization officers) on August 20, 2025. The CAE spoke at the general session about the student activity fee process and compliance with university policies. She also contributed to treasurer-focused training, offering practical guidance to help student leaders manage their finances responsibly. Additional information is located on page six.

Fraud Awareness:

When allegations of improper or dishonest acts by an employee, outside contractor, or vendor are received, an investigation is required. Three reports were issued for investigations carried forward from FY25, three reports were issued for investigations initiated in FY26. One project in progress will be included in the FY27 audit plan. Additional information is located on page seven.

Resources:

The proposed budget for FY27 is $545,298. The budget and actual expenses for the past two years are located on page eight.

Planned Audits for FY27:

Along with the audits in progress and required audits, the planned audits for FY27 include seven 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 FY27 is located on page nine.

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 11.

Strategic Plan 2027 – 2029:

Audit Services' Strategic Plan takes a risk-based, relationship-driven approach to audits, organized around five priorities: risk-based planning, talent, technology/analytics, stakeholder engagement, and quality standards. It is shaped by pressures such as the Oracle Cloud transition and growing regulatory complexity, with progress tracked through three-year roadmap and regular reporting to the Audit and Compliance Committee. The new strategic plan is the final component of the FY26 Annual Report.

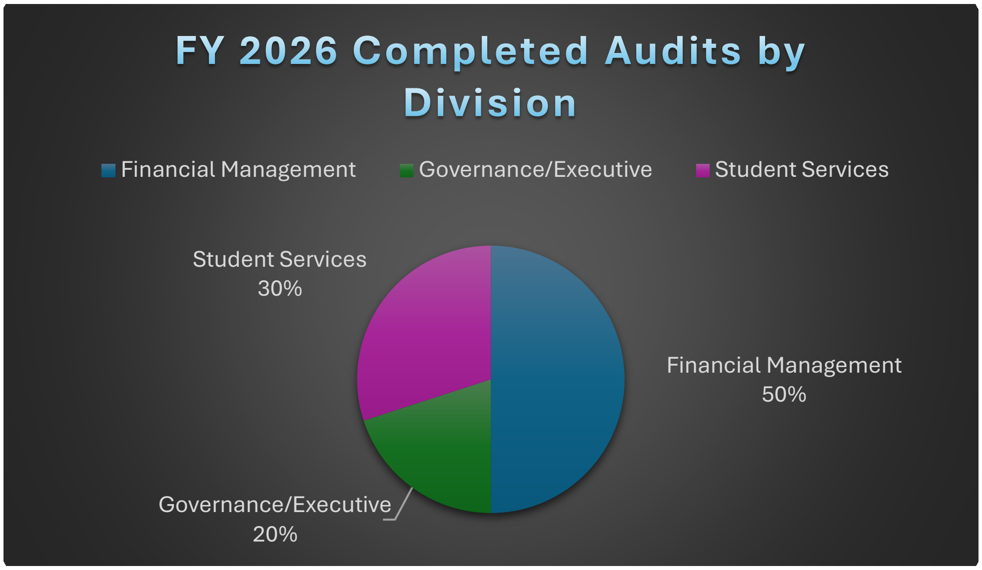
Audit Services Accomplishments

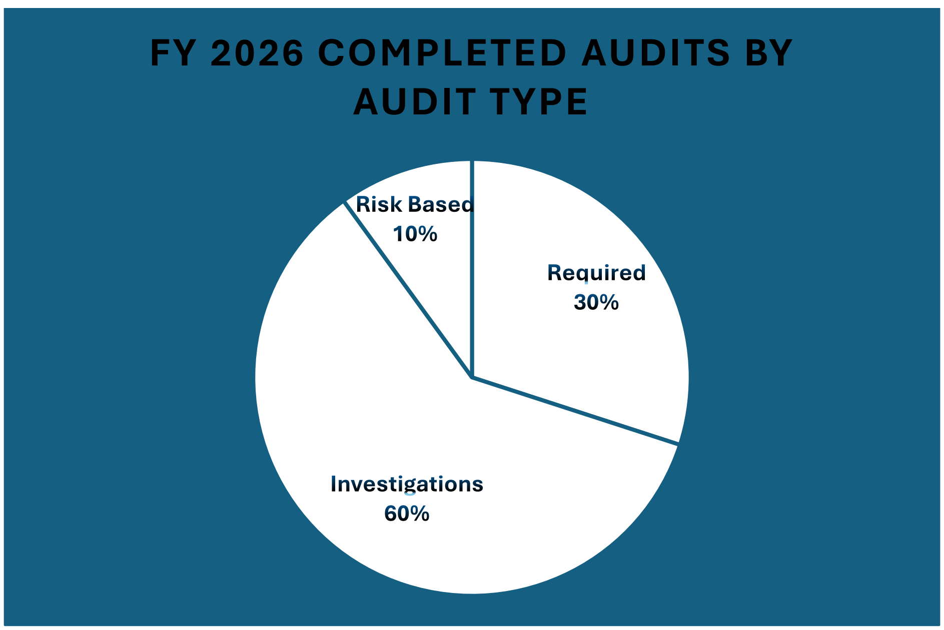
The accomplishments of Audit Services for FY26 include the following:

