

Report From The Audit And Compliance Committee

The Audit and Compliance Committee met on Tuesday, September 12, 2017 at Middle Tennessee State University. Trustee Christine Karbowskiak, Audit and Compliance Committee Chair, called the meeting to order at 10:15 a.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. Trustees J.B. Baker, Pete Delay, Darrell Freeman Sr., Pam Wright, and Lindsey Weaver were also present. Also present were President Sidney A. McPhee; Brenda Burkhart, Chief Audit Executive; Gené Stephens, Assistant Vice President for Compliance and Enterprise Risk Management; 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, University Provost; Joe Bales, Vice President for University Advancement; Bruce Petryshak, Vice President Information Technology; Heidi Zimmerman, University Counsel and Board Secretary; Kim Edgar, Chief of Staff.

The first item on the agenda for action concerned revisions to the Audit Charter for the Audit and Compliance Committee. The Comptroller directed revisions of Section V and Section VI of the charter approved by the Board of Trustees on April 10, 2017, to reflect the specific terminology reflected in the "Comptroller's Guidelines for Audit Committee Charters". The Audit Charter was also revised to reflect the change in title of the Director of Audit and Consulting Services to Chief Audit Executive. Chairwoman Karbowskiak noted these were administrative rather than substantive changes. Trustee Adams made the motion to approve the revised charter. The Motion was seconded by Trustee Smith. A voice

vote was taken and the Motion to approve the revised Charter carried.

The next two items on the agenda were informational items presented by Ms. Burkhart. The results of state audit reports for the past 15 years were presented along with the Audit and Consulting Services Annual Report for Fiscal Year 2017. Chairwoman Karbowski requested the annual report include an executive summary in the future to indicate emerging issues, trends, and areas of particular interest that should be brought before the Audit Committee.

The next items on the agenda were informational regarding the Office of Compliance and Enterprise Risk Management presented by Ms. Stephens. The items presented provided the following background information regarding annual risk assessment reporting and compliance activities: United States Sentencing Guidelines seven elements of an effective corporate compliance program; Department of Justice "Filip Factors"; Green Book to COSO ERM Mapping; Office of Compliance and ERM Overview and Activities; the Financial Integrity Act; and State Risk Assessment Reporting. After discussion of the items, the following information was requested by the committee: (1) provide examples of how the University addresses each of the seven elements of an effective corporate compliance program (from the U.S. Sentencing Guidelines); (2) provide examples of how the University addresses the "Filip Factors" used by the Department of Justice; and (3) provide a power point presentation of the Office of Compliance and Enterprise Risk Management's activities with examples of the resources provided by the Office.

The Committee entered non-public executive session at 10:34 a.m. (CDT) to discuss risk assessment reports, audits and investigations. The Committee

reconvened the public session at 11:23 a.m. (CDT) for the final agenda item of approval of the Risk Assessment Reports. Trustee Johnston made the motion to approve the Risk Assessment Reports. The Motion was seconded by Trustee Adams. A voice vote was taken and the Motion to approve the Risk Assessment Reports carried.

The meeting adjourned at 11:25 a.m. (CDT).

Respectfully submitted,

Audit and Compliance Committee