**Meeting of the Tennessee State University Board of Trustees**

**Audit Committee Meeting**

**June 12, 2025**

**Tennessee State University – The Farrell Westbrook Complex (the “Barn”)**

**MINUTES**

**Committee Members Present:** Trustees Dimeta Smith Knight, Marquita Qualls and Charles Traughber. Other Board members present: Jeffery Norfleet (virtual), Dakasha Winton, Trevia Chatman, Terica Smith, and Artenzia Young-Seigler

**University Staff Present:** InterimPresident Dwayne Tucker; Ginette Garza Brown, Interim General Counsel and Board Secretary; Dr. Robbie Melton, Acting Interim Provost & Vice President for Academic Affairs; Bradley White, Interim VP of Business and Finance; Sterlin Sanders, Chief Information Officer; LoLita Toney, Associate Vice President of Institutional Advancement; Jim Grady, Alvarez & Marsal

1. **CALL TO ORDER**

Trustee Smith Knight called the meeting to order at 1:23 p.m.

1. **ROLL CALL/DECLARATION OF A QUORUM**

Committee Chair Smith Knight declared that all members were present, constituting a quorum. Committee Secretary conducted the roll call. The following committee members were present: Trustees Dimeta Smith Knight, Marquita Qualls and Charles Traughber.

1. **APPROVAL OF MARCH 13, 2025, AUDIT COMMITTEE MEETING MINUTES**

The minutes from the March 13, 2025, meeting of the Audit Committee were approved as submitted, with Committee Chair Smith Knight making the motion and Trustee Qualls seconding the motion. The motion passed unanimously.

1. **ANNUAL REPORT ON THE AUDIT OFFICE’S AUDIT ACTIVITIES**

Trustee Smith Knight introduced the first agenda item, the annual report on the internal audit office’s activities, noting that the materials for this item were included in the committee’s meeting materials. Committee Chair Smith Knight asked Dr. Forbes-Williams to present information to the Board on behalf of the Audit Committee.

Dr. Forbes-Williams began by presenting the year-end report on annual audit activities for FY 2024–2025. She reviewed the following completed audits and reports:

* NCAA Student Assistance Fund – Report dated July 9, 2024.
* Highest Outstanding Student Account Balances – Report dated August 1, 2024 (at the President’s request).
* Student Account Balances – Report dated August 6, 2024 (at the President’s request).
* Follow-Up Report on Single Audit Findings related to HEERF Funds (2022) – Report dated August 7, 2024.
* Financial and Compliance Audit, FY 2022 – Report dated September 27, 2024.
* Single Audit, FY 2023 – Report dated September 27, 2024.
* Conflict of Interest Forms – Report dated October 31, 2024, with an 83% submission rate.
* Comprehensive Assessment of Austin Peay vs. TSU Indirect Cost Policy – Report dated November 14, 2024 (at the President’s request).
* NCAA FY 2024 Review – Report completed by General Accounting, dated December 5, 2024 (at the President’s request).
* Financial Integrity Report – Completed by the Office of Risk and Financial Compliance, dated December 16, 2024.
* Audit of the President’s Expense Schedules, FY 2024 – Report dated January 14, 2025.
* Audit of University Laptop Inventory – Report dated May 19, 2025.
* Audit of Travel and Open Purchase Orders – Ongoing since January 2025; in May 2025, the State Department of Audit assigned a state auditor to assist.

Turning to investigations, Dr. Forbes-Williams reported that the office reviewed twenty-seven allegations with possible merit during calendar year 2024—more than a fifty percent increase over the prior year—with fifteen matters either closed or submitted to the State for management review. She stated that the uptick reflects both heightened reporting and continued emphasis on addressing control concerns as they arise.

In discussion, Chair Winton asked whether the University employs a prioritization framework to distinguish corrective actions that can be addressed quickly—the “low-hanging fruit”—from those that will require additional staff, technology, or cross-unit coordination. Dr. Forbes-Williams responded that while a number of items can be resolved in the near term, many issues stem from instances where established policies and procedures are not consistently followed due to resource and staffing constraints. She confirmed that management, working with the Audit Committee, maintains a corrective action tracking list that is monitored and reported to the State. She emphasized that the current deadline for completing corrective actions associated with recent findings is November 7, 2025.

