



Agenda Item Summary

Date: June 26, 2018

Agenda Item: Board Appointment of Audit Committee Member

Review

Action

No action required

PRESENTER: Tom

PURPOSE & KEY POINTS:

State Audit guidelines require the Tennessee Tech Board to nominate and approve members for the Audit Committee.

Tennessee Tech University

Audit Committee Charter

I. Purpose

The Audit & Business Committee ("Committee"), a standing committee of the Tennessee Tech Board, will operate in compliance with the "State of Tennessee Audit Committee Act of 2005" (Tennessee Code Annotated Title 4, Chapter 35) and will assist the Board in fulfilling its responsibilities by reporting regularly to the Board about Committee activities and issues that arise.

The Committee will provide oversight in the following areas:

- A. Audit engagements with the Tennessee Comptroller's Office, including the integrity of financial statements and compliance with legal and regulatory requirements,
- B. Audit engagements with external auditors,
- C. Internal Audit activities,
- D. Internal Audit administration,
- E. Internal controls and compliance with laws, regulations, and other requirements,
- F. Risk and control assessments,
- G. Fraud, waste, and abuse prevention, detection, and reporting, and
- H. Other areas as directed by the Board.

II. Authority

The Committee has the authority to conduct or authorize audits or investigations into any matter within its scope of responsibility. The Committee is authorized to:

- A. Seek any information it requires from employees or external parties. Employees are directed to cooperate with the Committee's requests,
- B. Have access to all books, records, and physical properties of Tennessee Tech,
- C. Meet with Board and institutional officials, external and internal auditors, legal counsel, or others as necessary, and
- D. Delegate authority to subcommittees, providing that such decisions by any subcommittee are presented to the full Committee at its next scheduled meeting.

III. Responsibilities

The Committee has responsibilities for the following:

- A. Tennessee Comptroller's Office Audits ("State Auditors")
 - 1. Understand the scope and approach used by the State Auditors in conducting their examinations,

2. Review results of the Comptroller's examinations of financial statements and any other matters related to the conduct of the audits,
3. Review with management and legal counsel any legal matters (including pending litigation) that may have a material impact on the financial statements, and any material reports or inquiries from regulatory or governmental agencies,
4. Ensure that the Comptroller is notified of any indications of fraud in the manner prescribed by the Comptroller,
5. Resolve any differences between management and the Comptroller's auditors regarding financial reporting, and
6. Meet, as needed, with the Comptroller's auditors to discuss any matters that the Committee or State Auditors deem appropriate.

B. External Audits

1. Understand the scope and approach used by the external auditors in conducting their examinations,
2. Review results of the external auditors' examinations and any other matters related to the conduct of the external audits, and
3. Meet, as needed, with the external auditors to discuss any matters that the Committee or external auditors deem appropriate.

C. Internal Audit Activities

1. Ensure that the Director of Internal Audit reports directly to the Committee and has direct and unrestricted access to the chair and other committee members,
2. Review and approve the charter for the Tennessee Tech's Internal Audit department,
3. Review and approve the annual audit plans for Tennessee Tech's Internal Audit department, including management's request for unplanned audits,
4. Receive and review significant results of internal audits performed,
5. Work with Tennessee Tech management and Internal Audit to assist with the resolution of cooperation issues and to ensure the implementation of audit recommendations,
6. Review the results of the year's work with the Director of Internal Audit, and
7. Ensure the Tennessee Tech Internal Audit function maintains a quality assurance and improvement program, including internal procedures and assessments and a periodic external quality assessment of conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

D. Internal Audit Administration

1. Ensure the Director of Internal Audit's administrative reporting relationship to the President is independent.
2. Ensure that Tennessee Tech Internal Audit has adequate resources in terms of staff and budget to effectively perform its responsibilities.

3. Review and approve the appointment, compensation, reassignment, or dismissal of the Director of Internal Audit.

E. Risk, Internal Control and Compliance

1. Consider the effectiveness of the internal control system and compliance with laws and regulations, including computerized information system controls and security,
2. Review and evaluate risk assessments performed by institutional management and the Board, and
3. Inform the Comptroller of the Treasury of the results of risk assessments and controls completed by Tennessee Tech management.

