



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

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Tuesday, February 27, 2024

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





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

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Tuesday, February 27, 2024

**AGENDA**

Call to Order and Opening Remarks

Roll Call

Approval of Minutes (Action) .....Tab 1

Report of Conflict-of-Interest Disclosures in 2023 (Information) .....Tab 2

Review of President’s Statement of Disclosure of Interests for 2024 (Information) .....Tab 3

Report on Compliance with Public Records Policy (Information) .....Tab 4

Results of External Reviews (Information) .....Tab 5

1. Tennessee Comptroller of the Treasury, Financial and Compliance Audit Report for the Year Ended June 30, 2023
2. Tennessee Comptroller of the Treasury, NCAA Agreed-Upon Procedures Applied to the Athletic Programs Statement of Revenue & Expenses for the Year Ended June 30, 2023
3. Tennessee Higher Education Commission, Tennessee Student Assistance Corporation (TSAC) Compliance Review, December 1, 2023

Quarterly Report – Results of Internal Audit Reports (Information).....Tab 6

Closing Remarks

Adjourn Public Session

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





**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Action Item**

DATE: February 27, 2024

SUBJECT: **Approval of Minutes**

PRESENTER: Tom Boyd  
Committee Chair

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**BACKGROUND INFORMATION:**

The Audit and Compliance Committee met on November 14, 2023.  
Minutes from the meeting are provided for review and approval.



**MIDDLE TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES**

**AUDIT AND COMPLIANCE COMMITTEE  
MINUTES**

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

**Call to Order and Opening Remarks**

Committee Chair Tom Boyd called the meeting to order at 11:37 a.m. and welcomed everyone in attendance.

**Roll Call**

The following Committee members were in attendance: Trustees J.B. Baker, Pete DeLay, Bill Jones, Christine Karbowski, Mary Martin, Steve Smith, Pam Wright, Michael Wade, and Molly Mihm. A quorum was declared present.

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

**Approval of Minutes - Action**

The first agenda item was approval of the minutes from the August 15, 2023 Audit and Compliance Committee meeting. Trustee Delay moved to approve the minutes from the August 15, 2023 meeting and Trustee Karbowski seconded the motion. A voice vote was taken and, with all Committee members voting "Aye," the motion to approve the minutes from the August 15, 2023 meeting of the Audit and Compliance Committee carried unanimously.

### **Quarterly Report – Results of Internal Audit Reports – Information**

Mrs. Ladley presented the results of two internal audit reports issued since the August 15, 2023, report of audit results to the Audit and Compliance Committee. 1) Audit of Inventories for Fiscal Year Ended June 30, 2023, which concluded the inventory counts were accurate with no reportable issues. 2) Cash Counts for Fiscal Year Ended June 30, 2023, were completed with no reportable issues. The status of the current Internal Audit Plan for Fiscal Year 2024 was included in the meeting materials for the Committee's review.

### **Results of External Reviews – Information**

Mrs. Ladley reported there was a report issued by The Office of the Comptroller of the Treasury. The investigative report was on selected records of MTSU – Campus Outreach for the period of April 2014 through September 2021. The results of the investigation revealed that individuals with Campus Outreach collaborated to submit a false reimbursement request and a fabricated receipt for payment of \$4,700. Campus Outreach also provided false information about its financial condition to MTSU as part of an updated application process for student organizations applying to be eligible for student activity fee reimbursement. MTSU did not reimburse the \$4,700 reimbursement request. The report included an internal control deficiency that the Student Organizations and Service Office did not require Campus Outreach at MTSU to comply with the Student Organization Handbook. The report also stated university officials made significant updates to the student activity fee reimbursement procedures in 2021.

### **Non-Public Executive Session**

The Committee adjourned the public session at 11:43 a.m. and entered non-public executive session at 11:46 a.m. to discuss audits and investigations. The non-public executive session adjourned at 11:52 a.m.

Respectfully submitted,

Audit and Compliance Committee





**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Information Item**

DATE: February 27, 2024

SUBJECT: **Report of Conflict of Interest  
Disclosures in 2023**

PRESENTER: Drew Harpool  
Associate Vice-President,  
Business and Finance

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**BACKGROUND INFORMATION:**

In the Audit and Compliance Committee (“Committee”) Charter Section IV. Responsibilities, G.4, the Committee is to ensure that all potential conflicts of interest are adequately resolved and documented.

