

Tennessee State University Board of Trustees
Audit Committee Meeting
June 6, 2024
Tennessee State University – Hankal Hall

MINUTES

Committee Members Present: Trustees Kevin Williams (Committee Chair), Marquita Qualls, Charles Traughber

Board Members Present: Trustees Trevia Chatman, Jeffery Norfleet, Terica Smith, Dwayne Tucker, Dakasha Winton (Board Chair), Artenzia Young-Seigler, Tyler Vazquez (Student Trustee)

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Cheryl Seay, Assistant Vice President for Academic Affairs and Global Online; Johnnie Smith, Assistant Vice President for Academic Support & Dual Enrollment; Dean Frank Stevenson, Assoc. Vice President of Student Affairs; Douglas Allen, Vice President of Business and Finance; Jason Evans, Chief Operating Officer; Dr. Curtis Johnson, Vice President of Administration; Dr. Arlene Nicholas-Phillips, Liaison to the Board of Trustees; Tim Warren, Chief Information Officer; Ginette Garza Brown, Associate General Counsel; Director of Internal Audits, Renée Forbes-Williams; Greg Robinson, Chief of Police; Dr. Mikki Allen, Director of Athletics; Dr. Quincy Quick, Associate Vice President for Research and Sponsored Programs; Dean Chandra Reddy, College of Agriculture; Stephen Shanklin; Interim Dean of the College of Business; LoLita Toney, Executive Director of Development

I. CALL TO ORDER

Trustee Williams called the meeting to order at 3:19 p.m. (CT) on June 6, 2024.

II. WELCOME AND INTRODUCTIONS

Trustee Williams welcomed meeting attendees.

III. ROLL CALL/DECLARATION OF A QUORUM

Trustee Williams proceeded with the roll call vote. Board Secretary Pendleton called the roll at the committee chair's request. Trustees Williams, Qualls and Traughber were present. Secretary Pendleton announced the presence of a quorum.

IV. APPROVAL OF AUDIT COMMITTEE CHARTER

Trustee Williams asked President Glover to present information on this item, the approval of the Audit Committee Charter. President Glover asked Dr. Renée Forbes-Williams, the Director of Internal Audits, to present information pertaining to this item to the committee.

Dr. Forbes-Williams explained that pursuant to T.C.A. 4-35-103, the Audit Committee must develop an Audit Committee Charter, and the Board must approve the Audit Committee Charter. The charter sets forth the purpose, mission, and authority of the Audit Committee. Dr. Forbes-Williams reported that a copy of the proposed Audit Committee Charter was in the Board materials for the June 7, 2024, Board meeting.

Trustee Williams moved to recommend to the full Board the approval of the Audit Committee Charter in its entirety, as contained in the Board materials for the Board's June 7, 2024, meeting. Trustee Young-Seigler seconded the motion. Trustee Williams asked Secretary Pendelton to conduct a roll call vote on the motion. Trustees Williams, Qualls, and Traugher each voted in favor of the motion, which was approved.

V. ANNUAL REPORT ON THE AUDIT OFFICE'S AUDIT ACTIVITIES

The next item on the agenda was the Annual Report on the Audit Office's Audit Activities. Dr. Forbes-Williams presented the report and directed the committee to page 42 of the Board materials. Dr. Forbes-Williams reviewed the annual report for the 2023-2024 fiscal year.

Dr. Forbes-Williams noted an audit of the National Collegiate Athletic Association Student Assistance Fund for the fiscal year ended June 30, 2023, resulted in no findings.

She further reported that a review of the Endowment for Educational Excellence at the Tennessee State University Foundation for the year ended June 30, 2021, resulted in no findings.

An audit of the President's expenses for the Fiscal Year Ended June 30, 2023, resulted in no findings.

For a Compilation of the Conflict-of-Interest Forms, report dated February 13, 2024, there was a submission rate of 69.4% reported.

An Internal Audit finding follow-up with the Department of Human, in a report dated February 19, 2024, showed that 10% were not in compliance with Form I-9, 64% were non-compliant in terms of employee performance evaluations for non-faculty personnel, and a confidential pre-employment screening item was deemed confidential under state law.