F. Fraud

1. Ensure that the Board and the institution have an effective process in place to prevent, detect, and report fraud, waste and abuse.
2. Facilitate audit and investigative matters, including advising auditors and investigators of any pertinent information received by the Committee.

G. Other

1. Review and assess the adequacy of the Committee's charter every four years or as needed, whichever is earlier, requesting Board approval for any proposed changes.
2. Ensure there are procedures for the receipt, retention, and treatment of complaints about accounting, internal controls, or auditing matters.
3. Review Tennessee Tech's code of conduct and /or policies regarding employee conduct to ensure that they are easy to access, are widely distributed, are easy to understand and implement, include a confidential mechanism for reporting code violations, are enforced, and include a conflict of interest policy.
4. Review Tennessee Tech's conflict of interest policy to ensure that the term "conflict of interest" is clearly defined, the policy is comprehensive, annual signoff is required, and potential conflicts are adequately resolved and documented.

IV. Independence

Each Committee member shall be independent in fact and appearance of any interests that are in conflict with their duties as a Committee member.

V. Membership

- A. Pursuant to Tennessee Code Annotated Section 4-35-104, the Committee shall have at least three but not more than five members,
- B. The Committee and its chair shall be nominated and approved by the Board.
- C. Each Committee member shall serve for a term not to exceed two years and may be reappointed,

- D. The Committee chair shall serve for a term not to exceed two years and may be reappointed,
- E. The Committee chair preferably shall have accounting and financial management expertise, and
- F. The other members of the Committee shall be generally knowledgeable in financial, management, and auditing matters.

VI. Meetings

- A. The Committee shall meet as necessary, but at least annually, and also whenever requested by the chair of the Committee or Board or the Comptroller of the Treasury.
- B. The Committee may invite Board management, auditors, or others to attend and provide relevant information.
- C. The Board Secretary or designee shall take minutes at each meeting of the Committee and maintain approved minutes as the official record of such meeting.
- D. A majority of the members of the Committee shall constitute a quorum for the transaction of business.
- E. All meetings of the Committee shall adhere to the Open Meetings Act, Tennessee Code Annotated Title 8, Chapter 44, except that pursuant to Tennessee Code Annotated Section 4-35-108(b), the Committee may hold confidential, nonpublic executive sessions for the sole purpose of discussing the following:
 - 1. Items deemed not subject to public inspection under Tennessee Code Annotated, Sections 10-7-503 and 10-7-504, and all other matters designated as confidential or privileged under state or federal law,
 - 2. Litigation,
 - 3. Audits or investigations, and
 - 4. Matters involving information under Tennessee Code Annotated Section 4-35-107(a) where the informant has requested anonymity.

Approvals

Approved by:  Date: 8-17-17
Teresa Vanhooser
Chair of the Audit & Business Committee

Approved by:  Date: 8/17/17
Thomas Jones
Chairman of the Board



Agenda Item Summary

Date: June 26, 2018

Agenda Item: Nomination of Chair to Serve as Ex Officio Voting Member of Audit Committee

