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2020 February 21 - Board of Trustees Audit Committee Agenda and Minutes

Board of Trustees, East Tennessee State University

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE
FEBRUARY 2020 MEETING

9:00-10:00 am ET
Friday
February 21, 2020

The Millennium Center
2001 Millennium Pl
Johnson City, TN

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from November 15, 2019](#)
- IV. [Policy on Development and Administrative Rulemaking](#) (5 minutes)
- V. [Public Records Rule](#) (5 minutes)
- VI. [Annual Security & Fire Safety Report](#) (10 minutes)
- VII. [Revisions to the FY 2019-2020 Audit Plan](#) (5 minutes)
- VIII. [Audit Work Performed November 2019 through January 2020](#) (15 minutes)
 - A. [Timekeeping-International Programs](#)
 - B. [WETS-FM](#)
 - C. [Memorandum on Investigations](#)
 - D. [Completed Audit Heat Map](#)
- IX. [Recommendation Log Status as of January 31, 2020](#) (5 minutes)
 - A. [Recommendation Log](#)
- X. Other Business
- XI. Executive Session to Discuss Active Audits and Enterprise Risk Management
- XII. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

February 21, 2020
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met at 9 a.m. on Friday, February 21, 2020 at the Millennium Center on ETSU's main campus in Johnson City, Tennessee.

I. CALL TO ORDER

David Golden, Vice-Chairman of the ETSU Board of Trustees and Chairman of the Audit Committee, called the meeting to order at 9:00 a.m.

II. ROLL CALL

Board of Trustees Secretary Adam Green discussed the process for having a board member participate by electronic means. He asked Trustee Grisham, who was participating by phone, if she was able to hear him. She confirmed that she could hear those in the Millennium Center meeting room and the Trustees stated they could clearly hear her. Trustee Grisham also reported that she was alone in the room where she was participating. In addition to Trustee Grisham, committee members present were Trustee Ron Ramsey and Trustee David Golden. Other Board of Trustees in attendance were Trustee Steve DeCarlo, Trustee Cristopher Santana, Trustee Virginia Foley, and Chairman Scott Niswonger.

III. APPROVAL OF MINUTES FROM THE NOVEMBER 15, 2019 AUDIT COMMITTEE

The minutes from the November 15, 2019 meeting were reviewed. Trustee Ramsey moved for them to be approved and Trustee Golden seconded the motion. A roll call vote was taken and the motion passed.

IV. POLICY ON DEVELOPMENT AND ADMINISTRATIVE RULEMAKING

Trustee Golden introduced Mark Fulks, University Counsel, who explained that the Policy on Development and Administrative Rulemaking formalizes the existing policy process while establishing the Office of University Compliance as an informal

policy office to work with the originators and sponsors on guiding policies through the process. This policy was available for public comment from September 30 – October 9. During the October meetings of the Academic Council and the University Council, both bodies approved the policy. This policy complies with Board of Trustees' delegation of authority to the President and the university's shared governance model. The policy is also in compliance with Tennessee's Uniform Administrative Procedures Act for making university rules. Trustee Grisham made a motion for approval and Trustee Ramsey seconded the motion. A roll call vote was taken, and the motion passed.

V. PUBLIC RECORDS RULE

Pursuant to the Tennessee Public Records Act, government entities must promulgate rules regarding public records. Once approved by the Board of Trustees, this proposed rule will be examined by the Tennessee Attorney General's Office prior to a public rulemaking hearing for public comment on the rule. The proposed rule complies with the Tennessee Public Records Act and the Family Educational Rights and Privacy Act (FERPA). This proposed rule will be presented by Mark Fulks for approval to be further presented at a public rulemaking hearing. A roll call vote was taken, and the motion passed.

VI. ANNUAL SECURITY AND FIRE SAFETY REPORT

President Noland shared an overview of ETSU's 2019 Annual Security and Fire Safety Report, which is published in accordance with the Jeanne Clery Disclosure of Campus Security Policy and Crime Statistics Act. The report includes specific security practices and resources that are available for the entire campus community in an effort to reduce the risk of becoming a victim of a crime. This report is kept on the ETSU safety website. In response to a question from one of the trustees, Dr. Noland explained that there are times that the Johnson City Police Department does assist in the response to an incident on campus, such as an automobile accident.

VII. REVISIONS TO THE FY 2019-2020 AUDIT PLAN

Ms. Rebecca Lewis reported that since the last meeting her office received one concern, which resulted in an active investigation. She is also requesting that the Women's Soccer expenditures be added to the audit plan in light of the resignation of the head coach and that the timekeeping audits be removed from the plan since they have not yet begun.

Trustee Golden stated that he feels it is important that it is a good allocation of resources for Ms. Lewis and her team to focus on the major initiatives. Trustee

Ramsey made a motion to approve the revisions to the audit plan, and Trustee Grisham seconded the motion. A roll call vote was taken, and the motion passed.

VIII. AUDIT WORK PERFORMED NOVEMBER 2019 THROUGH JANUARY 2020

Three audits have been performed since the last meeting:

WETS-FM Radio: This is a financial statement audit that is performed annually at the request of the Corporation for Public Broadcasting. There were no findings, and an unmodified opinion was issued. No material weaknesses were noted.

Timekeeping – International Programs: The audit was performed, and no findings or observations were identified.

Payroll Services: An investigation related to Payroll Services Fraud was completed. This investigation involved two employees whose payroll was diverted to a fraudsters bank account. The university was able to recuperate a portion of the diverted funds. The amount diverted was approximately \$7,000 and the recovery amount was around \$3,700. Both Payroll and ITS made immediate improvements to strengthen the university's controls to help prevent similar issues from occurring. No evidence was discovered to indicate an employee was involved in the fraud.

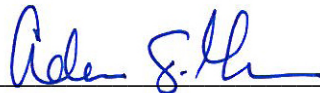
A copy of the Audit Heat Map was presented to the committee.

IX. RECOMMENDATION LOG STATUS AS OF JANUARY 31, 2020

The recommendation log reflected that several follow-up reviews since the last audit committee meeting have been completed.