A Quality Assessment Review-Internal, report dated May 20, 2024, two items were partially conformed, and others generally conformed. More information would be provided later in the Board notes.

Dr. Forbes-Williams further reported that there was a follow-up to a Tennessee Division of State Audit 2022 Single Audit.

Also, a state audit on Hotline Allegations Investigations showed a total of 13 allegations were received from the state. Four claims were found to be without merit, 7 were closed, and 2 remain open.

The Department of Internal Audit conducted 4 university internal investigations. An additional one was submitted, Dr. Forbes-Williams reported. She stated that they closed 5 and have 3 open.

Trustee Qualls asked about the Compilation of the Conflict-of-Interest Forms and whether there is an update on the number. Dr. Forbes-Williams said that this is something that is done once and year. There has been an increase, based on that number, because there have been 14 for this past year.

Trustee Traugher asked about item 8, the Hotline Allegations Investigations. He wanted to know the covered period and how many cases are typical. Dr. Forbes-Williams said that the prior auditor said she had about 1 per year. Trustee Tucker asked about whether more details would be provided to the committee as to each hotline allegation. Dr. Forbes-Williams said that these are discussed more fully in the executive session.

Next, a discussion took place regarding the Conflict-of-Interest forms. Trustee Young-Seigler asked about increasing the compliance rate and steps that will be taken to address this. Dr. Forbes-Williams said that this was a matter discussed at-length by the prior Board. She discussed her desire to automate the system. Quotes have been received from 3 vendors. One vendor quoted \$40,000 to install plus about \$20,000 annually. There was a discussion about available systems, evaluating systems that we currently have to see whether they can provide the desired functionality and/or that our systems will work together. Trustee Young-Seigler asked about what other universities do (best practices) and what they use to ensure compliance. Dr. Forbes-Williams stated that the key is to automate systems.

Secretary Pendleton mentioned a newly established Risk Management Committee. He said that one of the items that the committee is working on is to examine a number of systems to see what they are capable of performing, such as conflict-of-interest forms and performance evaluations, to make sure that people are aware of available systems, and to make sure that people are held accountable for failures to comply. Trustee Qualls asked who was on the committee. Secretary Pendleton said that several vice presidents are on the committee, including Dr. Forbes-Williams, Dr. Doug Allen, General Jason Evans, Dr. Curtis Johnson, Cynthia Howell, and himself. The first meeting occurred about 2 weeks ago. President Glover shared some ideas that were discussed to ensure greater compliance.

Trustee Young-Seigler stated that she would like us to look at what systems we have in place before purchasing additional systems. Dr. Forbes-Williams said that Ms. Howell has been researching this issue, and they have been working on it for quite a few months.

VI. REPORT ON INTERNAL AND EXTERNAL ITEMS

The next item on the agenda was a Report on Internal and External Audit Items. Dr. Forbes-Williams presented information on this agenda item. She stated that five audits have been completed since the last report. She reviewed information provided beginning at page 45 of the Board materials.

Dr. Forbes-Williams reported that there were no audit findings with respect to the EEE audit report released on March 28, 2024.

For the TSU Financial Audit for Year Ended June 30, 2022, audit, a Corrective Action Plan was submitted and revised. A Report of Action is due September 27, 2024.

The 2023 TSU Single Audit Report noted six audit findings. A Corrective Action Plan was submitted on April 29, 2024. A Report of Action is due September 27, 2024.

The TSU Forensic Audit by the State of Tennessee Comptroller was completed March 27, 2024. There was no finding of fraud or malfeasance. There were 56 observations and 60 recommendations made. President Glover added that this audit was done to determine whether there was any fraud or malfeasance, and nothing was found. She wanted this to be part of the record.

Dr. Forbes-Williams said that the TSAC Audit was discussed during the Finance Committee meeting on May 29, 2024.