- **Completed 3 Audits, required by the State of TN, 3 investigations carried over from FY25, 3 investigations initiated in FY26, and 1 risk-based audit:**

Type	Area	Name of Audit	Date of Audit Report
R	FM	FY25 Year-End Inventory	10/15/2025
R	FM	FY25 Cash Counts	7/29/2025
R	GV	FY25 Audit of President's Office Expenses	10/21/2025
I	SS	INV2501	1/27/2026
I	FM	INV2503	7/28/2025
I	SS	INV2506	5/28/2026
I	SS	INV2601	6/22/2026
I	GV	INV2602	6/29/2026
I	FM	INV2603	1/29/2026
A	FM	P-Card Compliance Review	6/30/2026

*See Audit Plan 2026 for the legend explaining the type and area of audits.


FY 2026 Completed Audits by Division
Financial Management
Governance/Executive
Student Services
Student Services
30%
Financial Management
50%
Governance/Executive
20%


FY 2026 COMPLETED AUDITS BY AUDIT TYPE
Risk Based
10%
Required
30%
Investigations
60%

Middle Tennessee State University Internal Audit Plan Fiscal Year Ended June 30, 2026 Status at June 30, 2026				
Type	**Area**	**Audit Project**	**Current Status**	**Report Date**
R	FM	FY25 Year-End Inventory	Complete	10/15/2025
R	FM	FY25 Cash Counts	Complete	7/29/2025
R	GV	FY25 Audit of President's Office Expenses	Complete	10/21/2025
I	FM	INV2404	In Progress - initiated April 2024	
I	SS	INV2501	Complete	1/27/2026
I	FM	INV2503	Complete	7/28/2025
I	SS	INV2506	Complete	5/28/2026
I	SS	INV2601	Complete	6/22/2026
I	GV	INV2602 (ANTS 26-12953)	Complete	6/29/2026
I	FM	INV2603 (ANTS 26-13271)	Complete	1/29/2026
P	GV	FY25 Internal Assessment (IA)	Complete	7/31/2025
A	FM	P-Card Compliance Review	Complete	6/30/2026
AD	FM	Cash Processes in Select Areas	Identified	
A	CM	I-9 Processes	Identified	
P	GV	FY26 Internal Assessment (IA)	Defer to FY27	
F	GV	State Audit Assistance/Follow-Up	Project Throughout Year	
C	GV	General Consultation/Risk Assessment	Project Throughout Year	
R	FM	FY26 Cash Counts	In Progress	
R	FM	FY26 Year-End Inventory	In Progress	
R	FM	FY26 Audit of President's Expenses	In Progress	

Audit Types:	**Area = University Division**
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

STUDENT SUCCESS

> **<u>"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."</u> ~ 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 <u>Protiviti's 2023 Next Generation Internal Audit survey.</u>**

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

As part of the University's commitment to supporting student organizations and ensuring strong governance, the prior Chief Audit Executive (CAE) participated in *Presidium* on August 20, 2025, the annual training program for student organization officers. The CAE attended the general session to provide guidance on the student activity fee process, reinforcing compliance with MTSU's policies and best practices. In addition, the CAE actively contributed to the treasurer-focused training session, offering practical insight and resources to help student leaders carry out their financial responsibilities effectively and with integrity.

We intend to continue engaging with students to promote internal audit and our services, as well as bring awareness to Fraud, Waste, and Abuse.

FRAUD AWARENESS

The University is committed to 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 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 Services webpage.

When Audit 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:

Fiscal Year (FY)	2025-2026	2024-2025	2023-2024
From prior FY	4	4	5
Add: Opened during FY	3	5	4
Less: Reports Issued	(6)	(5)	(5)
Less: Administratively Closed	-	(1)	-
In Progress at end of FY	1	3	5

Three reports were issued for investigations carried over from FY25 and three reports were issued for investigations initiated in FY26.

The project in progress will be included in the FY27 annual audit plan.

RESOURCES

As defined in the MTSU Audit and Compliance Committee Charter, the Audit and Compliance Committee is responsible for ensuring Audit Services has adequate resources in terms of staff and budget to effectively perform their responsibilities. The following is the estimated budget for 2026-2027 compared to the actual expenses of the prior two fiscal years.