Committee Chair Smith Knight underscored the importance of clear accountability and asked that responsible offices be identified for each finding so that expectations for remediation are unambiguous. Dr. Forbes-Williams confirmed that responsibility assignments exist and can be shared with the Board to facilitate oversight, adding that responsibility for implementing corrective actions rests with management rather than Internal Audit.

Trustee Traughber asked about the broader control environment and the role of risk assessment—specifically, whether the issues observed are concentrated in the first line of defense (staff and administration) or reflect gaps within the compliance framework. Dr. Forbes-Williams explained that upon receipt of state audit findings, management drafts responses and proposed corrective actions that the State reviews and either accepts or returns for additional detail. Internal Audit then conducts follow-up procedures to confirm implementation. She noted that Risk Management has primary responsibility for risk assessments, with Internal Audit supporting those efforts, including through the University’s annual integrity report; work on the upcoming report, she said, is already underway.

Concluding the first agenda item, Chair Winton reiterated the expectation that the fifteen external-audit findings be resolved by November 7, 2025, and requested periodic progress updates to the Board to ensure timely completion and sustained accountability.

1. **REPORT ON INTERNAL AND EXTERNAL AUDIT ITEMS**

Trustee Smith Knight introduced the next agenda item, the report on internal and external audit items, noting that the materials for this item were included in the committee’s meeting materials. Committee Chair Smith Knight asked Dr. Forbes-Williams to present information to the Board on behalf of the Audit Committee.

Dr. Renée Forbes-Williams presented the report on internal and external audit items, noting that the related materials were included in the Board’s materials on pages 10 through 28. She explained that these materials detailed the auditors’ recommendations along with management’s responses.

Dr. Forbes-Williams reported that three external audits had been completed:

* State of Tennessee Single Audit (year-end June 30, 2024; released March 6, 2025) – clean opinion.
* State of Tennessee FY23 Financial and Compliance Audit (released May 8, 2025) – clean opinion.
* EEE FY23 Audit (released May 8, 2025) – clean opinion.

She emphasized that while the financial statements were presented fairly in all material respects, the combined audits identified 15 findings. These findings were as follows:

1. TSU management lacks appropriate oversight (noted in the prior audit).
2. Bank reconciliations (noted in the prior six audits).
3. Management allowed controls to break down (noted in the prior eight audits).
4. Inadequate controls over ledgers, grants, and sub-ledgers.
5. Student fees (noted in the prior audit).
6. Student withdrawal dates and types (noted in the prior audits).
7. Collection procedures for accounts receivable (noted in the prior six audits).
8. Asset allocation requirements and limits (EEE audit).
9. Higher Education Emergency Relief Fund (HEERF).
10. Reconciliation of direct loan records (Single Audit; noted in the prior audit).
11. Title IV credits not refunded timely (Single Audit; noted in the prior audit).
12. Direct Loan and Pell Grant programs – reporting timely and accurate enrollment status (Single Audit; noted in the prior audit).
13. Return of Title IV funds – compliance issues with federal regulations, including calculation and timing errors (Single Audit).
14. The Office of Financial Aid granted Title IV funds to ineligible students.
15. TSU did not provide adequate internal controls in two confidential areas.

She noted that management responses to these findings were also included in the Board materials for further review.

Turning to internal audits, Dr. Forbes-Williams highlighted the recent Laptop Inventory Audit, which found that the University did not adhere to its established policies and procedures regarding technology assets. The Office of Technology Services (OTS) has developed a corrective action plan that includes a comprehensive assessment of technology assets, launched on May 13, 2025, with an anticipated completion date of April 17, 2026.

She further noted that in addition to OTS, the General Accounting Office had a role in this process, but no response had yet been received from that office. She emphasized that critical leadership positions within the Division of Business and Finance—including the Controller, Director of Accounting, and Assistant Director of Accounting—remain vacant. Dr. Forbes-Williams stressed that filling these roles is essential to ensuring the integrity and effectiveness of the University’s financial operations.

1. **REPORT ON INTERNAL AND EXTERNAL ASSESSMENT REVIEW**

Trustee Smith Knight introduced the next agenda item, the report on internal and external assessment review, noting that the materials for this item were included in the committee’s meeting materials. Committee Chair Smith Knight asked Dr. Forbes-Williams to present information to the Board on behalf of the Audit Committee.

