

Audit Committee - June 2026 Transcript

(00:01):

Dr. Carol Clark: Trustee Rainey?

Trustee Rainey: Here.

Dr. Carol Clark: Trustee Roe?

Trustee Roe: Here.

Trustee Roe: We have a quorum on I call the meeting to order. Trustees, please remember that only audit committee members should participate in discussions on agenda items or take notes on action items. The minutes for the April 10th, 2026 audit committee meeting and audit committee executive session will circulate in advance. Are there any corrections or additions to the minutes? Hearing none, I move to approve the minutes with the noted corrections. Is there a second?

Trustee Kimbrough: Second.

Trustee Roe: All those in favor, please signify the saying aye.

Committee Members: Aye.

Trustee Roe: Those opposed signify by saying nay. Minutes are approved. Your meeting materials included proposed internal audit plan for fiscal year 2027. I recognize Mr. Blayne Clements, chief audit officer, who will provide further

(00:54):

Blayne Clements: Good morning, trustees. Good morning. Office of Internal Audit prepares an annual audit plan at the beginning of each fiscal year. Plan is based on the staffing and time resources available to perform audits. Prepared in conjunction with the annual risk analysis of the university's auditable areas. We solicit the input of a variety of stakeholders for the plan, including audit committee members, president, SLT and others to gain insight into what areas should be considered. Being the audit plan, I want to highlight some of the things on here. The first thing I want to highlight is the annual audit of the president's office, which is required by law. I wanted to take a minute to talk about the periodic quality assurance review because that is not like the other things on this list.

(01:40):

Blayne Clements: The state law that requires us to follow certain standards, internal audit standards, those standards require us to do a variety of reviews of our work. There's ongoing reviews that we do every day. There's this periodic review, and then ultimately there's an external review where somebody audits us. That happens every five years. Our last audit of us is in 23. The next one will be the fall of 28. This is periodic. Review is basically doing a self study kind of ramping up for that external review, making sure that our ducks are in a row. Our standards changed last January. We made some minor revisions to things just to keep the ball moving, but this is a deeper dive into those standards to make sure that we're complying.

(02:26):

Blayne Clements: Also on the list of university credit cards expenses three years we audit the university credit card use and university wide perspective. We do the same thing with travel expenses so you'll see that in separate another year. Although we audit credit cards with every departmental audit, this audit kind of covers everybody and specifically athletics. University wide processes is really our way of getting at the athletics operations. Sorry. So the graphs tell you kind of what we're doing, right? So this tells you that where we're spending our audit time, you can see that most of our time is going to be in business ops area which is institutional support and financial management, which is where it should be. And then the next graph shows you what kind of things we're doing. Risk base is where we want to spend most of our time. That risk based percentage is down a little bit because we're kind of cycling off hours to do that periodic internal assessment which is required.

(03:37):

Blayne Clements: So this year required percentages up risk base is all down, but that shows you a good overview of where we're spending that time. And the plan also has it on deck, right? So if we invest through all of these things, there's some space here to do more audits. And so we put those on there so we have your approval in case we get to those before we March. We are happy to answer any questions.

(04:06):

Trustee Roe: Just one question for me. What's the biggest challenge you have in these audits? You have one of the most important jobs of education and what is your biggest challenge?

(04:21):

Blayne Clements: Years ago when audit committee member asked how long it takes us to audit everything. I know that's impossible. It's just two of us, auditing the university changes, the risk environment changes. So I would say our biggest challenge is making sure I am investing our limited time resources in a way that's focused on important risk areas. That being said, we're right sized. MTSU has two or three people. So I think we're there. It's just a struggle with the complexity of the university to make sure that we're getting everything we should get.

(04:56):

Trustee Roe: So you have the resources to do what you need?

(04:58):

Blayne Clements: I do. Yes, sir.

(05:02):

Trustee Roe: Did I hear a motion to approve the proposed internal audit plan for fiscal year 2027?

Trustee Kimbrough: So moved.

Trustee Roe: Is there a second?

Trustee Rainey: Second

Trustee Roe: They moved and seconded to approve the proposed internal audit plan for fiscal year 2027 as written. Is there any discussion? Hearing none. All those in favor, please signify by saying aye.

Committee Members: Aye.

Trustee Roe: All opposed say nay. Ayes have it. There is one information item for the committee to consider. Item A, the internal audit report released between March 13th, 2026 and May 7th, 2026, and the list of outstanding audit recommendations. Mr. Clements will provide information about this item.

(05:47):

Blayne Clements: Yes, sir. One report was released during that period of time, an audit of the Boyd Health Services. This compartmental audit and so the audit objectives are to provide assurance to the board that everything is working regarding their office, their business operations. There's an introduction that tells you what this office does, what resources they provide to the university, tell you what specific areas we looked at and that we did have a reportable issue regarding physical security. Physical security is something we look at a lot. If you were to ask people, how do they keep things safe? The first thing they say is, "I lock my door, the building business reason." And so when we did this since health services and counseling services, we audited them a few years ago. Those are the only two occupants in this building. So this time we were able to ask who has access to that building.

(06:41):

Blayne Clements: I'm not sure if the question been asked before and found some way to restrict that access management will have that done by the end of June, so we'll do a follow up to make

sure that's taken care of. It's the only item on the outstanding recommendations list and I anticipate it will come off soon.

(07:00):

Trustee Roe: Thank you, Mr. Clements. Are there any questions for Mr. Clements, or discussion about the internal audit report? This information item requires no action. This concludes the agenda. I move that the public court of the audit committee meeting adjourned. Is there a second?

Trustee Kimbrough: Second.

Trustee Roe: All those in favor say aye.

Committee Members: Aye.

Trustee Roe: Opposed, nay? The ayes have it and the meeting...