	Estimated Budget (1) 2026 – 2027	Actual Expenses 2025 – 2026	Actual Expenses 2024 – 2025
Salaries	$392,431	$357,682	$272,966
Benefits	138,484	111,317	121,247
Total Salaries and Benefits	$530,915	$468,999	$394,213
Travel	5,000	43	560
Operating Expenses	9,383	13,313	12,591
Total Budget/Expenses	$545,298	$482,355	$407,364

(1) The Estimated Budget for FY 2026 -2027 will be finalized in October 2026.

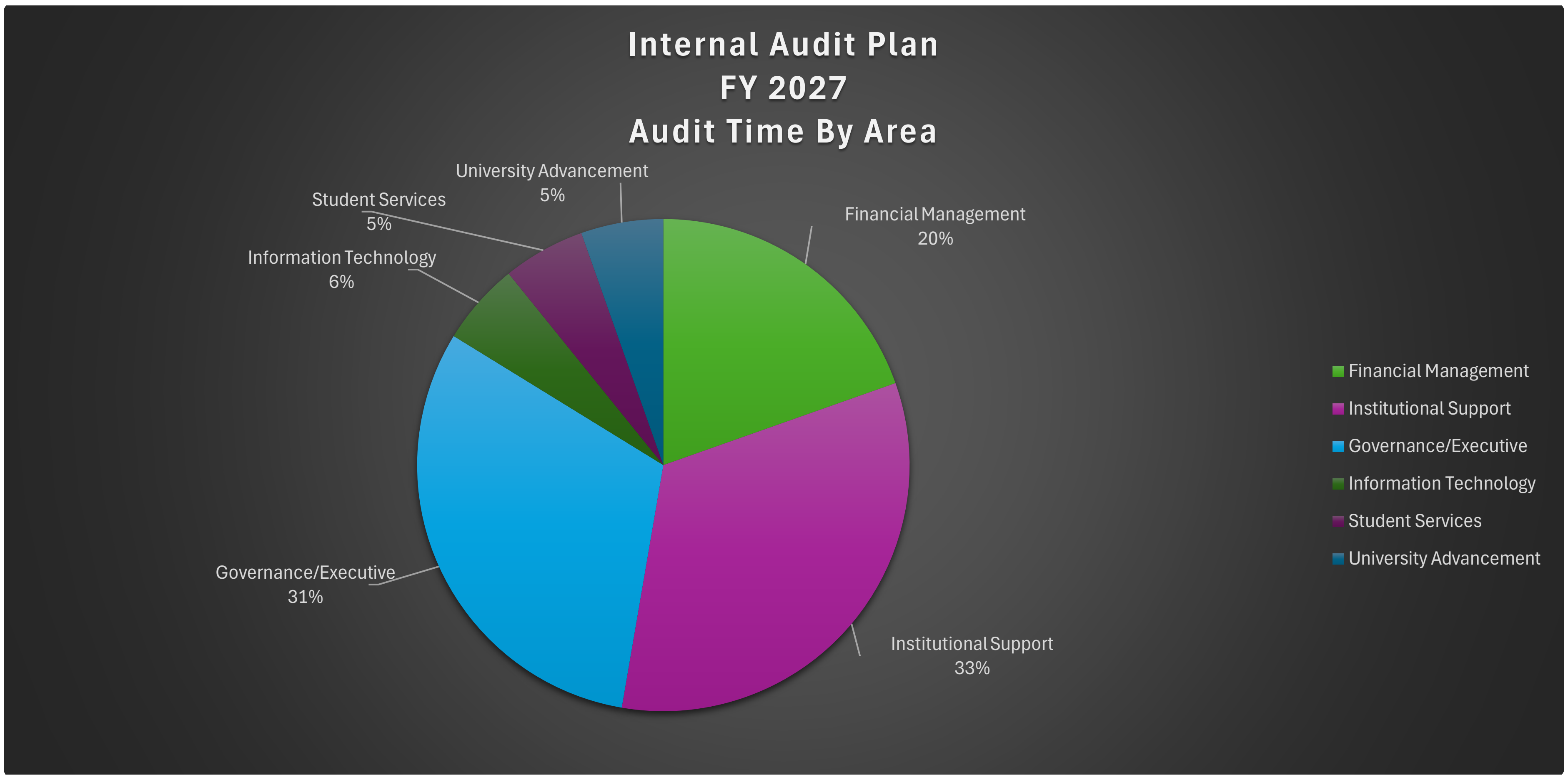
Middle Tennessee State University
Internal Audit Plan
Fiscal Year Ended June 30, 2027
Status at August 4, 2026

