



Audit Committee Meeting			
9.14.2017		2:05 pm	317 College Street
Meeting Type	Audit Committee Meeting		
Note taker	Beth Chancellor		
Attendees		Present (Y/N)	
	Ms. Katherine Cannata (chair)	Y	
	Mr. Billy Atkins	Y	
	Dr. Nell Rayburn	Y	
	Mr. Mike O'Malley (ex-officio)	Y	
Item A - Internal Audit Salaries and Budget (Voice Vote)			
Discussion	<p>Trustee Cannata called on Blayne Clements for a report. Clements explained that the Audit Committee Charter requires the salaries for staff in the Office of Internal Audit to be reviewed and approved by the Audit Committee. Additionally, International Professional Practices Framework promulgated by the Institute of Internal Auditors, Standard 2020, requires the Board to review and approve the resources of the Office of Internal Audit. For this reason, the budget for the Office of Internal Audit is included in this agenda item. A summary of salary and budget information for the Office of Internal Audit was reviewed by the committee.</p> <p>Trustee Atkins moved to approve the Internal Audit salaries and budget. Trustee Rayburn seconded the motion.</p>		
Conclusions	<p>A voice vote was taken to approve the Internal Audit salary and budget information presented and was passed unanimously with 3 trustees voting yes.</p>		
Follow-up Items		Person	Deadline

Item B - Internal Audit Plan (Voice Vote)**Discussion**

Trustee Cannata called on Blayne Clements for a report. Clements explained the Office of Internal Audit prepares an annual audit plan at the beginning of each fiscal year. The plan is based on the staffing and time resources available to perform audits and is prepared in conjunction with an annual risk analysis of the university's audit universe (all potential auditable areas). The audit plan includes required audits, risk-based audits, known investigations and special requests. During the year, changes in audit priorities may results in alterations to the plan. In accordance with IIA standards, significant changes will be reported to the committee.

The *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors (IIA) requires the audit plan, and any significant changes to the plan, be approved by the Audit Committee. The Audit Committee was given a copy of the FY2018 Internal Audit Plan.

Trustee Rayburn moved to approve the Internal Audit Plan. Trustee Atkins seconded the motion.

Conclusions

A voice vote was taken to approve the FY2018 Internal Audit Plan and was passed unanimously with 3 trustees voting yes.

Follow-up Items**Person****Deadline****Item A - Year End Report (Informational Item)****Discussion**

Trustee Cannata called on Blayne Clements for a report. Clements explained that the Audit Committee charter requires the Audit Committee to provide oversight in internal audit activities, which includes reviewing the results of the year's work. The Internal Audit Year End Report for FY2017 was provided to the committee. This report contains summary information of internal audit activities for the year.

Conclusions

This was an information item and required no action.

Follow-up Items**Person****Deadline**

Item B – Internal Audit reports issued between May 1, 2017 and August 18, 2017 (Informational Item)**Discussion**

Trustee Cannata called on Blayne Clements for a report. Clements explained that the meeting materials define the types of reviews performed by the Office of Internal Audit, as well as a list of all the internal audits released between May 1, 2017 and August 18, 2017. Clements also explained that the Office of Internal Audit follows up on all recommendations included in internal audit reports. Clements then highlighted the report on the investigation regarding the Payroll Information Security Review.

A summary of outstanding audit recommendations was provided to the committee.

Conclusions

This was an information item and required no action.

Follow-up Items**Person****Deadline****Item C – Periodic Quality Assessment Methodologies (Informational Item)****Discussion**

Trustee Cannata called on Blayne Clements for a report. Clements explained state law requires the internal audit office to comply with the International Professional Practices Framework (IPPF) promulgated by the Institute of Internal Auditors (IIA). The IPPF requires the Office of Internal Audit to have an active Quality Assessment and Improvement program, which includes periodic self-assessment and external assessments of operation to ensure compliance with the IPPF mandatory guidance. The most recent periodic self-assessment, performed in May 2016, was presented to the Audit Committee at the May 2017 meeting.

The IPPF require the Office of Internal Audit to undergo an external assessment every five years. The last external assessment was in August 2013. Clements discussed the acceptable forms of an external assessment.

Conclusions

This was an information item and required no action.

Follow-up Items**Person****Deadline**

Item D – Risk Assessment (Informational Item)			
Discussion			
<p>Trustee Cannata called on Blayne Clements for a report. Clements explained state law requires the Audit Committee to review and approve management’s risk assessment. Clements stated he is “facilitating” the university’s risk assessment process and expects the risk assessment to be presented at the next Audit Committee meeting.</p> <p>Risk Assessment is a process of management identifying strategic and significant organizational risks and measuring the potential impact and probability of each risk. Then management inventories the mitigating strategies deployed by management to reduce the impact or probability of the risk coming to fruition. The process ensures significant risks are being adequately managed.</p> <p>The current risk assessment plan is a four year cycle designed to ensure all significant business operations are assessed over that four year period. Currently the Provost’s area is being assessed.</p> <p>Trustee Cannata asked Blayne Clements to give an example of a risk on the current risk assessment and he gave an example of the declining enrollment at Fort Campbell.</p>			
Conclusions			
This was an information item and required no action.			
Follow-up Items		Person	Deadline
Item E – Code of Conduct Policy (Informational Item)			
Discussion			
<p>Trustee Cannata called on Blayne Clements for a report. Clements explained the Audit Committee charter requires the committee to periodically review the university’s Employee Code of Conduct Policy.</p>			
Conclusions			
This was an information item and required no action.			
Follow-up Items		Person	Deadline

Item F – Conflict of Interest Policy (Informational Item)		
Discussion		
Trustee Cannata called on Blayne Clements for a report. Clements explained the Audit Committee charter requires the committee to periodically review the university's Conflict of Interest Policy.		
Conclusions		
This was an information item and required no action.		
Follow-up Items	Person	Deadline
Miscellaneous		
Discussion		
Trustee Rayburn moved to adjourn the meeting. Trustee Atkins seconded the motion. The meeting adjourned at 2:29 p.m.		
Conclusions		



Signature

September 15, 2017

Date