No other business items were noted. The committee meeting adjourned and went into executive session.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its April 24, 2020 meeting.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 21, 2020

ITEM: Approval of Committee Minutes from November 15, 2019

COMMITTEE: Audit Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Rebecca A. Lewis
Chief Audit Executive

The minutes of the November 15, 2019 meeting of the Audit Committee are included in the meeting materials.

MOTION: I move that the Board of Trustees adopt the resolution, approving the minutes as outlined in the meeting materials.

RESOLVED: The reading of the minutes of the November 15, 2019 meeting of the Audit Committee of the Board of Trustees is omitted, and the minutes are approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

November 15, 2019
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Audit Committee met at 8:30 a.m. on Friday, November 15, 2019 at the Millennium Center.

I. Call to Order

David Golden, Vice-Chairman of the ETSU Board of Trustees and Chairman of the Audit Committee, called the meeting to order at 8:30 a.m.

II. Roll Call

Board of Trustees Secretary Adam Green led the roll call. Committee members I in attendance were:

Chairman David Golden
Trustee Dorothy Grisham
Trustee Ron Ramsey

Other Board of Trustee members present were:

Board Chairman Scott Niswonger, Trustee Virginia Foley and Trustee Cristopher Santana

III. Approval of Minutes of the Audit Committee on September 20, 2019

The minutes of the September 20, 2019 Audit Committee meeting were reviewed. Trustee Ramsey made a motion for approval and Trustee Grisham seconded the motion. The minutes were unanimously approved.

IV. Revisions to FY 2019-2020 Audit Plan

Ms. Rebecca Lewis reported that two investigations have been added since the September 2019 audit committee meeting and would be discussed in executive session. Trustee Grisham made a motion to approve the revisions and Trustee Ramsey seconded the motion. The motion was unanimously approved.

V. Audit Work Performed September through October 2019

Ms. Lewis discussed four audit reports that were issued after August 31. These include:

Men's Golf and Volleyball expenditures

Both were conducted due to the retirement of the head coach. There was one issue with the men's golf audit involving a hotel deposit not posted properly that resulted in an overpayment of approximately \$200. No issues were found with the volleyball review.

Executive Level Audit

An executive level employee is randomly chosen for an audit, and the executive selected this year was the Vice President for University Advancement. No issues were noted during the audit.

President's Expenditures Annual Audit

An annual audit of presidential expenditures is required by state law. For this recent audit, no issues were noted. An executive summary was included in the audit materials.

No investigations have been issued since the September 2019 meeting.

Ms. Lewis also referenced the audit heat map included in the committee meeting materials. The committee had no questions or comments about the heat map.

VI. Recommendation Log Status as of October 31, 2019

Ms. Lewis discussed the recommendation log that showed one follow-up action that had been completed to correct deficiencies noted in a previous audit. No recommendations on the log presently reflect an overdue status.

VII. Other Business

Trustee Grisham commended Ms. Lewis on the excellent report and the work performed by her and her staff.

There were no other business items to discuss. The committee adjourned and moved into executive session.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 21, 2020

ITEM: Policy Development and Administrative Rulemaking

COMMITTEE: Audit Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Mark Fulks
University Counsel

Dr. Mark Fulks will present the new Policy Development and Administrative Rulemaking policy for East Tennessee State University. The policy formalizes the existing policy process while creating an informal policy office (the office of university compliance) to work with originators and sponsors on shepherding policies through the process. The public comment period for this proposed policy ran from September 30, 2019, through October 9, 2019, and Academic Council and University Council approved the proposed policy in their October meetings.

This new policy complies with the Board of Trustees' delegation of authority to the President and the university's shared governance model. The policy also expressly states compliance with Tennessee's Uniform Administrative Procedures Act when promulgating administrative rules.

MOTION: I move that the Committee recommend adoption of the following policy by the Board of Trustees:

Policy Development and Administrative Rulemaking

RESOLVED: Upon the recommendation of the Audit Committee, the Board of Trustees adopts the Policy Development and Administrative Rulemaking policy as outlined in the meeting materials.



Policy Development and Administrative Rulemaking	
Responsible Official: University Counsel	Responsible Office: Office of University Compliance

Policy Purpose

This policy establishes the university-wide procedure for the development, revision, and review of all university policies and procedures. Additionally, consistent with the Tennessee Uniform Administrative Procedures Act, this policy establishes the process East Tennessee State University will follow when it engages in rulemaking as authorized by the Focus Act.

Policy Statement

All written policies and procedures or administrative rules submitted for review and approval by the East Tennessee State University Board of Trustees or its President must be developed or revised in a transparent, collaborative, and efficient manner. University policies and procedures or administrative rules must be clearly written, accessible to the university community, and periodically reviewed.

Authority: Tenn. Code Ann. §§ 4-5-202, 4-5-206, 4-5-211; 2016 Tennessee Laws Pub. Ch. 869 Sec. 33.

Definitions

Academic Council: An advisory body to the Provost that reviews, recommends, or approves university policies that affect academic issues.

Administrative Rule: Any ETSU regulation, standard, statement, or document of general applicability that is not a policy that describes the procedure or practice requirements of an agency; or implements, prescribes, or interprets an enactment of the general assembly or congress or a regulation adopted by a federal agency. Administrative rule includes the establishment of a fee, the amendment or repeal of a prior rule, and ETSU statements that relate to the discipline or housing of students. Administrative rule does not include general policy statements that are substantially repetitious of existing law or ETSU statements that relate to admission, graduation, or curriculum of ETSU students.

Approval Date: The date the Board of Trustees or President approves a policy.

Comment Period: A 14 calendar day period during which students, employees, and others may comment on a proposed new policy or revised policy or procedure.

Effective date: The date a policy or procedure goes into effect. Unless otherwise stated, the effective date will be when the office of university compliance posts the policy on the university webpage, thereby providing notice to the university community.

Emergency policy: A temporary memorandum policy enacted by the President when extraordinary circumstances require immediate action.

Originator: The person(s) assigned to draft and develop a policy or procedure.

Policy Template: A standardized guidance document with a proper outline and format for policies and procedures.

Procedures: Specific methods and processes for implementing university policies.