Review

Action

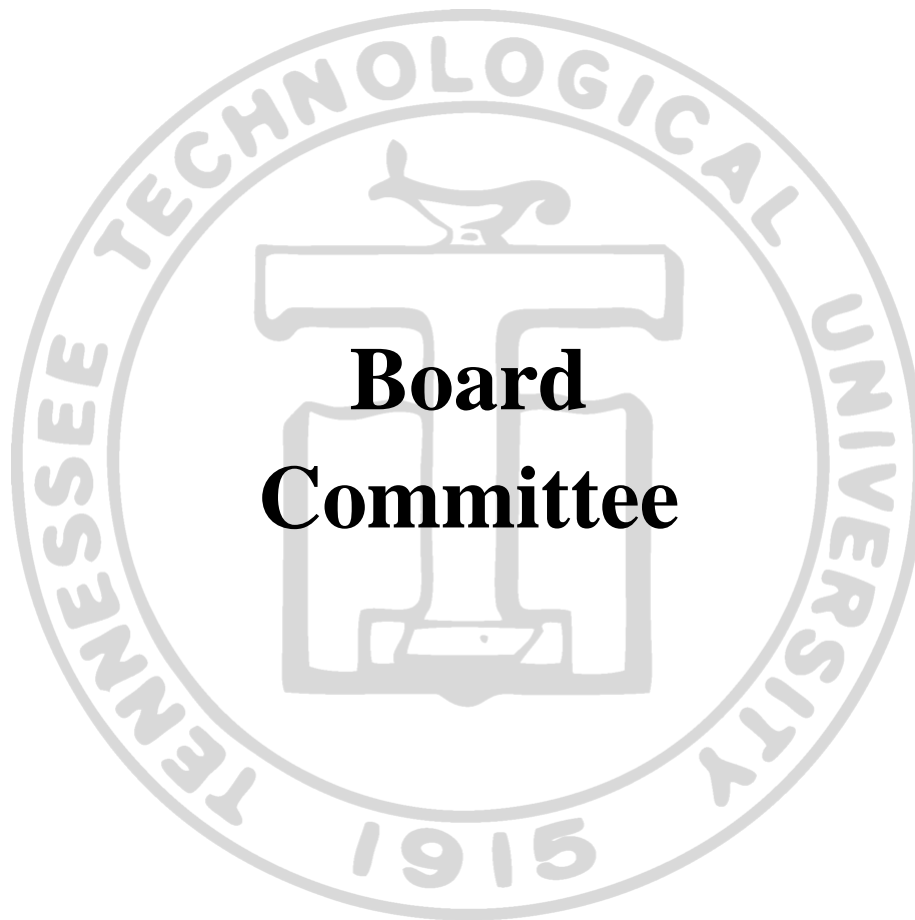
No action required

PRESENTER: Tom

PURPOSE & KEY POINTS:

Board Policy 005 states that the Board Chair will serve as an ex officio member of all standing committees. State Audit guidelines, however, require the Board to approve members of the Audit Committee. This action will align the Board's policy with State Audit guidelines.

Tennessee Technological University
Policy No. 005



Board
Committee

Effective Date: March 23, 2017

Policy No: 005

Policy Name: Board Committees

I. Purpose

This policy establishes the committees of the Tennessee Tech Board and describes their structure and responsibilities.

II. Review

This policy will be reviewed every four years or whenever circumstances require review, whichever is earlier, by the Board or a committee designated by the Chair. In the case of the latter, recommendations for revision will be presented to the Board at a regular or special meeting.

III. Committees

A. Standing committees

1. The standing committees of the Board shall be
 - a. Academic/Student Affairs/Research/Advancement/Athletics
 - b. Audit/Compliance/Finance/Compensation/Facilities
 - c. Executive
2. The authority of the standing committees shall be subject to action by the entire Board, except as otherwise provided by law. The committees' actions must be authorized and approved by the Board before becoming effective unless the Board delegates to the committee the authority to act on its own behalf.

B. Structure of the committees

1. Each standing committee shall have at least three voting members who shall each serve a two-year term and may be reappointed to consecutive terms.
2. Each standing committee shall have a chair who shall serve a two-year term and may be reappointed to consecutive terms.
3. The Board Chair shall appoint members and chairs of the standing committees, unless otherwise excepted by this policy.
4. The Board Chair shall serve as an ex officio member of all standing committees, entitled to vote.

5. Each committee shall have a Tennessee Tech administrator to assist with its work.

C. Special committees

The Board Chair or Vice Chair may appoint special committees for specific assignments. Membership may be as determined appropriate. The chair of a special committee shall be designated by the Board Chair at the time the special committee is appointed. Matters assigned to a special committee shall be subject to action and approval by a designated standing committee or the Board before becoming effective.