Dr. Renée Forbes-Williams presented the report on the internal and external assessment review. She explained that, to comply with the requirements of the Institute of Internal Auditors, the Office of Internal Audit, in close collaboration with the Audit Committee, conducted interviews with three firms on October 4, 2025. The purpose of these interviews was to assist with both the gap and readiness assessments and to complete the external assessment.

Following these interviews, the University decided to partner with Eminere Group to conduct the gap and readiness assessment. Dr. Forbes-Williams noted that for the external assessment, the plan is to engage one of the other firms to maintain independence in the process. She further reported that the President approved moving forward with this approach on May 7, 2025.

1. **REVIEW OF OUTSTANDING AUDIT ISSUES**

Trustee Smith Knight introduced the next agenda item, the outstanding audit issues, noting that the materials for this item were included in the committee’s meeting materials. Committee Chair Smith Knight asked Dr. Forbes-Williams to present information to the Board on behalf of the Audit Committee.

Dr. Renée Forbes-Williams provided a comprehensive overview of outstanding audit issues, highlighting several critical focus areas in her presentation. These included key internal follow-up reviews, external audits, and important deadlines related to audit reporting. The internal outstanding audit issues included foundation gifts, work-study timesheets, grant management, procurement cards, vaccine compliance, human resources performance evaluations, and university laptop inventory. The external outstanding audit issues included the FY24 Single Audit, FY23 Financial Statement and Compliance Audit, EEE FY23 Audit, and the Report of Action due on November 7, 2025.

A trustee asked about the feasibility of meeting the November deadline. Dr. Forbes-Williams expressed cautious optimism but acknowledged concerns regarding the completion of all outstanding commitments on time. She cited particular difficulties with the university laptop inventory process, noting that the accounting department had not been responsive and that a comprehensive campus-wide inventory listing was still unavailable. These delays were largely attributed to ongoing staffing shortages in key departments, which have placed additional strain on audit follow-up efforts.

Delays in bank reconciliations were also raised as a significant concern. Dr. Forbes-Williams explained that the December 2024 reconciliation was finalized only in April 2025, and the January 2025 reconciliation was submitted for approval on June 3, 2025, both exceeding the university’s 30-day policy requirement. She indicated that these delays stemmed primarily from insufficient staffing within the finance department.

Trustee Smith Knight asked why communications regarding reconciliations were not more timely. Dr. Forbes-Williams explained that although additional personnel had been assigned to assist, the reconciliation timelines provided by external auditors were considered unrealistic by current staff. She assured the committee that revised and more achievable timelines would be shared soon.

Dr. Forbes-Williams also addressed recurring issues with accounts receivable collection procedures, a frequent audit finding despite management’s commitment to address them. She reported that during the FY23 summer term, out of 1,629 enrolled students, 969 carried outstanding balances exceeding $200, including 41 students with balances from previous terms. The largest balance recorded was $33,401, resulting from management’s decision not to purge delinquent accounts. Trustee Qualls requested more information about the student with the highest balance, and Dr. Forbes-Williams promised to provide further details.

President Tucker stressed the critical need for accountability and expressed hope that robust procedures and processes would be implemented to prevent similar issues moving forward. While acknowledging documented resource shortages in the finance department, he also recognized ongoing mitigation efforts.

In response to the unresolved laptop inventory challenges, Dr. Forbes-Williams reported that responsibility for managing this process had been transferred to Jerome Oglesby, the University’s Strategic Advisor for IT. Mr. Oglesby and his team have already begun establishing a comprehensive and reliable process for maintaining accurate asset inventories.

Bradley White updated the committee on bank reconciliations, confirming that a new staff member had been hired and was making positive progress. He noted that the University was collaborating with Flowcast, a software provider, to implement an AI-driven component designed to streamline and improve the reconciliation process. As of the meeting, reconciliations for December 2024 and January 2025 were complete, with work underway for February and March 2025. Although the initial goal had been to eliminate the backlog by July 31, 2025, Bradley acknowledged that this timeline might be extended by a few weeks.

Staffing challenges were identified as a significant factor affecting audit and reconciliation work. Critical vacancies remain in several key positions, including Controller, Director of Accounting, and Assistant Director. The recent departure of the Assistant Director, who had been primarily responsible for managing reconciliations, exacerbated the staffing gap and highlighted limited succession planning within the department.

President Tucker shared additional organizational changes, including the reassignment of payroll functions to the Human Resources department, now reporting directly to him, and IT reporting to Jerome Oglesby. These changes aim to allocate resources more effectively and enable finance staff to focus on audits and financial closings.

