



Middle Tennessee State University

Board of Trustees

Fall Quarterly Board Meeting

Tuesday, September 10, 2024
1:00 p.m.

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



**Middle Tennessee State University
Board of Trustees**

Quarterly Board Meeting

Tuesday, September 10, 2024
1:00 p.m.

AGENDA

Call to Order

Pledge of Allegiance

Introduction of Student-Veteran

Welcome and Opening Remarks

Roll Call

Minutes.....Tab 1
June 11, 2024 Summer Board Meeting

Academic Affairs, Student Life, and Athletics Committee Report

Audit and Compliance Committee Meeting Report and RecommendationsTab 2
1) Annual Report for Audit and Consulting Services
2) Risk Assessment Reporting

Finance and Personnel Committee Meeting Report and RecommendationsTab 3
1) Capital Disclosures

President’s Report

Closing Remarks

Adjournment



**Middle Tennessee State University
Board of Trustees**

MEETING: Fall Quarterly Board Meeting

SUBJECT: **Minutes of June 11, 2024
Summer Quarterly Board Meeting**

PRESENTER: Chairman Steve Smith

Background Information

Approval of minutes of June 11, 2024 Summer Quarterly Board Meeting

MIDDLE TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
MINUTES

The Middle Tennessee State University Board of Trustees met on June 11, 2024, in the Miller Education Center Meeting Room at Middle Tennessee State University.

Call to Order and Pledge of Allegiance

Board Chair Steve Smith called the meeting to order at 1:06 p.m. Lt. Gen. (Ret.) Keith Huber led the Pledge of Allegiance.

Introduction of Student Veteran

Gen. Huber introduced Coast Guard veteran Tamara Costello, who served four years on active duty and two more years on multiple tours as a reservist. Gen. Huber highlighted that the Coast Guard motto is “Always Ready” and that Costello followed the example of her sister in serving our country by that phrase. She shared that she joined the Coast Guard at nineteen and was initially assigned to a small base adjacent to the Golden Gate Bridge in San Francisco, California, primarily focused on rescue missions. The military provided stability, job opportunities, rigorous training, and educational support, which allowed her to start her collegiate experience. However, life challenges interrupted her college career. After her son started college, Ms. Costello contacted the Charlie and Hazel Daniels Center for assistance in resuming her academic journey. The Center worked diligently to retrieve her previous college credits and steered her to scholarships for non-traditional students. She proudly now has her Bachelor of Science in Integrated Studies and Master of Arts in Liberal Arts, thanks to the Charlie and Hazel Daniels Center here at MTSU, which makes her a double MTSU graduate like her son. Ms. Costello is a Scholars Week 2024 winner for her capstone project – “Empowering Young Learners: Nutrition Label Analysis with the HealthNUTZ App.”

Roll Call

Board Secretary James Floyd called the roll. The following trustees were in attendance: J.B. Baker, Pete DeLay, Bill Jones, Mary Martin, Molly Mihm, Steve Smith, Chris Karbowski Vanek, and Michael Wade. Trustees Tom Boyd and Pam Wright participated in the meeting electronically. Consistent with Tennessee Code Annotated § 8-44-108(c)(3), Trustees Boyd and Wright were asked and responded in the affirmative that they could hear clearly and confirmed that no one else was in their respective locations with them. A quorum was declared.

President Sidney A. McPhee; Mark Byrnes, University Provost; Joe Bales, Vice President for University Advancement; Yvette Clark, Vice President for Information Technology and Chief Information Officer; Alan Thomas, Vice President for Business and Finance; Andrew Oppmann, Vice President for Marketing and Communications; Leah Ladley, Chief Audit Executive; James Floyd, University Counsel and Board Secretary; and Kim Edgar, Executive Assistant to the President and Chief of Staff, were also in attendance.

Approval of March 19, 2024, Meeting Minutes – Action

The first agenda item was approval of the minutes from the March 19, 2024, meeting. Trustee DeLay made the motion to approve the minutes from the March 19, 2024, meeting, and Trustee Baker seconded the motion. A roll call vote was taken, and the motion was approved unanimously.