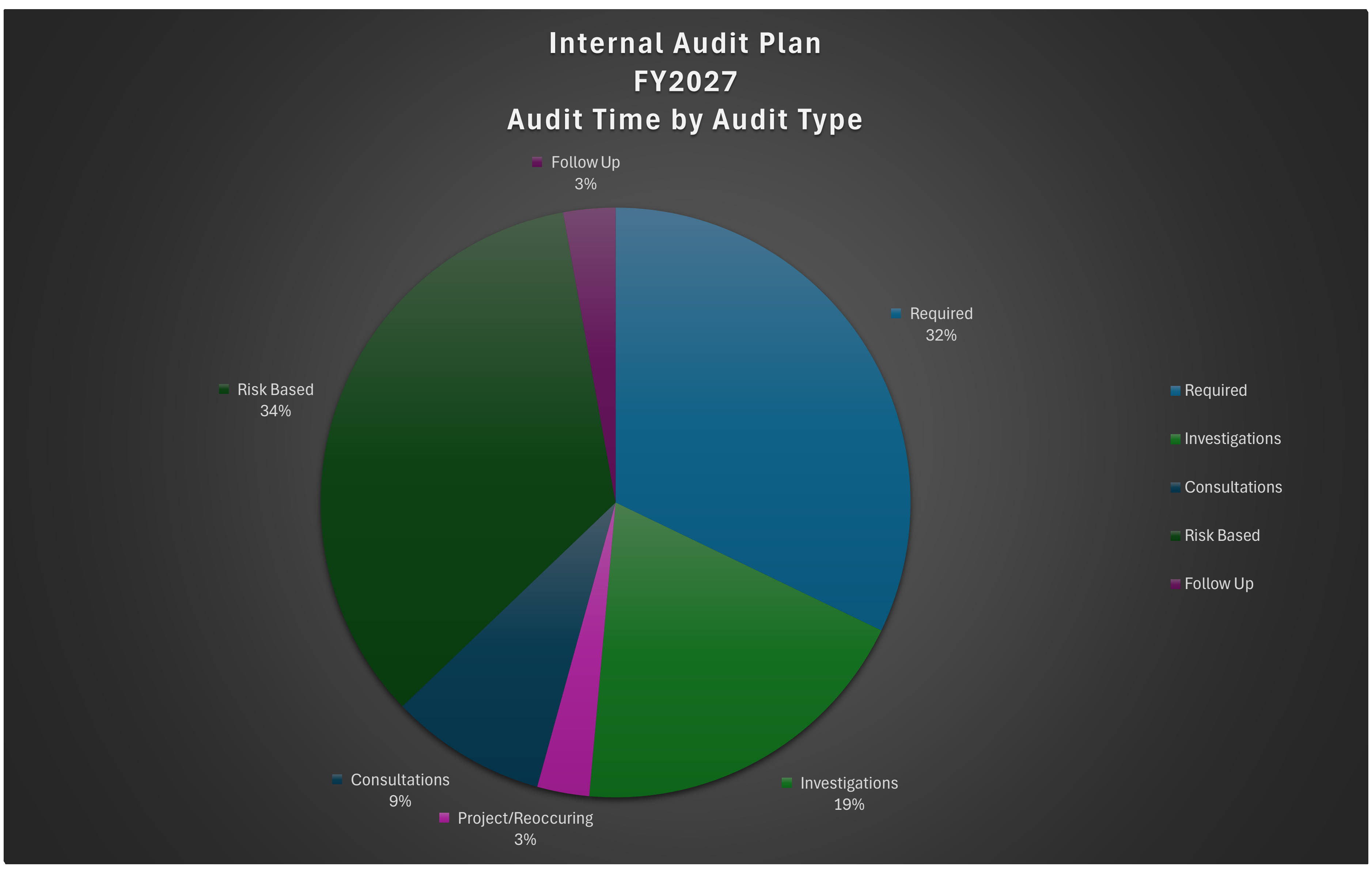
Type	Area	Audit Project	Current Status	Report Date
R	GV	FY26 President's Expenses	In Progress	
R	FM	FY26 Year-End Inventory	In Progress	
R	FM	FY26 Cash Counts	Completed	7/31/2026
P	GV	IIA - FY26 Internal Assessment	Scheduled	
F	GV	State Audit Follow Up	Scheduled	
I	FM	INV2404	In Progress	
F	IS	Internal Audit Follow Up	Scheduled	
I	IS	Unscheduled Investigations	Scheduled	
C	IS	General Consultations/Risk Assessment	Scheduled	
A	IT	Cyber Incident Response Plan (CIRP)	Scheduled	
A	AD	VP's Office - University Advancement	Scheduled	
A	GV	University Counsel	Scheduled	
A	IS	Office of Civil Rights Compliance	Scheduled	
A	SS	Counseling Services	Scheduled	
A	GV	VP's Office - University Provost	Scheduled	
AD	FM	Cash Processes in Select Areas	Removed (1)	7/20/2026
A	FM	I-9 Processes	Removed (1)	7/20/2026
R	GV	FY27 Audit of President's Expenses	Scheduled	
R	FM	FY27 Cash Count	Scheduled	
R	FM	FY27 Year-End Inventory	Scheduled	