IV. Matters Related to Committee Meetings

- A. The Executive Committee shall meet as often as necessary to carry out its responsibilities. All other standing committees shall meet at the call of the Board Chair or committee chair.
- B. Meetings may be called by the Board Chair, the President, or the committee chair.

C. Notice of meeting and agenda

1. When feasible, committee members shall receive at least five days' notice of meetings to include the purpose of the meeting. The notice may be delivered by any reasonable means.
2. When feasible, a copy of the agenda and related materials shall accompany notice of the meeting.
3. Matters not appearing on the agenda of a standing or special committee meeting may be considered only upon an affirmative vote of the entire committee.
4. Standing committee chairs may designate items to be included on a consent agenda for the committee; provided that the following items may not be placed on a committee consent agenda:
 - a. Amendment of the bylaws;
 - b. The annual operating budget, including student tuition and fee proposals for which Board approval is required;
 - c. Funding requests for capital outlay and capital maintenance projects;
 - d. Revenue or institutionally funded capital projects; and

- e. Any other item on which a roll call vote will be required in the full Board meeting.
- D. A majority of the voting members of each standing or special committee shall constitute a quorum for the transaction of business. In the absence of a quorum, those attending may adjourn the meeting until a quorum is present.
- E. Minutes shall be made of all standing and special committee meetings and provided to the Board Chair, the President, and the Secretary to the Board. The minutes shall be maintained as the official record of such meetings.
- F. All meetings of standing and special committees shall be open to the public except as authorized by a statutorily or judicially recognized exception to the Tennessee Open Meetings Act, T.C.A. § 8-44-101 et seq.

V. Committee Duties

A. Academic/Student Affairs/Research/Advancement/Athletics Committee ("Academic & Student Affairs Committee")

The committee shall oversee the quality of academic programs and services and student life consistent with Tennessee Tech's mission. The committee shall make recommendations to the Board relating to:

1. Approval of proposals for new academic programs and the significant revision of existing programs;
2. Ensuring and protecting, within the context of faculty-shared governance, Tennessee Tech's educational quality and its academic programs;
3. Approval of admission, progression, retention, and graduation standards;
4. Institutional accreditations, program accreditations, and program reviews;
5. Promoting the welfare of students attending Tennessee Tech;
6. Review and approve policies related to academic and student affairs consistent with TTU Board Policy 003 (Board Delegation of Authority);
7. Oversight of programs seeking to extend Tennessee Tech's scientific, technological, commercialization, and educational expertise to communities, counties, agencies, and organizations in the state, nationally, and globally;
8. Review the operation of the Tennessee Tech's intercollegiate athletics programs and assist the Board in carrying out its responsibility of those programs;

9. Exercise oversight of Tennessee Tech programs related to private gifts, alumni support, public relations, and communications and marketing;
10. Review and approval of policies related to research, advancement, and athletics matters consistent with TTU Board Policy 003 (Board Delegation of Authority); and
11. Other areas as directed by the Board.

B. Audit/Compliance/Finance/Compensation/Facilities Committee (“Audit & Business Committee”)

1. The Committee and its chair shall be nominated and approved by the Board.
2. The committee shall have the authority to direct Tennessee Tech’s management to initiate and address specific audit and compliance issues within the mandate of the committee. It may conduct, authorize, or facilitate any audit or investigation appropriate to fulfill its oversight responsibilities.
3. The committee shall adopt and maintain a charter consistent with state law and any Tennessee Comptroller of the Treasury’s requirements. The committee shall submit the charter and any subsequent revisions to the Board for approval.
4. The committee is responsible for and shall make recommendations to the Board related to:
 - a. Audit engagements with the Tennessee Comptroller’s Office including the integrity of financial statements and compliance with legal and regulatory requirements;
 - b. Audit engagements with external auditors;
 - c. Internal audit activities;
 - d. Internal audit administration;
 - e. Internal controls and compliance with laws, regulations, and other requirements;
 - f. Risk and control assessments;
 - g. Fraud, waste, and abuse prevention, detection, and reporting;