Committee Report: Academic Affairs, Student Life, and Athletics Committee

Committee Chair Wright reported that the Academic Affairs, Student Life, and Athletics Committee met on May 21, 2024. The Committee approved the minutes from the February 27, 2024, meeting. The Committee report contained one action, which was unanimously approved for the Board's consideration. Information items included a report on the Free Application for Federal Student Aid (FAFSA) and an Athletics update. Materials outlining these matters were

made available for review prior to the Board meeting and are contained in the Board notebooks.

Tenure and Promotion Candidates – Action

Provost Byrnes reported to the Committee that faculty members applied for tenure and/or promotion in September 2023. They have been reviewed by their department chair/school director, department/school committee, college committee, college dean, provost, and president as stipulated by MTSU Policies 204 Tenure and 205 Promotion of Tenured and Tenurable Faculty along with their respective college and department policies. The president and university provost recommended that these faculty be granted tenure and/or promotion effective August 1, 2024. The Committee unanimously approved the thirty-four (34) candidates recommended for tenure and fifty-five (55) candidates for promotion.

Motion

Committee Chair Wright made the motion to approve the action item recommended by the Committee, and Trustee Jones seconded the motion. A roll call vote was taken, and the motion to approve the action item was carried unanimously.

Committee Report: Audit and Compliance Committee

Committee Chair Boyd reported that the Audit and Compliance Committee met on May 21, 2024. The Committee approved the minutes from its February 27, 2024, meeting. The Committee report contained no action items. Information items included the annual internal audit assurances; results of External Reviews: TN Department of Finance and Administration, Office of Criminal Justice Programs Monitoring Report for STOP contract and TN Department of Safety and Homeland Security, TN Highway Safety Office Compliance Report for High Visibility Enforcement of TN Traffic Safety Laws; and the quarterly report – internal audit report resulting in improvements to the system of internal controls.

The public meeting of the Committee adjourned, and the Committee went into executive session to discuss cybersecurity, security plans, investigations, and audits.

Materials outlining these actions were made available for review prior to the Board meeting and are contained in the Board notebooks.

Committee Report: Finance and Personnel Committee

Committee Chair DeLay reported that the Finance and Personnel Committee met on May 21, 2024. The Committee approved the minutes from its February 27, 2024, meeting. The Committee report contained seven action items, which were unanimously approved for consideration by the Board. Materials outlining these actions were made available for review prior to the Board meeting and were contained in the Board notebooks.

Permanent Appointment of Vice President for Student Affairs and Dean of Students – Action
Policy 808 Compensation Reporting and Approvals requires the Board of Trustees to approve the appointment and salary recommendation of Vice Presidents or other executives reporting directly to the President. President McPhee recommended the appointment of Dr. Khalilah T. Doss as Vice President for Student Affairs and Dean of Students and approval of the salary requested. After a thorough discussion of the University’s interview and hiring process, the Committee unanimously approved this new appointment.

Capital Outlay Project Submittal – Action

Bill Waits, Assistant Vice President for Campus Planning, presented the proposed MTSU capital outlay request for FY 2025-2026, which includes Civic Leadership and Applied Humanities Building that will provide academic classrooms, class labs, faculty and staff offices, and support space for selected Liberal Arts departments and the associated Center for Innovation and Leadership, History Museum, and MTSU archives and exhibit spaces. The Committee unanimously approved the proposed capital outlay request for FY 2025-26.

Capital Disclosures – Action

Mr. Waits also presented plans to submit projects as part of the 2025-2026 Capital Budget Request, which includes redisclosures for Addition and Renovations to the Murphy Center and the Multi-Sport Indoor Practice Facility along with new projects for the Floyd Stadium Turf Replacement and Reese Smith Jr. Field Turf installation. The Committee unanimously approved the recommended capital disclosures.