Audit Types:
A - Risk-Based (Assessed)
AD - Advisory
F - Follow-up Review
I - Investigation
M - Management's Risk Assessment
P - Project (ongoing or recurring)
R - Required
S - Special Request

Functional Areas:
IA - Instruction & Academic Affairs
AD - Advancement
AT - Athletics
FM - Financial Management
GV - Governance/Executive Office
IS - Institutional Support
IT - Information Technology
MC - Marketing and Communications
SS - Student Services

(1) - Planned audit was carried forward from FY26; removed from FY27 plan due to departmental audits will address both risks identified.


Internal Audit Plan
FY 2027
Audit Time By Area
University Advancement 5%
Student Services 5%
Information Technology 6%
Financial Management 20%
Governance/Executive 31%
Institutional Support 33%
Financial Management
Institutional Support
Governance/Executive
Information Technology
Student Services
University Advancement


Internal Audit Plan
FY2027
Audit Time by Audit Type
Follow Up 3%
Required 32%
Risk Based 34%
Consultations 9%
Project/Reoccuring 3%
Investigations 19%
Required
Investigations
Consultations
Risk Based
Follow Up

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.

MIDDLE TENNESSEE STATE UNIVERSITY

AUDIT SERVICES

STRATEGIC PLAN

FISCAL YEARS 2027–2029

Building a Risk-Focused, Trusted, and Forward-Looking Audit Function

PRESENTED TO THE

The Board of Trustees through the Audit and Compliance Committee

August 2026

Strategic Plan

Fiscal Years 2027 – 2029

Building a Risk-Focused, Trusted, and Forward-Looking Audit Function

Message from the Chief Audit Executive

On behalf of Audit Services, I am pleased to share our strategic plan for Fiscal Years 2027 through 2029. Higher education faces regulatory, financial, and technology pressures, and this plan positions our department to respond with a more risk-based, relationship-driven approach to audit coverage.

This plan reflects an honest assessment of where the department stands today and where it needs to go, organized around five strategic priorities. I look forward to reporting our progress to the Audit and Compliance Committee throughout the life of this plan.

Cyndee Ray, CIA, CFE

Chief Audit Executive

Mission, Vision, and Core Values

Mission

To foster a culture of accountability and excellence within the university community by providing risk-based and objective assurance, advisory, and investigative services.

Vision

To be the cornerstone of accountability and the trusted partners in excellence, we will serve our community members by providing insightful analysis in our value-added assurance audits and advisory services aligned with our core values and the highest professional and ethical standards.

Core Values

Integrity · Honesty · Objectivity · Collaboration · Confidentiality · Competency · Compliance

Strategic Context

This plan responds to the risk landscape facing MTSU and higher education generally. These are presented as context, not a commitment to address every item within the current three-year cycle, specific audit topics will be identified through the risk assessment and departmental audit approach in Priority 1.

- Enrollment gains have not yet returned to pre-2020 levels, increasing the importance of financial forecasting and controls.
- Regulatory complexity continues to expand (Title IX, Clery Act, Title IV, and NCAA compliance following the House v. NCAA settlement).
- Cybersecurity and data privacy risk from third-party vendors and cloud systems remains a top institutional priority.

- Sponsored research and grants administration continue to grow, increasing compliance exposure.
- Colleges, institutes, and auxiliary units may operate with varying degrees of local control.
- Workforce and succession risk: institutional knowledge is concentrated in a small team.
- True Blue Fusion, the transition from Banner to Oracle Cloud, goes live January 2027 and will change core financial, HR, and payroll controls.

This plan also aligns with the three priorities of the MTSU Strategic Plan 2035: increasing the University's research profile and student success, strengthening the community, and cultivating sustainable partnerships.

Strategic Priorities

#	Priority	Focus
1	Risk-Based Audit Planning & Coverage	Align audit resources through a systematic, top-down departmental audit approach informed by the University's risk assessment.
2	Talent, Culture & Capability	Strengthen the department's current, skilled, and engaged team to meet an expanding scope of work.
3	Technology & Data Analytics	Modernize tools and expand data analytics to increase coverage, efficiency, and insight.
4	Stakeholder Engagement & Communication	Strengthening visibility, trust, and the practical value of audit work across the university.
5	Quality, Methodology & Professional Standards	Ensure conformance with IIA Standards through a formal quality assurance program.