Office of University Compliance: For purposes of this policy, the Office of University Compliance is the university department responsible for offering guidance to a policy originator, ensuring a legal review of draft policies occurs and reviewing policies for accuracy, clarity, and consistency as well as ensuring compliance with this policy and procedure. This office is located in the Office of University Counsel.

Sponsor: A member of the Academic Council or University Council responsible for a policy.

Stakeholder: University units or positions that are particularly impacted by a university policy and procedure. Stakeholders may include faculty senate, staff senate, student government association, or other operational stakeholders.

Substantive Revision: Changes that alter the intent, scope, meaning, or application of a university policy or procedure.

Technical Correction: A change that does not alter the intent, scope, meaning, or application of a university policy or procedure. For example, job titles, department names, responsible personnel, grammatical errors, format revisions, hyperlink updates, policy renumbering and changes in statutory or regulatory citations.

Unit Rule: A written directive that applies to a specified academic, administrative, or other unit of the university and governs a process that is unique to that unit. Unit rules may be referred to by various names which include but are not limited to as department rule, department guideline, department policy, by-law, charter, regulation, handbook, standard operating procedure or statement of standards.

University Council: An advisory body to the President.

University Policy: A guiding principle that addresses the governance or internal management inherent in carrying out the mission of the university that does not affect private rights, privileges, or procedures available to the public. Unless a policy explicitly states otherwise, it is binding on all students, faculty, and staff.

Policy History

Effective Date:

Revision Date:

A. Policy and Procedure Approval Process

1. Policy Requests

- a. Any student or university employee may submit a written or verbal request to develop a new university policy or procedure or revise an existing policy or procedure by submitting the request to a sponsor for the university.
- b. The sponsor may assign an originator to draft or revise the proposed new or revised policy or procedure and notify the Office of University Compliance of the appointment.
- c. The Office of University Compliance begins monitoring the progression of the policy development or revision and works with the originator and sponsor to progress the policy or procedure to completion.

2. Policy Drafting

a. Originator Responsibilities

- (1) The originator is the primary drafter and reviewer of a new or revised policy or procedure.
- (2) The originator contacts the Office of University Compliance for the policy template. The originator periodically consults with the Office of University Compliance throughout the drafting and approval process.
- (3) For policies to be approved by the President, the originator and all reviewers must use the edit and track (“track changes”) feature on draft policy documents so that those reviewing the draft policy can readily identify all changes and comments to the draft.
 - a) The Office of University Compliance, in consultation with the sponsor, may waive this requirement if the policy revision constitutes a substantial rewrite of the policy or procedure.
 - b) If a waiver is authorized, the draft must include comments explaining differences and similarities with the existing policy.
 - c) Waivers should be limited to substantial rewrite and where use of the edit and track feature would create a document lacking clarity.
- (4) Microsoft Word’s “track changes” function must not be used for policies or procedures that go before the Board of Trustees.
 - a) Use lines (“strikethrough” function) through all language to be deleted.
 - b) Underline any added language to indicate the changes being made.
- (5) The originator must include stakeholders impacted by the policy or procedure in the

drafting process.

- (6) Once the originator has completed a draft, the originator sends the policy draft to the Office of University Compliance.

b. Office of University Compliance Responsibilities

- (1) The Office of University Compliance reviews the policy for clarity and ensures consistency with other policies and procedures. The Office of University Compliance also ensures the university's legal counsel conducts a legal review of the policy draft.

- (2) Once the policy review has been completed by the originator and Office of University Compliance, the Office of University Compliance submits the policy and procedures for public comment.

3. 14-day Comment Period

- a. The Office of University Compliance advertises the proposed or revised policy and procedure for a 14-day comment period.
- b. The President or their designee may extend the comment period for extraordinary circumstances.
- c. When a policy or procedure is posted for a 14-day review, all Academic Council and University Council members have a responsibility to encourage their respective colleagues and staff to review and comment on the new or revised policy.
- d. Upon completion of the 14-day comment period, the Office of University Compliance provides all received comments to the originator.
- e. Within 30 calendar days of receiving all comments, and in cooperation with the Office of University Compliance, the originator evaluates all comments and revises the policy or procedure as needed.
- f. The originator and Office of University Compliance submits the draft policy to the sponsor. A short joint memorandum summarizing the comments received, revisions made, and any remaining legal or other issues accompanies the draft.

4. Academic Council or University Council Review and Approval

- a. The sponsor or their designee present the draft policy or procedure to Academic Council or University Council for review.
 - (1) Academic Council reviews all draft policies and procedures that are specifically academic in nature, including but not limited to policies and procedures related to faculty, promotion and tenure, academic freedom, catalogs, curriculum, and research.
 - (2) University Council reviews all other draft policies and procedures.

- b. After reviewing the draft, Academic Council or University Council may make one of the following recommendations:
 - (1) Approve the policy and procedure and forward it to the President or Board of Trustees, as appropriate, for review and approval.
 - (2) Return the policy and procedure to the originator for further work, with instructions on the changes needed.
 - (3) Reject the policy and procedure.
5. Presidential and Board of Trustees Review and Approval
- a. The President or the Board of Trustees approve the new or substantively revised policy and procedure as submitted, request revisions, or reject the policy or procedure.
 - b. Neither the President nor the Board of Trustees need to approve a technical correction of a policy or procedure.
6. Posting of an Approved Policy or Procedure
- a. The President's Office notifies the Office of University Compliance when the President or Board of Trustees approves a policy or procedure.
 - b. The Office of University Compliance posts the approved policy or procedure on the Policy website and notifies the university community.
- B. Time Considerations
- 1. The Originator, Sponsor, President, and Board of Trustees may review and take any action on a proposed new or revised policy or procedure at anytime.
 - 2. The timing of the review and approval process for new or revised policies rests exclusively with the Board of Trustees or President. However, both entities should provide sufficient time for:
 - a. Stakeholders in the university community to provide comments regarding the proposed policy or procedure; and
 - b. Meeting publication deadline dates of university issued handbooks or manuals.
- C. Policy and Procedure Technical Corrections
- 1. The Board of Trustees has delegated to the President the authority to enact technical corrections, as defined in the Definitions.