Capital Maintenance Projects Submittal – Action

Joe Whitefield, Assistant Vice President for Facilities Services, presented the request submittal to THEC, which includes capital maintenance requests for thirteen (13) projects for FY 2025-2026 totaling \$23,500,000.00 and a summary of capital maintenance project requests for an additional four years, FY 2026-2027 through FY 2029-2030. The Committee unanimously approved the capital maintenance projects submittal.

Approval of Proposed Tuition, Fees, and Housing Rates – Action

Alan Thomas, Vice President for Business and Finance, presented this report. For 2024-2025, THEC approved binding ranges for undergraduate in-state tuition and the combined undergraduate in-state tuition plus mandatory fees at 0-5.5% in alignment with the Governor's Budget. The Committee reviewed the recommendation for a 5.39% increase in undergraduate, graduate, and out-of-state tuition rates. In addition, increases to five (5) mandatory fees were recommended. The annual tuition and mandatory fees increase for an undergraduate in-state student taking 15 credit hours would be \$518, or a 5.24% overall increase, in compliance with

THEC's combined range. A proposed 3.5% increase in housing rates was also reviewed. The Committee unanimously approved the proposed tuition, fees, and housing rates.

Trustee DeLay noted that public notice of the proposed increases to tuition and mandatory fees was properly given and that public comments were received and made available for review consistent with Tennessee Code Annotated § 49-7-1603.

Compensation Plan – Action

Lisa Batey, Interim Assistant Vice President for Human Resources, presented the compensation plan. The Governor's Budget provided partial funding for a 3% salary pool for higher education. The University administration recommended using the salary funding received by the State to provide employees with a cost-of-living adjustment (COLA), which equates to a 2.0% increase with a \$750 minimum. This allows employees earning \$37,500 or less to receive the \$750 increase while other employee increases will be based on 2.0% of their annual salary. The administration also recommended increasing faculty promotion awards by \$2500, representing the first increase since 2012-13. Additional salary increases will be brought to the Committee at the November meeting once fall enrollment numbers have been finalized. The Committee unanimously approved the proposed compensation plan.

Operating Budgets – Action

Drew Harpool, Associate Vice President for Business and Finance, presented this report. The estimated budget is the final budget for the fiscal year and reflects adjustments needed for spring enrollment, additional funding provided through state appropriations, and other miscellaneous adjustments. The July budget is a base budget for the upcoming fiscal year. It is based on tuition and fee increases, salary and operating appropriation increases approved by

the General Assembly for 2024-25, and a flat enrollment. The Committee unanimously approved the 2023-24 Estimate Budget and the 2024-25 July Budget.

Motion

Committee Chair DeLay made the motion to approve the seven (7) action items recommended by the Committee, and Trustee Wade seconded the motion. A roll call vote was taken, and the motion to approve the action items was carried unanimously.

Introduction of Dr. Khalilah Doss

Chairman Smith invited Dr. Khalilah Doss to speak. Dr. Doss expressed her gratitude for the opportunity to join President McPhee's cabinet and continue the work they have been doing to move MTSU forward. Dr. Doss noted that she had some trepidation about making a job transition, but those fears waned as she researched MTSU. Then, they were ultimately eliminated when she came to campus. Dr. Doss stated that she believes in meeting students not just where they are but also where they dream, as higher education is one of the greatest tools for dreamers. She shared that she is a first-generation college student who happened to be a student-athlete and was allowed to chase her dreams through higher education. While her dreams have changed over the trajectory of her life, she is thankful and blessed to have been a part of the ecosystem of people who have been her mentors and invested in her as a person. She hopes to do the same for MTSU's students. Dr. Doss and her family are ecstatic to join the community, and she looks forward to joining everyone on the journey of service to the students who will call MTSU home.

Recognition of Student Trustee Molly Mihm

Chairman Smith recognized Molly Mihm for her service as the 7th MTSU Student Trustee and wished her well in her future endeavors. Trustee Mihm thanked the Student Government Association and President McPhee for the opportunity to serve on the Board. With career

aspirations in higher education, she has learned so much throughout this experience from both the administration and her fellow trustees.