Priority Goals

1. Risk-Based Audit Planning & Coverage

- Use the University's risk assessment as the basis for the audit plan.
- Conduct a top-down series of departmental audits to build relationships and surface risk.
- Retain capacity for short, targeted advisory engagements outside the core plan.

2. Talent, Culture & Capability

- Maintain a resourcing plan focused on staff development.
- Support and recognition for ongoing certification progress (CIA, CFE, and other credentials).
- Strengthen documentation and cross-training to reduce key-person risk.

3. Technology & Data Analytics

- Fully adopt the department's audit management system across all engagements.
- Evaluate Oracle Cloud's native analytics after the True Blue Fusion go-live, before investing in separate tools.

4. Stakeholder Engagement & Communication

- Increase proactive engagement with campus leadership outside formal audits.
- Improve the clarity and usefulness of audit reports and recommendations.
- Raise awareness of fraud, waste, and abuse reporting channels.

5. Quality, Methodology & Professional Standards

- Present the updated Audit Charter to the Committee for approval.
- Refresh audit methodology, templates for consistency, and annual Internal QAIP Self-Assessment.
- Establish a formal Quality Assurance and Improvement Program (QAIP).

Three-Year Implementation Roadmap

Priority	Year 1 - FY27	Year 2 - FY28	Year 3 - FY29
Risk-Based Planning	New methodology; University Counsel, Advancement, Provost, Civil Rights Compliance	Deeper into Year 1 divisions; add one division	Divisions selected based on Year 1-2 findings; monitoring inputs
Talent & Capability	Support certifications; development plans	Support certifications; knowledge repository; mentorship	Certification check-in; Professional Development funding needs
Technology & Analytics	Optimize audit platform; support Oracle transition	Evaluate Oracle analytics; pilot 1-2 areas	Expand analytics; pilot monitoring dashboards
Stakeholder Engagement	Leadership introductory meetings	Risk briefings; client feedback surveys	Continue relationship-building
Quality & Standards	Present updated Charter; IIA gap analysis	New templates; internal QAIP self-assessment	External quality assessment

How We'll Measure Success

- Annual audit plan approved by the Audit and Compliance Committee and traceable to risk assessment.
- Number of divisions engaged through the departmental audit rotation.
- Percentage of staff holding relevant professional certifications.
- Percentage of audits incorporating data analytics techniques.
- Audit Committee and management satisfaction scores from feedback surveys.
- Charter reaffirmed annually; QAIP self-assessment and external quality review completed on schedule.

Governance and Reporting Cadence

- Quarterly: status update on active initiatives, presented at each Audit and Compliance Committee meeting.
- Annually: formal progress report, refreshed risk assessment, and approval of the coming year's audit plan.
- End of cycle (FY29): comprehensive review of results to inform the FY30–FY32 strategic plan.

Middle Tennessee State University
Board of Trustees

Audit and Compliance Committee

Action Item

DATE:	August 18, 2026
SUBJECT:	**Review and Approval of the Audit and Compliance Committee's Charter**
PRESENTERS:	Cyndee Ray Chief Audit Executive

BACKGROUND INFORMATION:

Tennessee Code Annotated Title 4, Chapter 35 requires state governing boards that are responsible for the preparation of financial statements to have an audit committee and the audit committee must have a charter that is approved by the Comptroller of the Treasury. The MTSU Audit and Compliance Committee Charter in Section IV.G.1 requires a review of the charter every four years or as needed to assess the adequacy of the charter. Any proposed changes need the approval of the Board and the Comptroller of the Treasury. The current charter is dated May 23, 2023.

The current charter is included in the meeting materials. The charter has been reviewed for compliance with state law and the Comptroller of the Treasury's Guidelines for Audit Committee Charters. There are no proposed revisions to the current Audit and Compliance Committee Charter other than to update the department's name from Audit and Consulting Services to Audit Services and update IIA’s International Standards for the Professional Practice of Internal Auditing to Global Internal Audit Standards.

Middle Tennessee State University

Audit and Compliance Committee Charter

I. Purpose

The Audit and Compliance Committee, a standing committee of the Middle Tennessee State University Board of Trustees (Board), will assist the Board in exercising oversight of the University's financial and accounting practices, internal controls, risk assessments and standards of conduct.

II. Mission

The Audit and Compliance Committee will provide oversight of the following areas:

A. Audit engagements with the Tennessee Comptroller's Office, including the integrity of financial statements and compliance with legal and regulatory requirements,
B. Audit engagements with external auditors,
C. Internal Audit activities,
D. Internal Audit administration,
E. Internal controls and compliance with laws, regulations, and other requirements,
F. Risk and control assessments,
G. Fraud, waste, and abuse prevention, detection, and reporting, and
H. Other areas as directed by the Board.