Included in the materials is the 2023 report of the conflict-of-interest disclosures reviewed by the Conflict of Interest Committee.



**Conflict of Interest Committee**  
 Middle Tennessee State University  
 1301 East Main Street  
 Murfreesboro, Tennessee 37132



February 8, 2024

Dr. Sidney A. McPhee, President  
 Middle Tennessee State University  
 1301 East Main Street  
 Murfreesboro, TN 37132

Dear Dr. McPhee:

This is the 2023 calendar year report for the Conflict of Interest Committee (Committee). Per MTSU Policy 12 Conflict of Interest, the Committee is an advisory group reporting to the President’s Office. The Committee will evaluate conflict of interest (COI) disclosures and determine whether a conflict exists. For any conflict that is not a violation of federal or state law, the Committee is permitted to make the following determinations: 1) the conflict is de minimis and is permitted to continue; 2) the conflict may be managed by placing restrictions on the employee; or 3) the conflict may not be managed so the employee must eliminate the conflict.


Below is a summary of the types of conflict of interest disclosures reviewed and the Committee’s conclusions for 2023.

<u>Type of Disclosure</u>	<u>No COI</u>	<u>De Minimis</u>	<u>Managed</u>	<u>Eliminated</u>	<u>Referred to Academic Affairs</u>	<u>Totals</u>	<u>Prior Year Totals</u>
Educational Materials	-	1	1	-	-	2	1
Acceptance of Gifts	-	-	-	-	-	-	-
Family Relationship	-	-	1	-	-	1	-
Consensual Relationship	-	-	-	-	-	-	-
Financial/Business Interest	2	1	1	1	-	5	-
Other	-	-	-	-	-	-	-
<b>Total Disclosures Reviewed</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>8</b>	<b>1</b>

If you have any questions or need any additional information, please contact Mr. Drew Harpool, Associate Vice President, Business and Finance at 615-494-8812. This report will be presented to the Audit and Compliance Committee as an informational item.

Respectfully submitted,  
 Members of the COI Committee

  
 Office of University Counsel

  
 Business and Finance  
 Digitally signed by Alan R. Thomas,  
 Vice President for Business and Finance  
 Date: 2024.02.08 14:33:34 -06'00'

  
 Digitally signed by Drew Harpool,  
 Associate Vice President for Business and Finance  
 Date: 2024.02.08 13:21:34 -06'00'  
 Compliance and Enterprise Risk Management

**Leah Ladley** Digitally signed by Leah Ladley  
 Date: 2024.02.08 13:49:11 -06'00'  
 Audit and Consulting Services

Middle Tennessee State University is an AA/EEO employer and does not discriminate on the basis of race, color, national origin, sex, disability, or age in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: Executive Director of Institutional Equity and Compliance, 1301 E. Main Street, CAB 116, Murfreesboro, TN 37132, 615-898-2185. Additionally, the MTSU Title IX Coordinator, designated to monitor and oversee Title IX complaints, may be contacted at: Sam Ingram Building 2269 Middle Tennessee Blvd. Murfreesboro, TN 37132 615-898-5133, or via this webpage: <http://www.mtsu.edu/titleix/>.





**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Information Item**

DATE: February 27, 2024

SUBJECT: **Review of President's Statement  
of Disclosure of Interests for 2024**

PRESENTER: Leah Ladley  
Chief Audit Executive

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**BACKGROUND INFORMATION:**

MTSU Policy 12 Conflict of Interest, Section VII. E.1 states, "The President's disclosure [Form ss8005] shall be evaluated by the Board of Trustees or a duly appointed committee thereof."

The Audit and Compliance Committee is charged with assisting the Board in exercising oversight of standards of conduct and ensuring compliance with legal and regulatory requirements. Dr. McPhee's 2024 Disclosure of Interests form is presented for the Committee's review.