Report of Board Secretary

Board Secretary James Floyd advised that under Policy 30, the following minor technical policy revisions have been made:

- Policy 811 Personnel Records - revised to correct a grammatical error;
- Policy 825 Leave Policies - revised to correct grammatical errors;
- Policy 840 Retirement - revised to replace a repealed statutory citation, Tenn. Code Ann. § 8-35-403, with the current applicable citation, Tenn. Code Ann. § 8-25-204; and
- Policy 852 Administrative, Professional, and Faculty Grievance or Complaint - revised to add hyperlinks to relevant forms.

Appointment of Student Trustee - Action

Article 4.5 of the Board bylaws notes that the appointment of student representatives will be for a term of one year. President McPhee gave a summary of the selection process for the Student Trustee. The Office of the Vice President for Student Affairs and the Student Government Association manage the process. Applications are submitted to the Student Government Association (SGA) Office. The SGA Executive Board reviews the applications and selects applicants to be interviewed. After interviews with the selected candidates, the three finalists' applications are sent to the Office of the President. President McPhee then personally interviews the top three applicants and makes a recommendation for the Board.

President McPhee recommended Ms. Shaylaine Roker as our next Student Trustee. Ms. Roker is a junior in the Jones College of Business. She is an excellent academic student and an active member of the Student Government Association. She works as a Resident Assistant and participates in several professional and social organizations.

Vice Chair Vanek made the motion to accept the recommendation of Ms. Shaylaine Roker as the student representative for the MTSU Board of Trustees, and Trustee Wade seconded the motion. A roll call vote was taken, and the motion to approve the action item was carried unanimously.

Report of the President

President McPhee thanked the Board for the opportunity to give updates on matters and activities at the University since the last meeting.

President McPhee provided an update on recruitment and enrollment for the fall 2024 academic year. Total enrollment compared to last year is up by 1.42%. This is a significant achievement in the context of our increase in the previous academic year. It is a testament to the good being done by the admissions staff, the graduate school, faculty, and staff. He noted the impact of the FAFSA challenges and the potential effects on MTSU, which has the largest number of Pell-eligible and first-generation college students in the State. We have made significant efforts to mitigate the damage, but real concerns remain. New undergraduates are currently up nearly 2%, and we are not even halfway through CUSTOMS Orientation with twelve (12) more sessions to come. Also, new graduate enrollment for fall 2024 is up 1.2% as of this morning. President McPhee thanked Dr. Laurie Witherow, Dr. David Butler, academic deans, and faculty for their efforts in keeping our enrollment headed in a positive direction.

President McPhee reminded the Board that he appointed a Compensation Committee earlier this year to look into developing an incentive or merit pay system. The committee is comprised of faculty, administrators, and classified staff. It has been researching peer institutions where similar plans are implemented, analyzing current performance review processes, and discussing possible timelines. The first action item in developing this system will be to revise the current performance evaluation system used for faculty to be similar to the one used for administrative and support staff. A committee sub-group has been established to develop a faculty evaluation

process that is in alignment with the varying responsibilities of individual faculty across the campus.

President McPhee also provided an update on the University's work with the Nashville School of Law. A Letter of Notification (LON) was recently approved by THEC staff for an M.S. in Legal Studies. In addition, a group from Nashville School of Law and MTSU Jones College of Business are working on the New Academic Program Proposal (NAPP), including finalizing curriculum and resources. The goal is to have the NAPP to THEC by early fall and to provide SACSCOC notification by its next bi-annual deadline, July 1. President McPhee emphasized that this project is a high priority.

On April 24, the University formally announced the launch of the long-anticipated renovation and restoration of Kirksey Old Main (KOM) and Rutledge Hall, two of the five original structures erected when MTSU was founded in 1911. The State and the University have invested 54.3 million dollars into the project. Upon completing this project, Rutledge Hall will house University Studies, while KOM will continue to be home to the Mathematics, Computer Science, and Data Science departments. This project is anticipated to be completed by the summer of 2026.