2. The originator may recommend technical corrections to the sponsor. The originator provides a tracked version of the policy and procedure to the sponsor.
3. The sponsor provides the Office of University Compliance a tracked version of the proposed technical correction. The Office of University Compliance reviews the proposed technical correction to determine if the change is technical or substantively alters the policy or procedure.
 - a. If there is a disagreement between the originator and Office of University Compliance as to whether a revision constitutes a technical correction, the matter is evaluated by the sponsor and President.
 - b. The President has the final authority on whether the revision constitutes a technical correction.
4. If the Office of University Compliance determines that the proposed technical correction does not substantively alter the policy or procedure, the Office of University Compliance posts the corrected policy on the university policy page.
5. The approval of technical corrections to a policy does not constitute the enactment of a new or revised policy, and it does not change the approval or effective dates of such policies.

D. Emergency Policy

1. When the President determines that emergency policy action is required, the President may enact new policies, revise existing policies, or suspend existing policies.
2. When the President takes emergency policy action, the President issues a written memorandum outlining:
 - a. the reasons emergency action is required;
 - b. any applicable emergency procedures;
 - c. the anticipated duration of the emergency policy; and
 - d. if applicable, any other policies that will be affected by the enactment of the emergency policy.
3. The President may issue this emergency policy without prior consent or approval of any university unit. However, when an emergency policy has been issued, the President must notify Academic Council and University Council.
4. Emergency policies do not require a 14-day comment period.
5. Once enacted, the Office of University Compliance immediately publishes the emergency policy on the university policy website. The Office of University Compliance also sends an email notice to the university community regarding the emergency policy.

6. Following issuance of the emergency policy, the President presents the policy to the Board of Trustees at the first available opportunity.
7. After consulting with the President, the Board of Trustees has the authority to affirm, modify or rescind the emergency policy.
8. The emergency policy must be in effect only for the duration of the emergency, not to exceed one year.

E. Unit Rules

1. Given the size, complexity, and numerous academic, administrative, and other units of the university, it is necessary for units to develop unit-specific rules, as defined in the Definitions. Unit rules and procedures provide additional detail to employees to efficiently and effectively operate within respective university units.
2. Unit rules must be consistent with the intent and purpose of university policy and relevant law.
3. Recommendations for new or revised unit rules go through the unit's established procedures for addressing new rules.
4. Senior administrators are responsible for ensuring the distribution of new unit rules and procedures to all employees in the department.
5. A new unit rule that is properly adopted based on individual units' adoption processes is binding on all employees and students within the relevant unit for which it is developed.

F. Policy Review and Maintenance

1. Sponsors are responsible for reviewing and addressing the policy needs of their respective departments.
2. The Office of University Compliance maintains the policy website or manual as well as a policy archive.
3. The Office of University Compliance coordinates the regular review of university policies. Whenever possible, a policy is reviewed every five years after it becomes effective and every five years after that. The sponsor reviews policies to assess whether policies remain:
 - a. in compliance with applicable laws, regulations, etc.;
 - b. consistent with other university policies;
 - c. current with policy format, personnel, positions, and entity information; and
 - d. relevant to the needs of the university and its mission.

G. Obsolete Policy or Procedure

1. A student, staff member, or faculty member who believes a university policy is no longer needed may recommend to the Office of University Compliance that the policy is removed.
2. The Office of University Compliance informs the sponsor of the recommendation.
3. A sponsor reviews the recommended deletion with the university's legal counsel.
4. Following a legal review, the sponsor presents a written recommendation to Academic Council or University Council that a policy or procedure should be deemed obsolete. The written recommendation includes the reasons the sponsor believes the policy is obsolete.
5. Academic Council or University Council approves or denies the recommendation and notifies the Office of the President. If the deletion is approved, the Office of the President notifies the Office of University Compliance.
6. When notified of a policy deletion, the Office of University Compliance removes the policy from the university policy website and sends an email to all university community members notifying of the deletion.

H. Administrative Rulemaking Requirement

1. When required, the University enacts an administrative rule consistent with Chapter 1360-01-02, Filing of Rules pursuant to Title 4, Chapter 5, of the Tennessee Uniform Administrative Procedures Act.
2. On July 1 of every year, the University submits a list of all adopted policies to the chair of the Tennessee senate and house government operations committees, including a summary of the policy and the university's justification for adopting a policy instead of promulgating a rule.

Policy History

Effective Date:
Revision Date:

Related Form(s)

Scope and Applicability

Primary: Governance, Academic, Students, Employment
Secondary: Information Technology, Health and Safety, Business and Finance, Operations and Facilities, Communications & Marketing, Advancement

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 21, 2020

ITEM: Public Records Rule

COMMITTEE: Audit Committee

RECOMMENDED ACTION: Approve (Roll Call)

PRESENTED BY: Mark Fulks
University Counsel

Pursuant to the Tennessee Public Records Act, government entities must promulgate rules regarding public records. Tenn. Code Ann. § 10-7-503(g)(2). If approved by the Board of Trustees, this proposed rule will be examined by the Tennessee Attorney General's Office prior to a public rulemaking hearing for public comment on the rule. Afterwards, the Public Records Rule should become effective. The proposed Public Records Rule complies with the Tennessee Public Records Act and the federal Family Educational Rights and Privacy Act (FERPA) regarding student records. Dr. Fulks will present the proposed Public Records Rule for approval to be further presented at a public rulemaking hearing.

MOTION: I move that the Board of Trustees adopt the resolution, approving the rule as outlined in the meeting materials.

RESOLVED: The Board of Trustees adopts the Public Records Rule advancing the rule in the rulemaking process, provided that the University is authorized to make any necessary edits resulting from the public hearing.

