



Board Meeting		
3.8.2018	Start Time: 3:30 p.m.	Ft. Campbell Center 203 Bastogne Ave, Fort Campbell, KY 42223
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 – Audit Committee Charter (Action Item)		
Discussion	<p>Trustee Cannata called on Blayne Clements for a report. Clements explained in accordance with the Audit Committee Charter, the Audit Committee is to review and assess the adequacy of the Audit Committee's Charter annually. Clements stated he reviewed the Audit Committee Charter to determine if revisions were necessary. Clements found the charter to still be adequate; however, he did revise the charter to update the job title of the Chief Audit Officer from the previous job title of Director of Internal Audit.</p> <p>Trustee Rayburn moved to approve the Audit Committee Charter, and Trustee Atkins seconded the motion.</p>	
Conclusions	<p>A voice vote was taken to approve the Audit Committee Charter and was passed unanimously.</p>	
Follow-up Items	Person	Deadline
Item B – Internal Audit Charter (Action Item)		

Discussion		
<p>Trustee Cannata called on Blayne Clements for a report. Clements explained the internal audit professional standards require the Internal Audit Charter to be periodically reviewed, presented to senior management and to the board for approval (IIA Standard 1100).</p> <p>The review resulted in two revisions. The first is updating the Chief Audit Officer job title from the previously used title of Director of Internal Audit. The second revision is more substantive. In January 2017, the Institute of Internal Auditors (IIA) added “Core Principles for the Professional Practice of Internal Auditing” to the list of mandatory guidance the Office of Internal Audit is required to follow. The revised charter references this new guidance, along with the other mandatory guidance in the section titled, “Audit Standards and Ethics.”</p> <p>The President and the Chief Audit Officer signed the charter on December 14, 2017.</p> <p>Trustee Rayburn moved to approve the Internal Audit Charter, and Trustee Atkins seconded the motion.</p>		
Conclusions		
<p>A voice vote was taken to approve the Internal Audit Charter and was passed unanimously.</p>		
Follow-up Items	Person	Deadline
<p>Item C – Internal Audit Policy (Action Item)</p>		
Discussion		
<p>Trustee Cannata called on Blayne Clements for a report. Clements explained the Internal Audit Policy addresses staffing, responsibilities of the internal audit function, audit planning and reporting on internal audit activities. The policy documents many issues to demonstrate compliance with internal audit professional standards.</p> <p>This policy was revised to address job title changes and additions to the mandatory guidance promulgated by the Institute of Internal Auditors (IIA). Additionally, language was added to clarify that the Audit Committee is a standing committee of the Board of Trustees.</p> <p>The policy was approved by the University’s Policy Review Committee and signed by the President on February 1, 2018. Once approved by the Audit Committee</p>		

and Board of Trustees, any subsequent changes to the policy will also need to be approved by the university's Policy Review Committee, the President, the Audit Committee and Board of Trustees.

Trustee Atkins moved to approve the Internal Audit Policy, and Trustee Rayburn seconded the motion.

Conclusions

A voice vote was taken to approve the Internal Audit Policy and was passed unanimously.

Follow-up Items

Person

Deadline

Item D – Reporting Fraud, Waste and Abuse Policy (Action Item)

Discussion

Trustee Cannata called on Blayne Clements for a report. Clements explained the Reporting Fraud, Waste and Abuse Policy, which describes the roles of all employees in helping prevent fraud, waste or abuse of university resources. The policy describes the importance of maintaining an ethical work environment and effective internal controls. The policy discusses the different methods for reporting issues, the confidentiality of the information reported and how the issues reported are handled.

As with the previously discussed Internal Audit Charter and Internal Audit Policy, this policy was revised to address job title changes and additions to the mandatory guidance promulgated by the Institute of Internal Auditors (IIA).

The policy was approved by the university's Policy Review Committee and signed by the President on February 1, 2018. Once approved by the Audit Committee and Board of Trustees, any subsequent changes to the policy will also need to be approved by the University's Policy Review Committee, the President, the Audit Committee, and Board of Trustees.

Trustee Atkins asked who could report potential issues of fraud, waste and abuse. Clements stated that anyone could report - faculty, staff, students, or the general public. Clements spoke briefly about internal audit's recent efforts to raise the University community's awareness of how to report potential issues.

Trustee Atkins moved to approve the Reporting Fraud, Waste and Abuse Policy, Trustee Rayburn seconded the motion.

Conclusions		
A voice vote was taken to approve the Reporting Fraud, Waste and Abuse Policy and was passed unanimously.		
Follow-up Items	Person	Deadline
Item E – Revised FY2018 Audit Plan (Action Item)		
Discussion		
<p>Trustee Cannata called on Blayne Clements for a report. Clements explained 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 auditable areas. The Audit Committee approved the FY2018 Internal Audit Plan on September 14, 2017.</p> <p>During the year, changes in audit priorities will result in alterations to the plan. Internal auditing professional standards require the Audit Committee to approve the audit plan and any significant changes to the plan.</p> <p>The most significant change is that four reviews were removed due to other reviews taking longer than originally anticipated.</p> <p>Trustee Rayburn moved to approve the Revised FY2018 Audit Plan, Trustee Atkins seconded the motion.</p>		
Conclusions		
A voice vote was taken to approve the Revised FY2018 Audit Plan and was passed unanimously.		
Follow-up Items	Person	Deadline
Item A – Internal Audit Reports issued between November 7, 2017 and February 12, 2018, with list of outstanding audit recommendations (informational item)		
Discussion		
<p>Trustee Cannata called on Blayne Clements for a report. Clements discussed the two internal audit reports released between 11/7/17 and 2/12/18 (Travel Card, 1/31/18 and Cash Handling, 2/9/18).</p> <p>With all recommendations included in audit reports, management must identify what corrective actions will be taken, who is responsible for that action and</p>		

provide an expected date of completion. After the expected completion date has passed, Internal Audit will perform a follow-up review to determine what action was taken and if that action adequately addresses the issue in the report. Internal Audit generally does not issue reports for follow-up reviews; however, Internal Audit maintains a list of outstanding audit recommendations. An updated list of outstanding audit recommendations is included in the audit committee materials.

Conclusions

This was an informational item; therefore, no action is necessary.

Follow-up Items	Person	Deadline

Item B - Comptroller's Office Financial and Compliance Audit Report for FY 2017 (informational item)

Discussion

Trustee Cannata called on Mitch Robinson, Vice President for Finance and Administration, for a report. Robinson explained the Comptroller's Office audits the University financial reports annually. Robinson explained the two findings included in the Comptroller's report, as well as management's corrective action plans to address the issues in the report.

Conclusions

This was an informational item only; therefore, no action is necessary.

Follow-up Items	Person	Deadline

Miscellaneous

Discussion

Trustee Atkins moved to adjourn the meeting. Trustee Rayburn seconded the motion. The meeting adjourned at 3:53 p.m.

Conclusions