President McPhee then shared news of recent recognitions of outstanding MTSU individuals and departments. Last week, through the efforts of the Mathematics Department, we received notification that MTSU has been named a Center of Actuarial Excellence (CAE) by the Society of Actuaries. CAE is the top tier of recognition that the Society bestows on actuarial programs, and MTSU joins a list of only 20 existing CAEs in the United States and 40 globally in this category. He commended the Mathematics Department for their hard work.

On May 31st, the Tennessee CIO ORBIE® Awards ceremony was held in Nashville to honor chief information officers (CIOs) who have demonstrated excellence in technology leadership. MTSU's CIO, Ms. Yvette Clark, was one of the five finalists in the Government/Public Sector category and

the only higher education IT leader recognized. He congratulated Ms. Clark for this honor and the recognition it brings to the University.

MTSU recently received eleven (11) Telly Awards, a national and international competition recognizing excellence in video programming and production. MTSU received the awards for:

- “Out of the Blue” TV program, in particular, the 50th Anniversary of Murphy Center and Joys of the Season;
- “We Do It All” commercial, which debuted at the April 2023 Board meeting; and
- The student-run “Middle Tennessee News and Student Voice.”

Additional awards included one Gold, six Silver, and four Bronze trophies. President McPhee congratulated the College of Media and Entertainment, the College of Liberal Arts, the College of Education, Athletics, and the Division of Marketing and Communications.

MTSU was also recognized at the 2024 Tennessee College Public Relations Association gathering for telling stories of numerous colleges and units. MTSU was the most-honored institution in the competition among the state's private and public universities, receiving 16 awards, eight of which were Gold, the highest honor.

Lastly, President McPhee reminded the Board that on June 21st, Mr. James Floyd and he will appear before the Tennessee Historical Commission for the final hearing regarding MTSU’s petition to remove the name Forrest Hall from the ROTC building. He will keep the Board informed of the outcome.

Conclusion

President McPhee thanked the Trustees for allowing him the time to give his report.

Adjournment

Chairman Smith adjourned the meeting at 2:11 p.m.

Respectfully submitted,

James C. Floyd, Board Secretary

DRAFT



**Middle Tennessee State University
Board of Trustees**

MEETING: Fall Quarterly Board Meeting

SUBJECT: **Audit and Compliance Committee**

DATE: September 10, 2024

PRESENTER: Tom Boyd
Committee Chair

- Annual Report for Audit and Compliance Counseling Services
- Risk Assessment Reporting



**Middle Tennessee State University
Board of Trustees**

Action Item

MEETING: Fall Quarterly Board Meeting

DATE: September 10, 2024

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

BACKGROUND INFORMATION:

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

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 2025 is included on page eight of the annual report and is presented to the Board for approval.



AUDIT AND CONSULTING SERVICES

Annual Report Fiscal Year 2024

Audit and Consulting Services

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



July 31, 2024

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 FY24. 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 FY24 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 and Consulting Services. The report also includes the proposed annual audit plan for FY25.

The FY25-26 Strategic Plan for Audit and Consulting 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 FY24 accomplishments 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 does not discriminate against students, employees, or applicants for admission or employment on the basis of race, color, religion, creed, national origin, sex, sexual orientation, gender identity/expression, disability, age, status as a protected veteran, genetic information, or any other legally protected class with respect to all employment, programs, and activities sponsored by MTSU. The Assistant to the President for Institutional Equity and Compliance has been designated to handle inquiries regarding the non-discrimination policies and can be reached at Cope Administration Building 116, 1301 East Main Street, Murfreesboro, TN 37132; iec@mtsu.edu; or 615-898-2185. The MTSU policy on non-discrimination can be found at mtsu.edu/iec.

**Middle Tennessee State University
Audit and Consulting Services
FY24 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 and four investigations carried over from prior fiscal years. The auditors completed follow-ups on the progress of the implementation of recommendations on eight audits between the periods of 2017 and 2024. In January 2024, our office completed the IIA – Self Assessment and implemented new audit management software in June 2024. Additional information is located on page three and the updated audit plan for FY24 is located on page four.