Rules
of
East Tennessee State University, Johnson City
Chapter 0240-06-05
Public Records

New

Table of Contents is added to Chapter 0240-06-05 Public Records and shall read as follows:

Table of Contents	
0240-06-05-.01	Purpose and Scope of Authority
0240-06-05-.02	Definitions
0240-06-05-.03	General Accessibility of Public Records
0240-06-05-.04	Requesting Access to Public Records
0240-06-05-.05	Responding to Public Records Requests
0240-06-05-.06	Fees and Charges for Public Records; Procedures for Billing and Payment
0240-06-05.07	Confidentiality Exceptions

0240-06-05-.01 Purpose and Scope of Authority is added to Chapter 0240-06-05 Public Records and shall read as follows:

0240-06-05-.01 Purpose and Scope of Authority.

- (1) This rule is promulgated to provide economical and efficient access to public records as provided under the Tennessee Public Records Act.

Authority: T.C.A. §§ 10-7-503, et seq.; and 49-8-101.

0240-06-05-.02 Definitions is added to Chapter 0240-06-05 Public Records and shall read as follows:

0240-06-05-.02 Definitions.

- (1) East Tennessee State University or ETSU or University – The campuses, centers, units, and institutes of East Tennessee State University and their constituent parts governed by the East Tennessee State University Board of Trustees and administration. Neither East Tennessee State University, ETSU, or University means the East Tennessee State University Foundation, Inc.; the East Tennessee State University Research Foundation; or the Medical Education Assistance Corporation.
- (2) FERPA – The Family Educational Rights and Privacy Act, codified in 20 U.S.C. § 1232(g).
- (3) Public Record – All documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, films, sound recordings, or other material, regardless of physical form or characteristics, made or received pursuant to law or ordinance or in connection with the transaction of official business by any governmental agency.
- (4) Records Custodian – The office, official or employee lawfully responsible for the direct custody and care of a public record. The records custodian is not necessarily the original preparer or receiver of the record.
- (5) Requestor – A person seeking access to a public record whether it is for inspection or duplication.
- (6) Tennessee Public Records Act or TPRA – The state law codified in T.C.A. §§ 10-7-501 et seq.

Authority: T.C.A. §§ 10-7-503, et seq.; 49-8-101.; and 20 U.S.C. § 1232(g).

0240-06-05-.03 General Accessibility of Public Records is added to Chapter 0240-06-05 Public Records and shall read as follows:

0240-06-05-.03 General Accessibility of Public Records.

- (1) All ETSU records shall, at all times during business hours, be open for personal inspection by any citizen of Tennessee, and those in charge of the records shall not refuse such right of inspection to any citizen, unless otherwise provided by state law. Accordingly, the public records of ETSU are presumed open for inspection during the regular hours of ETSU unless otherwise provided by law.

Authority: T.C.A. § 10-7-503.

0240-06-05-.04 Requesting Access to Public Records is added to Chapter 0240-06-05 Public Records and shall read as follows:

0240-06-05-.04 Requesting Access to Public Records.

- (1) Public records requests must be made to the appropriate Records Custodian to ensure that public records requests are routed and fulfilled in a timely manner.
- (2) ETSU's Records Custodian is the University Relations Office, Attn: Executive Assistant to the President for University Relations, 300 Burgin Dossett Hall, Johnson City, Tennessee 37614. (P): 423-439-4317. (F): 423-439-5710. Requests specific to student records should be submitted to ETSU's Registrar's Office, Attn: University Registrar, 102-A Burgin Dossett Hall, PO Box 70561, Johnson City, TN 37614. (P): 423-439-6744. (F): 423-439-6604.
- (3) Requests for inspection or copies may be made orally or in writing using the Public Records Request Form, located on ETSU's Policies website. Requests for inspection may be made in person or by mail, phone, fax, or email to the Records Custodian.
- (4) Proof of Tennessee citizenship by presentation of a valid Tennessee driver's license or alternative acceptable form of ID is required as a condition to inspect or receive copies of public records.

Authority: T.C.A. §§ 10-7-503, et seq.; 10-7-506(a).

0240-06-05-.05 Responding to Public Records Requests is added to Chapter 0240-06-05 Public Records and shall read as follows:

0240-06-05-.05 Responding to Public Records Requests.

- (1) The Records Custodian must review public records requests and make an initial determination of whether:
 - (a) The requestor has presented proof of Tennessee citizenship;
 - (b) The requestor described the records requested with sufficient specificity to identify the records requested; and
 - (c) The University is the custodian of the requested records.
- (2) The Records Custodian must acknowledge receipt of the request and take any of the following action(s) within seven business days from the University's receipt of the request:
 - (a) Make the records available to the requestor;

- (b) Deny the request in writing, providing the appropriate grounds for denial; or
 - (c) Send the requestor a completed Public Records Request Response Form stating the time reasonably necessary to produce the records.
- (3) The TPRA does not require the University to sort through files to compile information or to create or recreate a record that does not exist.
- (4) If a record contains confidential information or information that is not open for public inspection, the Records Custodian must prepare a redacted copy prior to providing access.
- (a) The Records Custodian should consult with the Office of University Counsel if questions arise concerning redaction.
 - (b) The Records Custodian should provide the requestor with the basis for redaction whenever a redacted record is provided. The basis given for redaction must be general in nature and not disclose confidential information.
- (5) Records that are not delivered electronically or in-person will be delivered via USPS First Class Mail. The requestor is responsible for any postage costs associated with fulfilling the request.

Authority: T.C.A. §§ 10-7-503, et seq.; 10-7-504; 10-7-506(a).

0240-06-05-.06 Fees and Charges for Public Records; Procedures for Billing and Payment is added to Chapter 0240-06-05 Public Records and shall read as follows:

0240-06-05-.06 Fees and Charges for Public Records; Procedures for Billing and Payment

- (1) There is no charge for inspection of public records.
- (2) No charges will be assessed for copies and duplicates unless the production costs exceed five dollars (\$5).
- (3) ETSU's Records Custodian must provide requestors with an itemized estimate of charges exceeding fifty dollars (\$50) prior to producing copies of records and may require pre-payment of such charges before producing requested records.
- (4) Fees and charges for copies are:
 - (a) \$0.15 per page for 8 ½" x 11" and 8 ½" x 14" black and white copies. ETSU will waive fees associated with requests for records that are fewer than 30 pages of black and white copies.
 - (b) \$0.50 per page for 8 ½" x 11" and 8 ½" x 14" color copies. The fee for color copies will not be waived.
 - (c) The charge for a double-sided (duplex) copy is the same as the charge for two one-sided copies.
 - (d) If a copy of a public record is produced on a medium other than for 8 ½" x 11" and 8 ½" x 14" paper, the Records Custodian may assess a copy charge equal to the actual cost of producing a copy of the public record, considering the amount of materials, equipment costs, and the cost of the alternative medium.