III. Authority

The Audit and Compliance Committee has the authority to authorize or facilitate audits or investigations into any matter within its scope of responsibility. The Committee is authorized to:

A. Seek any information it requires from employees or external parties. Employees are directed to cooperate with the Committee's requests,
B. Meet with Board and institutional officials, external and internal auditors, legal counsel, or others as necessary, and
C. Oversee the University's internal audit function.

IV. Responsibilities

The Audit and Compliance Committee has responsibilities for the following:

A. <u>Tennessee Comptroller's Office Audits (State Auditors)</u>
   1. Understand the scope and approach used by the State Auditors in conducting their examinations,
   2. Review results of the Comptroller's examinations of financial statements and any other matters related to the conduct of the audits,

3. Review with management and legal counsel any legal matters (including pending litigation) that may have a material impact on the financial statements, and any material reports or inquiries from regulatory or governmental agencies,
4. Ensure that the Comptroller is notified of any indications of fraud in the manner prescribed by the Comptroller,
5. Resolve any differences between management and the Comptroller's auditors regarding financial reporting, and
6. Meet, as needed, with the Comptroller's auditors to discuss any matters that the Audit and Compliance Committee or State Auditors deem appropriate.

B. <u>External Audits</u>
1. Understand the scope and approach used by the external auditors in conducting their examinations,
2. Review results of the external auditors' examinations and any other matters related to the conduct of the external audits, and
3. Meet, as needed, with the external auditors to discuss any matters that the Audit and Compliance Committee or external auditors deem appropriate.

C. <u>Internal Audit (Audit and Consulting Services)</u>
1. Ensure that the Chief Audit Executive reports directly to the Audit and Compliance Committee and has direct and unrestricted access to the chair of the Audit and Compliance Committee,
2. Review and approve the internal audit charter for the University's department of Audit and Consulting Services,
3. Review and approve the annual audit plans for the University's department of Audit and Consulting Services, including management's request for unplanned audits,
4. Receive and review significant results of internal audits performed,
5. Work with University management and Audit and Consulting Services to assist with the resolution of cooperation issues and to ensure the implementation of audit recommendations,
6. Review the results of the year's work with the Chief Audit Executive, and
7. Ensure the University's internal audit function maintains a quality assurance and improvement program, including internal procedures and assessments and a periodic external quality assessment of conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing.*

D. <u>Internal Audit Administration</u>
1. Ensure the Chief Audit Executive's administrative reporting relationship to the President is independent.
2. Ensure that Audit and Consulting Services has adequate resources in terms of staff and budget to effectively perform its responsibilities.
3. Review and approve the appointment and compensation of the Chief Audit Executive,
4. Recommend to the Board dismissal of the Chief Audit Executive only for cause

5. Review and approve the compensation and termination of campus internal auditors.

E. <u>Risk, Internal Control and Compliance</u>
   1. Consider the effectiveness of the internal control system and compliance with laws and regulations, including computerized information system controls and security,
   2. Review and evaluate risk assessments performed by institutional management and the Board, and
   3. Inform the Comptroller of the Treasury of the results of risk assessments and controls completed by University management.

F. <u>Fraud</u>
   1. Ensure that the Board and the University have an effective process in place to prevent, detect, and report fraud, waste and abuse.
   2. Facilitate audit and investigative matters, including advising auditors and investigators of any pertinent information received by the Audit and Compliance Committee.

G. <u>Other</u>
   1. Review and assess the adequacy of the Audit and Compliance Committee's charter every four years or as needed, whichever is earlier, requesting Board approval for any proposed changes.
   2. Ensure there are procedures for the receipt, retention, and treatment of complaints about accounting, internal controls, or auditing matters.
   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 and implement, include a confidential mechanism for reporting code violations, are enforced, and include a conflict of interest policy.
   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.

V. Independence

The members of the Audit and Compliance Committee shall be free of any interests, in fact or in appearance, that are in conflict with their duties as members of the Audit and Compliance Committee.

VI. Membership

A. Pursuant to TCA 4-35-104, the Audit and Compliance Committee shall have at least three voting members,

B. The Audit and Compliance Committee members shall be appointed by the Board Chair and serve a two (2) year term,

C. The chair of the Audit and Compliance Committee shall be appointed by the Board Chair and serve a one (1) year term,

D. Appointments of the Audit and Compliance Committee members and its chair shall be approved by the Board,
E. The Board Chair shall serve as an ex officio Voting member of the Audit and Compliance Committee,
F. The Audit and Compliance Committee shall include at least one member, the chair of the committee, who shall have accounting and financial management expertise, and
G. The other members of the Audit and Compliance Committee shall be generally knowledgeable in financial, management, and auditing matters.