Student Success:

The auditors were invited to speak to students in an Accounting Systems course in Spring 2024. 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. Four reviews were opened during the year. Four audit memos were issued from prior year investigations and one report was issued by the TN Comptroller’s Office. Four projects in progress will be included on the FY 2025 audit plan. Additional information is located on page six.

Resources:

The proposed budget for FY25 is \$532,955. The budget and actual expenses for the past two years are located on page seven.

Planned Audits for FY25:

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 FY25 is located on page eight.

Strategic Plan 2025 – 2026:

The Strategic Plan outlines Audit and Consulting Services values, mission, and vision statements. With the SWOT analysis, the CAE develops plans to address the weaknesses and threats using the strengths and opportunities of the office. The strategic plan is the final component of the FY24 Annual Report.

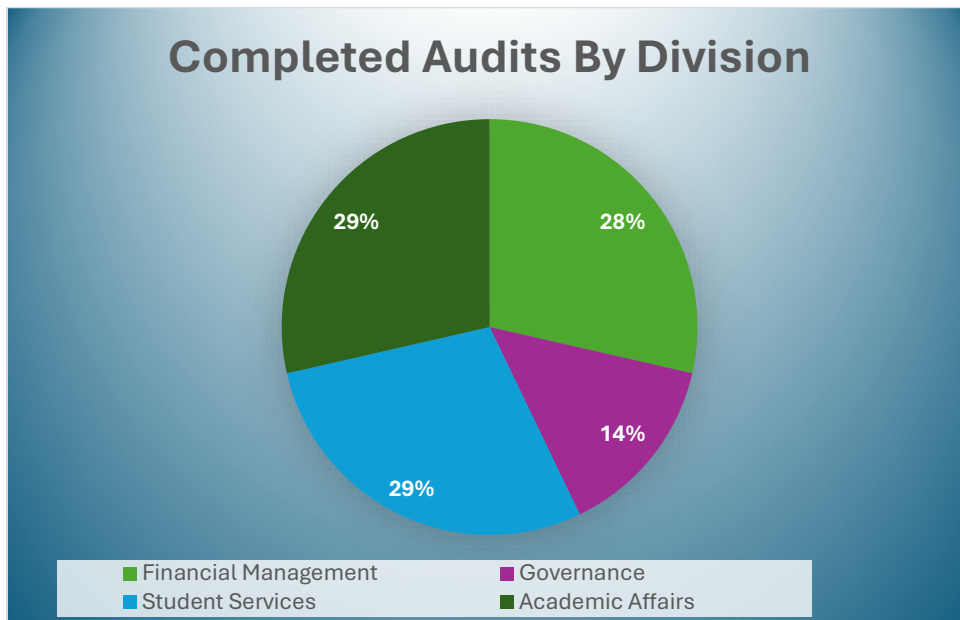
Audit and Consulting Services Accomplishments

The accomplishments of Audit and Consulting Services for FY24 include the following:

- **Completed 3 Audits, required by the State of TN and 4 investigations carried over from prior fiscal years:**

Type	Area	Name of Audit	Date of Audit Report
R	FM	Year-End Inventory FY2023	8/23/2023
R	FM	Cash Counts FY2023	8/22/2023
R	GV	FY23 Audit of President's Office Expense	11/15/2023
I	SS	INV1702	12/19/2023
I	AA	INV1705	1/29/2024
I	AA	INV1801	2/29/2024
I	SS	INV2304	1/24/2024

*See Audit Plan 2024 for the legend explaining the type and area of audits.