- (e) ETSU is not obligated to provide electronic copies of the requested records when the requested records are not maintained electronically.
 - (f) ETSU may charge the actual costs for flash drives or similar storage devices on which electronic copies are provided.
- (5) ETSU may charge the requestor the hourly wage of the employee(s) reasonably necessary to produce the requested records above the labor threshold.
- (a) The “labor threshold” is the labor of the employee(s) reasonably necessary to produce requested records for the first hour incurred by ETSU in producing the records. “Labor” means the employee time reasonably necessary to produce the requested records and includes the time spent locating, retrieving, reviewing, redacting, and reproducing the records.
 - (b) In calculating the labor costs to be charged to the requestor:
 1. First, determine the number of hours each employee spent producing the requested public records.
 2. Second, subtract the one-hour labor threshold from the number of hours the highest paid employee spent producing the request.
 3. Third, multiply the total number of hours to be charged for the labor of each employee by that employee’s hourly wage.
 4. Fourth, add together the totals for all the employees involved in the request to determine the total amount of the labor costs to be charged to the requestor.
 - (c) Labor costs should be tracked based on tenths of an hour, rounded down.
 - (d) Combined labor charges may be assessed for multiple requests from the same requestor that are submitted within a 30-day period.
- (6) ETSU has discretion to determine how payment for fees and costs should be made and whether advanced payment is required.

Authority: T.C.A. §§ 10-7-503, et seq.; 10-7-506(a).

0240-06-05-.07 Confidentiality Exceptions is added to Chapter 0240-06-05 Public Records and shall read as follows:

0240-06-05-.07 Confidentiality Exceptions

- (1) Exceptions to the right to inspect or copy public records include, without limitation:
 - (a) Records made confidential by the TPRA or by other state law; and
 - (b) Records ETSU is required to keep confidential by federal statute or regulation as a condition for receipt of federal funds or for participation in a federally funded program.

Authority: T.C.A. §§ 10-7-503, et seq.; 10-7-506(a).

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 21, 2020

ITEM: Annual Security & Fire Safety Report

COMMITTEE: Audit Committee

PRESENTED BY: Mark Fulks
University Counsel

Dr. Mark Fulks will provide Audit Committee members with an overview of East Tennessee State University's 2019 Annual Security & Fire Safety Report—a report published in accordance with the *Jeanne Clery Disclosure of Campus Security Policy and Crime Statistics Act*. The public report includes specific security practices and resources that are available for the campus community to utilize in order to reduce the risk of becoming the victim of a crime. The full report may be found on ETSU's website at https://www.etsu.edu/safety/documents/2019_asfsr_final.pdf.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 21, 2020
ITEM: Revisions to the FY 2019-2020 Audit Plan
COMMITTEE: Audit Committee
RECOMMENDED ACTION: Approve
PRESENTED BY: Rebecca A. Lewis
Chief Audit Executive

Ms. Lewis will provide a listing of additions and deletions to the fiscal year 2019-2020 audit plan since the last meeting.

Additions

FWA 20-07 – Investigation concerns received by Internal Audit
Women’s Soccer Expenditures

Deletions

Timekeeping Audits

MOTION: I move that the Audit Committee recommend adoption of the following resolution by the Board of Trustees:

RESOLVED: The revisions to the Audit Plan for 2019-2020 are approved as presented in the meeting materials.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 21, 2020

ITEM: Audits and Investigations Performed

COMMITTEE: Audit Committee

PRESENTED BY: Rebecca A. Lewis
Chief Audit Executive

Ms. Lewis will provide an overview of the audits completed during the period November 1, 2019 to January 31, 2020.

Audits

Timekeeping – International Programs - An audit of International Programs' Timekeeping Procedures was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The objectives were to evaluate the adequacy of internal controls and determine compliance with policies and procedures.

WETS-FM Radio – A financial statement audit for WETS-FM radio was performed to determine the fair presentation of the financial statements for FY 2019 as required by the Corporation for Public Broadcast (CPB).

Investigations

Payroll Services – An investigation of payroll services was conducted after two employees' direct deposits were fraudulently diverted. The primary objectives of the investigation were to determine the extent of the fraud, to evaluate the adequacy of internal controls, and to make recommendations for improvement.

**East Tennessee State University
Timekeeping – International Programs
For the Period from July 2018 – August 2019**

Key Staff Person: Payroll, Human Resources, and Timekeepers	Auditor: Associate Director, Internal Audit
Introduction: An audit of International Programs’ Timekeeping Procedures was conducted by Internal Audit personnel in accordance with the Annual Audit Plan. The audit was performed in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i> .	
Objectives: <ul style="list-style-type: none"> • To evaluate the adequacy of the internal controls over timekeeping. • To determine compliance with university policies and procedures. • To make recommendations for correcting deficiencies or improving operations. 	
Total Questioned Costs/Losses: None	Total Recoveries: N/A
<p>Conclusions</p> <p>The timekeeper within the department was interviewed regarding the internal controls and processes related to timekeeping. Timesheets were reviewed for compliance with applicable university policies and procedures. In addition, the timesheets were compared to the entries in the Time Record System (TRS) to ensure accuracy.</p> <p>Based on the testwork performed, internal controls related to International Programs Timekeeping are strong due to the following:</p> <ul style="list-style-type: none"> • All leave requests are emailed to the supervisor. Upon approval/denial, an email is then sent back to the requestor. A calendar is maintained by the timekeeper containing all approved leave. The calendar entries are compared to the timesheets for accuracy prior to entering the timesheets into TRS. • All non-exempt employees are paid for hours worked. A need for overtime does not exist within the department for hourly employees. • The supervisor compares the timesheets to TRS entries prior to the entry deadline so that any errors can be corrected ahead of time. • Testwork did not reveal any discrepancies between the timesheet and the TRS entries. <p>The objectives of the audit were met.</p>	