VII. Meetings

A. The Audit and Compliance Committee shall meet at least quarterly during each calendar year, and may meet more frequently as deemed necessary. Meetings may be requested by the Board Chair, chair of the Audit and Compliance Committee or the Comptroller of the Treasury,
B. The Audit and Compliance Committee may invite Board management, auditors, or others to attend and provide relevant information,
C. Minutes shall be made of all meetings of the Audit and Compliance Committee and provided to the Board Chair, the President of the University and the Secretary to the Board. The minutes shall be maintained as the official record of such meetings,
D. A majority of the voting members of the committee shall constitute a quorum for the transaction of business.
E. All meetings of the Audit and Compliance Committee shall adhere to the Open Meetings Act, Tennessee Code Annotated Title 8, Chapter 44, except that pursuant to TCA Section 4-35-108(b), the Audit and Compliance Committee may hold confidential, nonpublic executive sessions for the sole purpose of discussing the following:
   1. Items deemed not subject to public inspection under Tennessee Code Annotated, Sections 10-7-503 and 10-7-504, and all other matters designated as confidential or privileged under state or federal law,
   2. Litigation,
   3. Audits or investigations, and
   4. Matters involving information under Tennessee Code Annotated, Section 4-35-107(a), where the informant has requested anonymity.

Approvals

Approved by: Thomas R. Boyd Date: 5/23/2023
Tom Boyd
Chair of the Audit Committee

Approved by: ______________________ Date: 5/23/2023
Stephen B. Smith
Chairman of the Board

Middle Tennessee State University
Board of Trustees

Audit and Compliance Committee

Information Item

DATE:	August 18, 2026
SUBJECT:	**Quarterly Report – Results of Internal Audit Reports**
PRESENTER:	Cyndee Ray Chief Audit Executive

BACKGROUND INFORMATION:

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

Since the last meeting of the Audit and Compliance Committee, there have been five audit projects completed.

1. Review of the Financial Activities of the Middle Tennessee Dance Team for the Period July 1, 2024 – June 30, 2025, was completed on May 28, 2026. The report concluded there was no misuse of funds and all funds collected were used for the benefit of the Dance Team. Management addressed the control weaknesses that contributed to the financial concerns reviewed.

2. Review of the Interfraternity Council Financial Records for the Period January 2024 – December 2025 was completed on June 22, 2026. The

listing of questionable transactions identified by the Interfraternity Council was confirmed. The list included six personal transactions totaling $587.05 which were repaid. Venmo receipts totaling $27.00 were identified that had not been receipted into the bank account and were also repaid. Management has taken corrective action. The director and coordinator employed during this review period have resigned from the university.

3. A memorandum report responding to an allegation concerning an employee traveling but not submitting annual leave was issued on June 29, 2026. The allegation was unsubstantiated with no control deficiencies noted.

4. The report for the Review of P-Card Compliance Processes for the Period July 1, 2025 to April 30, 2026, was issued on June 30, 2026. The report concluded that the P-Card Compliance Office is effectively protecting University resources by consistently identifying, tracking, and reporting non-compliant activity to management in a timely manner. There were no findings or recommendations.

5. Cash Counts for FY26 was completed on July 31, 2026, with no reportable issues.

The updated status of the Internal Audit Plan for Fiscal Year 2026 is included in the FY26 Annual Report, for the Committee’s review.

Middle Tennessee State University
Board of Trustees

Audit and Compliance Committee

Information Item

DATE:	August 18, 2026
SUBJECT:	**Results of External Reviews**
PRESENTER:	Cyndee Ray Chief Audit Executive

BACKGROUND INFORMATION:

1. **TN Opioid Abatement Council**

   In May 2026, a Fiscal Monitoring Review was conducted covering three Opioid Abatement Council (OAC) Grants for the period of July 1, 2024 - March 31, 2026. The following OAC grants were reviewed:

   - 2023-1257 OAC Community Research Grant
   - 2023-1566 OAC Community Recovery Support 1
   - 2023-1730 OAC Community Recovery Support 2

   The Fiscal Monitoring review report was issued May 22, 2026. The report contained no findings, and no agency concerns were expressed. There was one discrepancy which has been corrected and there were two recommendations – both required no action plans; however, process improvements have been implemented by The Office of Research & Sponsored Programs.

Middle Tennessee State University
Board of Trustees

Audit and Compliance Committee

Action Item

DATE:	August 18, 2026
SUBJECT:	**Risk Assessment Reporting**
PRESENTER:	Drew Harpool 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 2026, the university-wide risk and control activities were updated for President's Division and Information Technology.

Similar to MTSU's risk assessment reporting of 2025, 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 2026 are presented to the Committee for approval prior to the reports' submission to the State.