

Report From The Audit And Compliance Committee

The Audit and Compliance Committee met in regular session on May 17, 2017 at Middle Tennessee State University. Trustee Christine Karbowskiak, Audit and Compliance Committee Chair, called the meeting to order at 2:00 p.m. (CDT). A quorum was present with the following Committee members in attendance: Chairwoman Christine Karbowskiak, Andy Adams, Tony Johnston, and Board Chairman Steve Smith. Also present were President Sidney A. McPhee (via phone); Brenda Burkhardt, Director of Audit and Consulting Services; Alan Thomas, Vice President for Business and Finance; Deb Sells, Vice President for Student Affairs; Andrew Oppmann, Vice President for Marketing and Communications; Mark Byrnes, Interim University Provost; Joe Bales, Vice President for University Advancement; Heidi Zimmerman, University Counsel and Board Secretary.

Chairwoman Karbowskiak thanked the Trustees for serving and attending. She noted that in addition to audit services, Ms. Burkhardt's office provides consultative services, and indicated that this is a helpful facet to that office.

The first two items on the agenda were for information and discussion: Tennessee Laws Pertaining to Audit Committees and Internal Audit (Attachment 1) and The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)* (Attachment 2). Ms. Burkhardt provided this as background information for the Committee. Ms. Burkhardt indicated that compliance with the statutes and standards is evidenced in the Board Bylaws, Board and institutional policies, and Charters for the Audit and Compliance Committee and the Office of Audit and Consulting Services.

Ms. Burkhart distributed the Fraud Awareness Brochure to each committee member and explained the same information was on the Audit and Consulting Services website. The current brochure and website will be updated to reflect the change in the governance structure of the university.

Discussions concerning the IIA *Standards* pertained to the independence of the Audit and Consulting Services staff.

The first action item on the agenda concerned the approval of the Audit Charter for the Office of Audit and Consulting Services required by the IIA *Standards* (Attachment 3). Trustee Johnston made the motion to approve the charter. The Motion was seconded by Trustee Adams. A voice vote was taken and the Motion carried.

The next action item on the agenda concerned the recommendation for approval of university policies. Prior to the meeting, Committee members were provided a list of policies indicating those recommended for approval by the Board of Trustees and those recommended for approval by the President. Trustee Adams made the Motion that the list of fourteen (14) proposed policies be recommended to the Board for approval with the remaining proposed policies recommended to be approved by the President. (See Attachments 4 and 5.) The Motion was seconded by Board Chairman Smith. A voice vote was taken and the Motion carried.

The final action item on the agenda concerned the approval of the 2018 Audit Plan (Attachment 6). Trustee Johnston made the Motion to approve the 2018 Audit Plan. The Motion was seconded by Trustee Smith. Discussion followed addressing the process used to prepare the audit plan, staff size of the Office of

Audit and Consulting Services, and the external audit process including prior year findings and audit recommendations. Ms. Burkhart indicated that she would provide benchmarks to the Committee during the year concerning the Audit Plan. Board Chairman Smith indicated he would like to see last year's State Audit report. There was discussion concerning whether a representative of the Committee should be present during exit meetings with State Audit and it was agreed that this would be a good idea. A voice vote was taken and the Motion carried.

The public meeting was adjourned at 2:41 p.m. (CDT) and the Committee retired to executive session.

Respectfully submitted,

Audit and Compliance Committee