- **Completed follow-up on the progress of the implementation of recommendations on eight audits between the periods of 2017 and 2024.**
- **In addition to completing audits, investigations, and recommendation follow-ups, our office completed our IIA - self-assessment in January 2024 and implemented new Audit Management Software in June 2024.**

**Middle Tennessee State University
Internal Audit Plan
Fiscal Year Ended June 30, 2024
as of June 30, 2024**

Type	Area	Audit Project	Current Status	Report Date
R	FM	Year-End Inventory FY23	Completed	8/23/2023
R	FM	Cash Counts FY23	Completed	8/22/2023
R	GV	FY23 Audit of President's Office Expenses	Completed	11/15/2023
R	AT	Football Attendance 2023	NCAA Eliminated Requirement	Canceled
I	SS	INV1702	Completed	12/19/2023
I	AA	INV1705	Completed	1/29/2024
I	AA	INV1801	Completed	2/29/2024
I	SS	INV2201	Comptroller's Office issued report	8/23/2023
I	SS	INV2304	Completed	1/24/2024
I	AA	INV2403	referred to Comptroller's Office	
I	FM	INV2404	In Progress - initiated April 2024	
I	FM	INV2405	In Progress - initiated April 2024	
I	AT	INV2406	In Progress - initiated in June 2024	
P	GV	IIA - Self Assessment	Completed	1/26/2024
F	GV	State Audit Assistance/Follow-Up	Project Throughout Year	
C	GV	General Consultation/Risk Assessment	Project Throughout Year	
I	GV	Unscheduled Investigations	As needed	
R	FM	Cash Counts FY24	In Progress	
R	FM	Year-End Inventory FY24	In Progress	

<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>
---	---

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 2024, 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:

Fiscal Year	2023-2024	2022-2023	2021-2022
Audit reviews from prior FY	5	4	4
Add: New reviews opened during FY	4	4	7
Less: Reports Issued	(5)	(1)	(1)
Less: Administratively Closed	-	(2)	(6)
Reviews in Progress at end of FY	4	5	4

Four reports were issued for investigations initiated by previous internal audit leaders, with three of these investigations leading to improvement in the system of internal controls. The fifth report was issued from an investigation completed by the TN Comptroller’s Office.

The projects in progress will be included in the FY25 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 2024-2025 compared to the actual expenses of the prior two fiscal years.

	Estimated Budget (1)		Actual Expenses (2)	
	2024 - 2025		2023 - 2024	
Salaries	\$	380,088	\$	232,643
Benefits		138,484		97,462
Total Salaries and Benefits	\$	518,572	\$	330,105
Travel		5,000		1,026
Operating Expenses		9,383		27,494
Total Budget/Expenses	\$	532,955	\$	358,625

(1) The Estimated Budget for FY 2024 -2025 will be finalized in October 2024.

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

The 2024-2025 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, 2025
as of August 1, 2024**

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	In Progress	
I	AA	INV2403	referred to Comptroller's Office	
I	FM	INV2404	In Progress - initiated April 2024	
I	FM	INV2405	In Progress - initiated April 2024	
I	AT	INV2406	Complete	7/23/2024
A	FM	P-Card Compliance Review	Identified	
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	Scheduled	
R	FM	Year-End Inventory FY25	Scheduled	

Audit Types:		Area = University Division		
A - Risk-Based (Assessed)		AA - Academic Affairs		
C - Consulting		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		



August 2024

Audit and Consulting Services

Strategic Plan FY25 - 26

Values:

- Integrity
- Honesty
- Objectivity
- Collaboration
- Confidentiality
- Competency
- Compliance

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.

Mission:

Our mission is to foster a culture of accountability and excellence within the university community by providing risk-based and objective assurance, advisory, and investigative services. We collaborate with university stakeholders to:

- Identify and mitigate risks,
- Enhance internal controls and governance processes,
- Promote fraud awareness and responsible stewardship of university resources,
- Drive continuous improvement through insightful analysis, effective communication, and practical advice.

Background:

Middle Tennessee State University (MTSU) internal audit function was formed in 1967. In 2017, the Governor of the State of Tennessee appointed a Board of Trustees, and the internal audit function began reporting to the Audit and Compliance Committee. The current Chief Audit Executive joined MTSU in November 2023. The department currently has 4 audit positions and an administrative support person. With recent retirements of leadership, there are 2 vacancies.