VII. DISCUSSION OF THE AUDIT OFFICE'S INTERNAL QUALITY ASSESSMENT

The next item on the agenda was the Discussion of the Audit Office's Internal Quality Assessment Review. Dr. Forbes-Williams provided information on this item at President Glover's direction.

Dr. Forbes-Williams stated that the purpose of this report was for the Audit Office to conduct a self-assessment and determine whether internal audit activities conform to international standards. A report was submitted to Dr. Glover and Committee Chair Williams on May 22, 2024. The assessment indicated that the office generally conforms to the International Standards for the Professional Practice of Internal Auditing Standards and the Code of Ethics. The report was included in the Board materials, beginning at page 66. The process requires a third party to audit the Audit Office's findings. Dr. Forbes-Williams stated that this audit is running behind schedule and cited staffing issues in her office.

Trustee Chatman asked about staffing and capacity issues. President Glover noted changes in staffing and corrective measures that have been taken to date.

Trustee Traugher said he wants to understand the University's view on the findings that were made over the past 6 or 7 years. He wants to understand whether there are issues that need to be addressed, such as staffing issues. He said that for the Board to understand, they need more context. He said that the audit seems to suggest that there are issues. Trustee Traugher further stated that some of the University's responses to the Comptroller do not acknowledge issues but still seem to provide a correction plan to the Comptroller, while at the same time objecting to the findings. President Glover said issues that the University was told about last year have been corrected for the most part. She noted unfairness in the auditing process with respect to TSU. Trustee Williams stated that he wants a comprehensive review of audits and to make sure that the correct processes are in place to get the University to a place of greatness.

Trustee Qualls asked what needs to be done to get TSU back on schedule with respect to its audits. Dr. Forbes-Williams said that is up to the State. President Glover said she thinks it will take the members of the Audit Committee reaching out to the Comptroller or a committee to get back on schedule. She said we are ready. She said other schools have started and are almost done.

Trustee Tucker talked about the need to repair relationships. President Glover said the chair of the Finance Committee or Audit Committee or of the Board of Trustees should have that conversation at a different level. Trustee Tucker said he would volunteer to do so.

Trustee Qualls asked about staffing. Dr. Forbes-Williams said we need a senior auditor. She discussed a lack of qualified candidates that meet the University's needs. Meharry has three senior auditors and is looking for two more. Trustee Chatman would like to make hiring in this department a top priority. Chair Winton discussed her desire to figure out how to address reoccurring findings and repair relationships. Further discussion took place regarding next steps.

Trustee Young-Seigler asked what resources she would like to have. Dr. Forbes-Williams said more staff is needed. She said she will continue to network and post the positions and recruit. Trustee Chatman asked about internal recruitment support. Trustee Williams said he would like to put together a process for what is needed and come back to the Board.

VIII. REVIEW OF OUTSTANDING AUDIT ISSUES

Dr. Forbes-Williams presented information for the next agenda item. She referred the committee to page 77 of the Board materials and reviewed upcoming internal and external audits and projected timelines for each.

IX. APPROVAL OF THE FISCAL YEAR 2024-2025 AUDIT PLAN

Trustee Williams introduced the next item on the agenda, the approval of the Fiscal Year 2024 – 2025 Audit Plan. Dr. Forbes-Williams presented information pertaining to this item. She directed the committee to page 82 of the Board materials and reviewed the audit plan. Items in red must be completed.

Trustee Traughber asked about internal investigations, and a discussion took place regarding this.

Trustee Traughber moved to recommend to the full Board the approval of the Fiscal Year 2024 – 2025 Audit Plan. Trustee Qualls seconded the motion. A voice vote was taken, and the motion passed unanimously.

X. EXECUTIVE SESSION – DISCUSSION OF ITEMS DEEMED CONFIDENTIAL UNDER STATE LAW

Trustee Traughber moved for the Audit committee to go into Executive Session to discuss items deemed confidential under State law. Trustee Qualls seconded the motion, which carried unanimously by voice vote. The committee then transitioned into the Executive Session.

XI. ADJOURNMENT

The meeting was adjourned at 4:45 p.m.