## Statement of Disclosure of Interests (ss-8005)

### Report Year

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2024

### Date of Filing

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2024-01-04

### Filer Contact Information

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**SIDNEY MCPHEE** [View all statements](#)  
MIDDLE TENNESSEE STATE UNIVERSITY, 1301 EAST MAIN ST - CAB 204  
MURFREESBORO, TENNESSEE 37132

### Office Held or Sought

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Incumbent  
President - University governed by Board of Trustees

Incumbent  
President - University governed by Board of Trustees

### Sources of Income

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SUN TRUST BANK BOARD MURFREESBORO, TN: Income received by Filer

SUN TRUST BANK BOARD NASHVILLE, TN: Income received by Filer

CONSULTING SERVICES FOR THE UNIVERSITY OF THE BAHAMAS - BOARD OF TRUSTEES: Income received by Filer

SUN TRUST BANK BOARD MURFREESBORO, TN: Income received by Filer

SUN TRUST BANK BOARD NASHVILLE, TN: Income received by Filer

CONSULTING SERVICES FOR THE UNIVERSITY OF THE BAHAMAS - BOARD OF TRUSTEES: Income received by Filer

### Investments

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TIAA CREF SUPPLEMENTAL RETIREMENT FUND: Held by: Filer

AIG VALIC RETIREMENT FUND; STATE OF TN RETIREMENT: Held by: Spouse

TIAA CREF SUPPLEMENTAL RETIREMENT FUND: Held by: Filer

AIG VALIC RETIREMENT FUND; STATE OF TN RETIREMENT: Held by: Spouse

## Lobbying

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None

## Professional Services

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None

## Retainer Fees

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SUN TRUST BANK BOARD MURFREESBORO, TN

SUN TRUST BANK BOARD NASHVILLE, TN

SUN TRUST BANK BOARD MURFREESBORO, TN

SUN TRUST BANK BOARD NASHVILLE, TN

## Bankruptcy

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None

## Loans

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None

## Certification

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**I certify.**

I understand that, pursuant to Tenn. Code Ann. 8-50-507, submitting a disclosure or amendment to a disclosure form which contains false or incomplete information may subject me to the penalties of perjury. The information contained in this disclosure or amendment to a disclosure form is true, complete, and correct to the best of my knowledge, information, and belief.

I, the undersigned, do hereby witness that the above information was entered in my presence.

**Witness Name** KIMBERLY EDGAR

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**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Information Item**

DATE: February 27, 2024

SUBJECT: **Report on Compliance with Public  
Records Policy**

PRESENTER: James Floyd  
University Counsel

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**BACKGROUND INFORMATION:**

MTSU Policy 120 Public Records, Section III.B.3 requires the Public Records Coordinator to annually report to the Board concerning the institution's compliance with the Tennessee Public Records Act and make recommendations, if any, for revisions to this policy.

A summary of the number of records requests received in 2023 is provided for the Committee's review.



### Annual Summary of Records Request Received for 2023

2023 Records Requests	Denied	Provided	Total
Athletics - Reports	5	0	5
Athletics-Coach Contracts	8	12	20
Procurement/Contracts	5	7	12
Employment Records	8	2	10
Misc.	10	8	18
Police Reports	4	0	4
Student Records	8	8	16
<b>TOTAL</b>	<b>48</b>	<b>37</b>	<b>85</b>

For comparison purposes, the prior year received were as follows:

Year	Requests Received
2022	126
2021	155
2020	156
2019	170

Forty-one fewer requests were received in 2023 compared to 2022.





**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Information Item**

DATE: February 27, 2024

SUBJECT: **Results of External Reviews**

PRESENTER: Leah Ladley  
Chief Audit Executive

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**BACKGROUND INFORMATION:**

**1. TN Comptroller of the Treasury, Financial and Compliance Audit Report for the Year Ended June 30, 2023**

The Tennessee Comptroller of the Treasury issued the financial and compliance audit report for the year ended in June 30, 2023 on February 14, 2024. The independent auditor's report included unmodified opinions on the financial statements. The audit report contained no findings. A copy of the "Audit Highlights" page from the audit report is included in the materials for your review.