Audit and Consulting Services: 2024 SWOT Analysis (Partial)		
	Strengths	Weaknesses
Internal Origin	<ul style="list-style-type: none">• Positioning and Support• Professionalism• Certifications• Rapport	<ul style="list-style-type: none">• Department Size• Use of Technology• Audit Plan Completion
	Opportunities	Threats
External Origin	<ul style="list-style-type: none">• Co-Sourcing• Technology• Students	<ul style="list-style-type: none">• New Requirements in Standards• Resource Constraints• Unpredictable Nature of Investigations

Addressing weaknesses and threats using strengths and opportunities:

- Enhancing our current staff in two ways will increase our ability to accomplish our mission:
 - We will allocate current resources to create an internship or graduate assistant role. This will provide opportunities for student development while offering our internal auditor additional supervisory experience. The results will include enhanced student involvement and professional growth within our team.
 - 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.

By incorporating student workers, we are developing future professionals and addressing our immediate resource constraints cost-effectively. Engaging a third-party auditor for IT audits ensures we have the specialized expertise necessary to manage the complexities of modern technology environments, thereby improving our overall audit quality.

- 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.

Our continued integration of audit management software is pivotal in streamlining our processes, improving efficiency, and providing a robust framework for our audit activities. This software integration lays the groundwork for our future initiative in data analytics, which will further refine our audit processes, offering deeper insights and more predictive capabilities.

In conclusion, our strategic plan for internal audit is designed to optimize our resources, strengthen our audit function, and ensure that we remain compliant with the Global Internal Audit Standards and are well-positioned to meet future challenges.

Estimated Timeline:

- FY24
 - Initial implementation of audit management software.
- FY25
 - Refine audit management software.
 - Explore and prepare to initiate:
 - Internship requirements
 - GA requirements
 - Third-party IT audit firms.
- FY26
 - Explore data analytics and potential data integration opportunities.



**Middle Tennessee State University
Board of Trustees**

Action Item

MEETING: Fall Quarterly Board Meeting

DATE: September 10, 2024

SUBJECT: **Risk Assessment Reporting**

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 2024, the university-wide risk and control activities were updated for Business & Finance and Academic Affairs.

Similar to MTSU's risk assessment reporting of 2023, 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 2024 were presented to the Committee for approval prior to the reports' submission to the State.



**Middle Tennessee State University
Board of Trustees**

MEETING: Fall Quarterly Board Meeting

SUBJECT: **Finance and Personnel Committee**

DATE: September 10, 2024

PRESENTER: Pete DeLay
Committee Chair

- Capital Disclosures



**Middle Tennessee State University
Board of Trustees**

Action Item

MEETING: Fall Quarterly Board Meeting

DATE: September 10, 2024

SUBJECT: **Capital Disclosures**

BACKGROUND INFORMATION:

With recent changes to Tennessee law, higher education institutions can locally disclose capital projects with a total project cost under \$10 million that will not be using Tennessee State School Bond Authority funding. Projects that meet these criteria no longer require disclosure to the Tennessee Higher Education Commission.

If these disclosure requests are approved by the MTSU Board of Trustees, information regarding the project must be placed on the MTSU website and the disclosure will become active immediately. Once a disclosure is active, the project can then proceed with a project approval request with the State Building Commission.

Disclosure is requested for the *MTSU Road and Safety Improvements* project that provides traffic flow and safety improvements at the northern perimeter of campus along Middle Tennessee Boulevard and Greenland Drive. Possible scope of work items include a pedestrian bridge over Middle Tennessee Boulevard, improved lighting and signaling, and crosswalks. This project will utilize \$2.5 million in FY 2024 US Department of Transportation Community Project funding.

Proposed Capital Disclosure

The following project is requested for local / MTSU capital project disclosure

Project	Project Description	Project Cost	Funding Sources	
			Plant Funds	Federal Funds
Road and Safety Improvements	Project provides traffic flow and safety improvements to pedestrian and vehicular circulation at the northern area of MTSU's campus along Middle Tennessee Boulevard and Greenland Drive. Scope items include a pedestrian bridge over Middle Tennessee Boulevard, improved lighting and signaling, crosswalks, and all related work.	\$ 2,500,000	\$ -	\$ 2,500,000