Bradley White also discussed ongoing difficulty in recruiting qualified candidates despite offering competitive packages. For example, a highly qualified comptroller candidate declined an offer due to concerns over job security at competing institutions. To supplement internal efforts, the University has begun collaborating with Austin Peay State University, which uses the same financial system, providing opportunities for shared expertise and support.

Trustee Smith Knight engaged in a broader discussion, examining recent changes in responsibilities, particularly the separation of payroll and HR functions, to ensure risks were adequately managed. Bradley White confirmed that payroll operations remain segregated, with approvals and processing conducted by different individuals. However, the involvement of internal audit in these changes was limited, and concerns persisted that due to limited staffing and overlapping roles, issues related to segregation of duties might remain unresolved in some accounting functions.

Regarding the reconciliation process, it was explained that the University uses electronic banking combined with AI-enabled software to assist in matching bank transactions with internal records. While much of the process remains manual, recent enhancements have improved efficiency. A team of staff and consultants supports this work, which is complicated by a high volume and diversity of transactions requiring thorough verification.

Bradley White confirmed that historical transactions (prior to the current fiscal year) are no longer being corrected, but reconciliations are still behind. As of June, the University was still working on February reconciliations, well outside the 30-day completion policy. Leadership emphasized that while work is focused on the current fiscal year, the institution remains non-compliant with its timeliness standards. Success is defined as completing each month’s reconciliation by the end of the following month consistently, rather than sporadically.

Trustee Young-Seigler raised concerns that miscommunication regarding the term “current” had led to misunderstandings. Dr. Forbes-Williams clarified that prior reconciliations are not considered current, while Trustee Smith Knight noted that Mr. White’s use of the term implied within the current fiscal year. Leadership acknowledged this gap and stressed the importance of aligning expectations with official policy definitions.

Trustee Traughber highlighted the risks associated with ongoing delays, including exposure to financial misstatements, audit findings, and potential fraud. Chair Winton emphasized that failing to promptly address repeated audit findings could jeopardize the University’s credibility and long-term sustainability, stressing that resolving audit issues must become a top priority for all departments.

Dr. Forbes-Williams noted that inadequate internal controls, inconsistent adherence to procedures, and insufficient staffing are root causes of many audit findings. Leadership confirmed that key accounting positions remain vacant, significantly impairing the University’s ability to resolve financial discrepancies in a timely and compliant manner. She also noted that a previously committed purge of student accounts with outstanding balances was not executed, and President Tucker confirmed that the cabinet had not discussed a summer semester purge.

Dr. Forbes-Williams inquired whether cabinet meetings consistently reviewed audit findings. Leadership acknowledged this had not been done consistently, although recent efforts have been made to improve oversight. President Tucker agreed that more structured oversight and project management of audit response plans are necessary at the executive level, which is why Dr. Forbes-Williams has been invited to cabinet meetings.

President Tucker further noted that while policies and procedures exist, they are often not followed—not due to a lack of guidance, but rather insufficient enforcement and accountability.

In response to these challenges, a new performance evaluation system is being implemented. This system requires all direct reports to cabinet members to identify 5 to 7 deliverables that will form the basis of their annual performance reviews. Accountability measures, including potential terminations, have already begun. Leadership acknowledged that more personnel actions have taken place in the last 30 days than in recent years.

Trustee Smith Knight asked whether temporary external contractors could be used to address staffing gaps. President Tucker responded that this option, including collaboration with firms like Robert Half, has been considered. However, the complexities of TSU’s systems and the steep learning curve for external contractors have made quick results challenging. Despite these difficulties, the University will continue exploring these solutions due to the urgency of audit deadlines and the staffing crisis.

Trustee Smith Knight inquired about the status of job postings for key accounting positions. Bradley White noted that while these positions had been posted previously, they were no longer active. Despite multiple recruitment efforts, the University has faced difficulty attracting qualified candidates, with at least one strong applicant withdrawing after reviewing the University’s financial challenges.

Communication between management and the cabinet was also discussed. It was noted that some management responses to audit findings, such as planned data purges, had not been fully communicated or implemented at the cabinet level, suggesting a need for improved coordination and regular review of audit findings and corrective actions by senior leadership.