A complete copy of the audit report is located on the Comptroller of the Treasury webpage at:

<https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2024/cu23057.pdf>

**2. TN Comptroller of the Treasury, NCAA Agreed-Upon Procedures Applied to the Athletic Programs Statement of Revenues & Expenses for the Year Ended June 30, 2023**

On January 11, 2024, the Tennessee Comptroller of the Treasury released the results of the agreed-upon procedures applied to the statement of revenues and expenses of the athletics programs in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 20.2.4.17 for the year ended June 30, 2023. There were no significant exceptions noted.

**3. State of Tennessee, Higher Education Commission, Student Assistance Corporation (TSAC) Program Review, December 1, 2023**

The Tennessee Higher Education Commission (THEC) completed a compliance review of the Tennessee Student Assistance Corporation (TSAC) program for the 2022-2023 academic year. Due to the absence of findings in the TSAC audit, the institution incurs no financial liability in the overall administration of the State financial aid programs for the 2022-2023 academic year. Additionally, THEC commended Middle Tennessee State University (MTSU), stating MTSU is the only school to have no observations, warnings, or findings during their newly updated method of program review process. TSAC commends the diligence and care the staff at MTSU demonstrate in the administration of state financial aid.

# MIDDLE TENNESSEE STATE UNIVERSITY

## AUDIT HIGHLIGHTS

### **Middle Tennessee State University's Mission**

*Middle Tennessee State University takes pride in its role as a comprehensive, diverse, and innovative institution whose distinctive bachelor's, master's, specialist, and doctoral programs prepare graduates to thrive in their chosen professions and a changing global society. Students, faculty, and staff generate, preserve, and disseminate knowledge and collaboratively promote excellence through teaching and learning, research, creative activity, and public engagement.*

### **Opinions on the Financial Statements**

The opinions on the financial statements are unmodified.

### **Audit Findings**

The audit report contains no findings.

### **Prior Audit Findings**

There were no findings in the prior audit report.







**Middle Tennessee State University  
Board of Trustees**

**Audit and Compliance Committee**

**Information Item**

DATE: February 27, 2024

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

PRESENTER: Leah Ladley  
Chief Audit Executive

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**BACKGROUND INFORMATION:**

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

Since the last meeting of the Audit and Compliance Committee, the following audit projects were completed:

1. Audit of the Office of the President for Fiscal Year 2023 is an annual audit required by state law. There were no reportable issues.
2. Investigation of Campus Recreation Center Allegations. No internal control weaknesses were identified.
3. Investigation into the Diversity Mentor Scholarships. The development of criteria, application, and improved monitoring of awards resulted from this investigation.

4. Investigation into the inappropriate use of MTSU Purchasing Card and administrative operations for The Office of Student Success. Management continues to strengthen the control environment by reducing the volume of cash transactions and with ongoing educational efforts for the use of purchasing cards.
  
5. Self-assessment to determine conformance to the Standards promulgated by the IIA is a component of the Quality Assurance and Improvement Program. The self-assessment has been completed.

The current status of the Internal Audit Plan for Fiscal Year 2024 is included for the Committee's review.

**Middle Tennessee State University  
Internal Audit Plan  
Fiscal Year Ended June 30, 2024  
as of February 9, 2024**

Type	Area	Audit Project	Current Status	Report Date
R	FM	Year-End Inventory FY2023	Completed	8/23/2023
R	FM	Cash Counts FY2023	Completed	8/22/2023
R	GV	Audit of President's Office	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	In Progress	
I	SS	INV2201	Comptroller's Office issued report	8/23/2023
I	SS	INV2304	Completed	1/24/2024
P	GV	IIA - Self Assessment & QAR	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 FY2024	Scheduled for June 2024	
R	FM	Year-End Inventory FY2024	Scheduled for June 2024	
A	IT	Risk/Controls: Vendor Provided Services	Deferred	
A	MC	Marketing & Communications	Deferred	
A	FM	Payroll	Deferred	
A	AA	Research Services Procedural Review	Deferred	
A	FM	Property Management Contract Review	Deferred	

<p><b>Audit Types:</b>  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><b>Area = University Division</b>  AA - Academic Affairs  AD - Advancement  AT - Athletics  FM - Financial Management  GV - Governance/Executive Office  IT - Information Technology  MC - Marketing and Communications  SS - Student Services</p>
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