East Tennessee State University
WETS-FM Radio
For the Period July 1, 2018 to June 30, 2019
Executive Summary

Department: WETS-FM Radio Station	Auditor: Internal Audit Staff																																																		
Background A financial statement audit for WETS-FM radio was performed to determine the fair presentation of the financial statements for FY 2019 as required by the Corporation for Public Broadcast (CPB).																																																			
Objectives <ol style="list-style-type: none"> 1. To determine the accuracy of the existing system of internal control. 2. To determine the fairness of financial presentation. 3. To determine accuracy and completeness of financial records, and compliance to University policies and procedures. 4. To determine if the Station complies with CPB regulations and to certify the CPB Annual Financial Report. 5. To produce audited reports for CPB reporting purposes. 																																																			
Total Questioned Costs or Losses: None	Total Recoveries: Not Applicable																																																		
Findings None																																																			
Audit Conclusion The audit report for WETS-FM radio was issued with an unmodified opinion. The financial statements appeared to fairly present, in all material respects, the financial position of the radio station as of June 30, 2019. A summary of the revenue and expenses of WETS-FM is shown below.																																																			
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 10%;"><u>FY 2019</u></th> <th style="text-align: right; width: 10%;"><u>FY 2018</u></th> </tr> </thead> <tbody> <tr> <td colspan="3">REVENUES</td> </tr> <tr> <td colspan="3">Operating revenue:</td> </tr> <tr> <td style="padding-left: 20px;">Community service grants</td> <td style="text-align: right;">\$ 101,945</td> <td style="text-align: right;">\$ 99,337</td> </tr> <tr> <td colspan="3">EXPENSES</td> </tr> <tr> <td colspan="3">Operating expenses:</td> </tr> <tr> <td style="padding-left: 20px;">Program services</td> <td style="text-align: right;">587,131</td> <td style="text-align: right;">571,275</td> </tr> <tr> <td style="padding-left: 20px;">Support services</td> <td style="text-align: right;">349,097</td> <td style="text-align: right;">329,074</td> </tr> <tr> <td colspan="3">NONOPERATING REVENUES (EXPENSES)</td> </tr> <tr> <td style="padding-left: 20px;">State appropriations</td> <td style="text-align: right;">433,031</td> <td style="text-align: right;">419,736</td> </tr> <tr> <td style="padding-left: 20px;">Contributions</td> <td style="text-align: right;">254,924</td> <td style="text-align: right;">275,381</td> </tr> <tr> <td style="padding-left: 20px;">Underwriting</td> <td style="text-align: right;">117,805</td> <td style="text-align: right;">91,042</td> </tr> <tr> <td style="padding-left: 20px;">Indirect Admin ETSU</td> <td style="text-align: right;">74,322</td> <td style="text-align: right;">70,628</td> </tr> <tr> <td style="padding-left: 20px;">Other</td> <td style="text-align: right;">12,563</td> <td style="text-align: right;">(5,314)</td> </tr> <tr> <td colspan="3">NET POSITION</td> </tr> <tr> <td style="padding-left: 20px;">Net Position - beginning of the year, as restated</td> <td style="text-align: right;"><u>465,183</u></td> <td style="text-align: right;"><u>414,722</u></td> </tr> <tr> <td style="padding-left: 20px;">Net Position-end of year</td> <td style="text-align: right;"><u>\$ 523,545</u></td> <td style="text-align: right;"><u>\$ 465,183</u></td> </tr> </tbody> </table>		<u>FY 2019</u>	<u>FY 2018</u>	REVENUES			Operating revenue:			Community service grants	\$ 101,945	\$ 99,337	EXPENSES			Operating expenses:			Program services	587,131	571,275	Support services	349,097	329,074	NONOPERATING REVENUES (EXPENSES)			State appropriations	433,031	419,736	Contributions	254,924	275,381	Underwriting	117,805	91,042	Indirect Admin ETSU	74,322	70,628	Other	12,563	(5,314)	NET POSITION			Net Position - beginning of the year, as restated	<u>465,183</u>	<u>414,722</u>	Net Position-end of year	<u>\$ 523,545</u>	<u>\$ 465,183</u>
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EAST TENNESSEE STATE UNIVERSITY

Department of Internal Audit
Box 70566
Johnson City, TN 37614-1707
Telephone: 423/439-6155