- h.** Review and approval of policies related to audit and compliance matters, consistent with TTU Board Policy 003 (Board Delegation of Authority);
- i.** Monitoring Tennessee Tech's financial performance and reporting to the Board;
- j.** Reviewing and recommending annual and long-range operating, capital, and maintenance budgets;
- k.** Reviewing and recommending rates for student tuition and fees;
- l.** Overseeing financial reporting and related disclosures;
- m.** Recommending adoption or modification of capital improvement plans and the facilities master plan, advocating for new structures, and rehabilitating or removing older structures;
- n.** Recommending appropriate action with regard to the acquisition and disposition of real property;
- o.** Acting on matters related to personnel, including faculty and staff compensation and tenure;
- p.** Reviewing or acting on matters related to information technology planning and strategy, including significant technology investments;
- q.** Reviewing and approving policies related to finance, compensation and facilities, consistent with TTU Board Policy 003 (Board Delegation of Authority);
- r.** Reviewing and approving policies related to audit and compliance matters, consistent with TTU Board Policy 003 (Board Delegation of Authority); and
- s.** Other areas as directed by the Board.

C. Executive Committee

- 1.** The Executive Committee shall be composed of the Chair and Vice Chair of the Board, and one at-large voting member elected by the Board. The Chair of the Board shall be the chair of this committee.
- 2.** The Executive Committee may act for the Board between regular Board meetings on urgent matters except the following, which shall be reserved to the Board:

- a.** Presidential selection and termination;
 - b.** Amendments to the Board bylaws;
 - c.** Sale or disposition of real estate;
 - d.** Tenure decisions;
 - e.** Maintenance fees, tuition, and other student fees;
 - f.** Capital budget request prepared for submission to the Tennessee Higher Education Commission for consideration for inclusion in the Governor's budget proposal;
 - g.** Adoption of the annual budget; and
 - a.** Conferral of degrees.
- 3.** The Executive Committee shall ensure the integrity of the Board and is responsible for:
 - a.** Establishing and maintaining standards of Board conduct by monitoring compliance with TTU Policy 001 (Board Code of Ethics and Conduct and Conflict of Interest);
 - b.** Approval of the creation and removal of executive positions reporting directly to Tennessee Tech's president and appointments to all positions reporting directly to the president;
 - c.** Approval of matters presented to the Executive Committee by Tennessee Tech's president, consistent with the limitations on the powers of the Executive Committee described in Section V.C.2 of this policy;
 - d.** Making recommendations or taking action, as allowed, relating to the selection, retention, evaluation, termination, compensation, benefits, and performance management of Tennessee Tech's president.
 - e.** Assessing the performance and effectiveness of the Board and Board members;
 - f.** Ensuring an effective orientation and ongoing professional development for Board members;
 - g.** Periodically reviewing and ensuring compliance with the Board bylaws and other Board policies, recommending amendments when appropriate;

- h.** Reviewing the committee structure of the Board for continued effectiveness;
 - i.** Overseeing the work of the other standing committees; and
 - j.** Other areas as directed by the Board.
- 4. The Executive Committee shall report all of its actions to the full Board at the next regular meeting.**

VI. Interpretation

The Board Chair or his/her designee has the final authority to interpret the terms of this policy.

VII. Citation of Authority for Policy

T.C.A. § 49-8-201(f)(8)(B)

Approved by:

Board of Trustees:	March 23, 2017
Revised by Board of Trustees:	June 15, 2017; August 17, 2017



Agenda Item Summary

Date: June 26, 2018

Agenda Item: Nomination of Chair of the Board to Act as the Chair of the Audit Committee in the Absence of the Audit Committee Chair

Review

Action

No action required

PRESENTER: Tom

PURPOSE & KEY POINTS:

State Audit guidelines require the Board to nominate and approve the Chair for the Audit Committee. This action will allow the Chair of the Board to act as the chair of the Audit Committee in the absence of the Audit Committee Chair.