Trustee Traughber expressed concerns regarding ongoing policy compliance issues, noting that audit findings have continued even when staffing levels were sufficient. He emphasized that, in addition to adequate staffing, cultivating a culture of accountability and adherence to policies and procedures is vital. He mentioned that linking key performance indicators (KPIs) to policy compliance had been discussed as a potential strategy to enhance accountability and tie it directly to compensation and institutional sustainability.

President Tucker emphasized the importance of embedding accountability into the University’s culture. He noted that past failures in enforcement significantly contributed to audit challenges and called for a cultural reset that includes consistent policy enforcement and clear consequences for non-compliance, including termination when necessary.

Trustee Traughber asked when the process to update policies and procedures would begin. Secretary Brown explained that the University has established a policy committee, co-led by her, responsible for updating policies and ensuring compliance. The committee is implementing Policy Tech software, widely used by the Tennessee Board of Regents and other universities, to centralize, update, and make policies easily searchable. The target go-live date is August, with July dedicated to reviewing existing policies and staff training. Legacy policies from the TBR era have been identified as “low-hanging fruit” for quick improvements. The committee emphasized the importance of ongoing training, communication, and reminders to maintain awareness and ensure compliance.

Trustee Smith Knight emphasized that outdated or incomplete policies significantly hinder effective audit testing and pose a serious risk. She noted that policies are only valuable if staff are aware of them and properly trained. Ginette Brown added that plans are being developed to ensure ongoing dissemination of policies, adequate training, and accountability tracking.

1. **APPROVAL OF THE FISCAL YEAR 2025-2026 AUDIT PLAN**

Dr. Forbes-Williams presented the proposed fiscal year 2025-2026 internal audit plan for the committee’s review. The detailed audit plan was referenced on page 37 of the provided materials. She highlighted that the plan included:

* Required audits:
  + NCAA Student Assistance Fund
  + FY24 Single Audit state follow-up
  + FY23 State Financial Compliance Audit follow-up
  + FY23 State Audit Triple E follow-up
  + Conflict of interest assessments
  + Internal and external assessments
  + Management risk assessment audits

Dr. Forbes-Williams explained that during the past period, her completed work had focused mainly on the required audits. She noted that these audits were projected to take 1,290 hours, roughly 35 weeks, not including time spent on investigations. She emphasized that investigations had more than doubled from the prior year, with 17 completed investigations and 15 ongoing as of June. She stated that, without additional audit staff or an external firm contract, risk-based audits could not be fully addressed this year.

President Tucker engaged in discussion regarding staffing. Dr. Forbes-Williams confirmed that additional audit resources had been approved in the budget for the next year, but positions for internal auditors had been advertised with no successful applicants. She highlighted that using an external firm would address resource gaps, allowing the audit team to meet the plan’s requirements.

Trustee Smith-Knight asked whether the external firm would also assist with the backlog of investigations. Dr. Forbes-Williams clarified that the first assignment would be the required **quality review assessment**, which had not been completed in several years. Additional support for other items, including risk-based audits, would depend on available funding.

Further discussion took place regarding time spent on investigations this past year and Dr. Forbes-Williams prioritization of investigations.

President Tucker noted that a portion of the increase in investigations stemmed from **cultural and organizational issues**. He discussed HR issues as the source of some complaints.

Trustee Traughber returned to the question of the sharp increase in investigations, observing that under the prior audit director, the office reportedly received only one investigation per year, compared to 15 last year and 27 this year. Dr. Forbes-Williams agreed the contrast was striking, though she could not fully explain the surge. She confirmed that investigations increased by **50% from her first year to her second** and reiterated that state and fraud-related cases receive immediate attention, while frivolous or meritless complaints are dismissed.

President Tucker added further context, explaining that some of the uptick relates to **corrective actions in staffing and hiring.**

Returning to the audit plan itself, Dr. Forbes-Williams reiterated that the proposal was flexible and could be adjusted during the year. She emphasized that despite the workload, all required audits had been completed last year, and she was confident the same could be achieved again—particularly with external support.

Trustee Smith Knight presented a motion regarding the approval of the 2025-2026 audit plan, with Trustee Traughber seconding the motion. The motion passed unanimously.

1. **ADJOURNMENT**

Trustee Smith Knight moved to adjourn, with the motion seconded by Trustee Traughber. A roll call vote was taken, with Trustees Smith Knight, Traughber, and Qualls voting in favor of the motion. The meeting was adjourned.