TO: ETSU Board of Trustees' Audit Committee

FROM: Becky Lewis, Chief Audit Executive *B. Lewis*

SUBJECT: Completed Investigations – November 1, 2019 to January 31, 2020

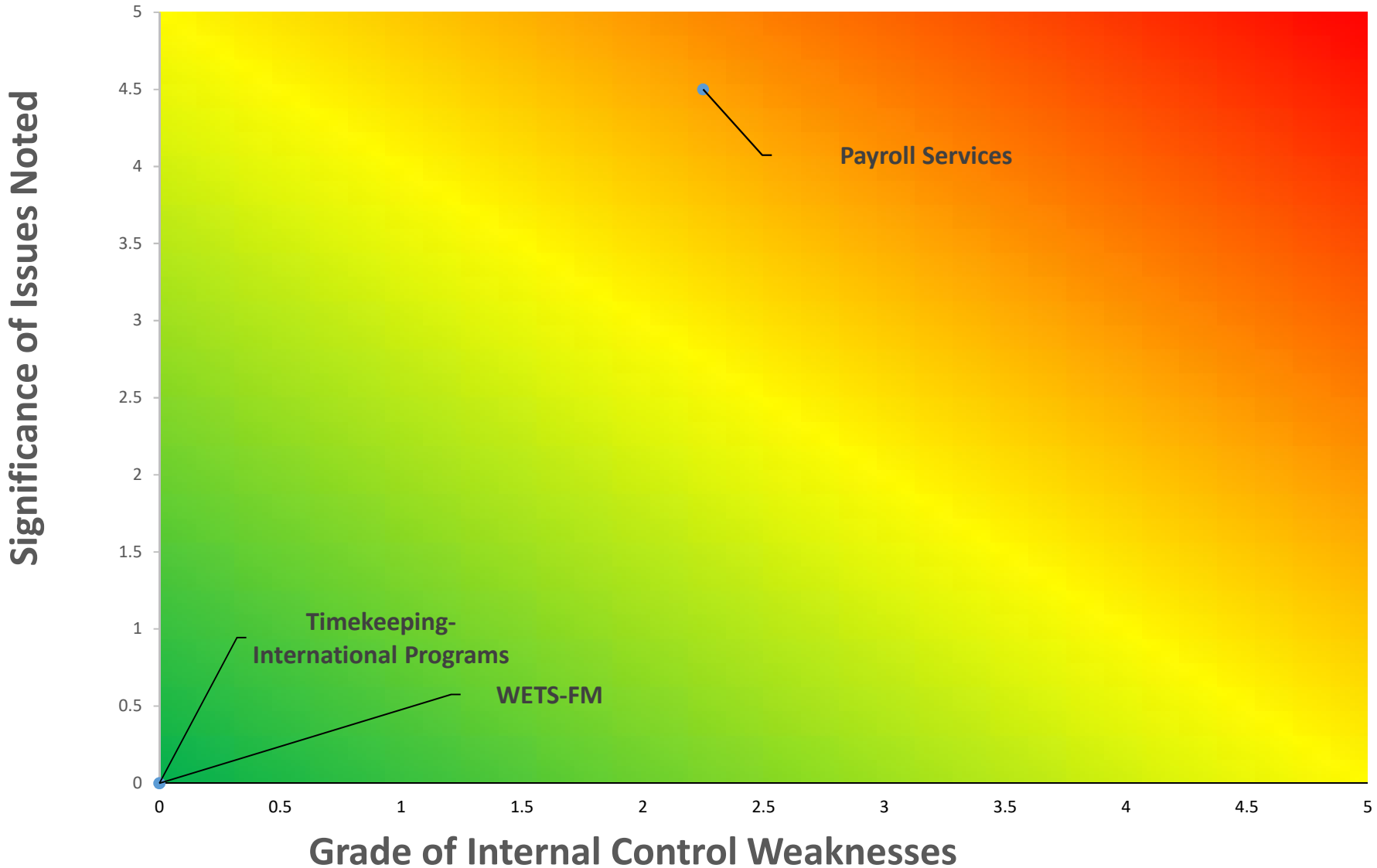
DATE: February 21, 2020

Below is a summary of the investigation completed between November 1, 2019 to January 31, 2020.

Payroll Services: The Office of Internal Audit was notified on October 1, 2019 that two employees' direct deposit paychecks were sent to a fraudster's bank account. The investigation confirmed that a total of \$7,044.64 had been diverted. At the conclusion of the audit, \$3,765.03 had been recovered from the bank. The university has implemented new controls to help prevent this from occurring in the future.

Heat Map of Completed Audits

from November 1, 2019 to January 31, 2020



EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 21, 2020
ITEM: Recommendation Log
COMMITTEE: Audit Committee
PRESENTED BY: Rebecca A. Lewis
Chief Audit Executive

Audit reports often contain recommendations to improve internal controls or procedures. For each recommendation, management must respond with a corrective action plan. A follow-up review of these corrective action plans is later performed by Internal Audit. A log is maintained to track the status of prior audit recommendations and is communicated to the Board of Trustees' Audit Committee each meeting.

East Tennessee State University		
Internal Audit Recommendation Log as of January 31, 2020		
Area	Recommendation	Status
Off Campus Domestic & International Programs	Controls over Off Campus Domestic & International Programs needs improvement.	Green
Child Study Center	The collection of revenue and payment of expenditures related to the pride picnic should follow university policies and procedures as well as any applicable state laws.	Green
Office of Equity & Diversity	Internal Controls related to the use of Access & Diversity funds for promoting the recruitment and retention of faculty, staff, and students needs improvement.	Green
	Internal Controls related to diversity scholarships needs improvement.	Green
Johnson City Community Health Centers - Financial Procedures	Cash receipting procedures need improvement.	Green
	Patient account and billing procedures need improvement.	Green
Johnson City Community Health Centers - Patient Safety	Privileging and credentialing procedures need improvement.	Green
	Follow-up appointment procedures need improvement.	Green
	Physicians review of charts procedures need improvement.	Green
Physical Therapy	Controls and procedures related to cash receipts, purchasing, and deposit of funds over student-led events needs improvement.	Green
Timekeeping - Library Administration	Monitoring the work schedules for employees on FMLA needs improvement.	Blue
Center for Academic Achievement	Personal purchases should not be paid using university procards/funds.	Blue
	Annual/sick leave used should be properly report on employees' timesheets.	Blue
Jeanne Clery Act Compliance	ETSU's Annual Security & Fire Safety Report should match the Department of Education crime statistics.	Green
Timekeeping - Families First	Timesheets and the Time Record System entries should comply with ETSU policies.	Blue
Little Bucs and Child Study Center	Changes in practices should be considered in order to improve the financial status of the centers.	Green
	All DHS Regulations should be adhered to by both centers.	Green
Third Party Servers	Weaknesses in five specific areas need corrected in order to improve internal controls. Corrective actions have been implemented for two of these.	Green
Slocumb Galleries	University policies and procedures related to revenue and expenditures should be adhered to by the Gallery.	Green
	Policies related to donations should be adhered to by the Gallery.	Green
	Bank accounts established for student organizations should be properly maintained and controlled.	Green
	Purchases made with procurement cards (procard) should adhere to applicable policies.	Green
Art and Design	Art and Design should adhere to proper policies and procedures related to printing services at the Visual Resource Center.	Green
	Departmental controls over student course fees need improvement	Green
	Departmental controls over procard expenditures and approval procedures need improvement.	Green
Golf Expenditures	Management should ensure all hotel deposits are credited on the final invoice.	Green

Legend:	
Actions completed since previous Audit Committee Meeting	Blue
Actions are progressing in a timely fashion or not yet due	Green
Actions are slightly overdue	Yellow
Actions are significantly overdue	Red