

BUSINESS AFFAIRS SUB-COUNCIL

January 20, 2015

MINUTES

The meeting began at 11:00 a.m. in the TBR Board Room. Present were Ms. Cynthia Brooks (TSU); Mr. Steve Campbell (NeSCC); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Mr. John Cothorn (MTSU); Ms. Mary Cross (NaSCC); Mr. Danny Gibbs (RSCC); Mr. Lowell Hoffman (DSCC); Mr. Ken Horner (CoSCC); Mr. Bob Hughes (TSU); Mr. Tim Hurst (APSU); Dr. Rosemary Jackson (WSCC); Ms. Susan Joseph (ChSCC); Mr. Ron Kesterson (PSCC); Ms. Renee Moore (PSCC); Ms. Chrystal Pittman (JSCC); Mr. Mitch Robinson (APSU); Mr. Stanley Robinson (STCC); Ms. Jeannie Smith (UOM); Dr. Claire Stinson (TTU); Mr. Alan Thomas (MTSU); Ms. Hilda Tunstill (MSCC); Mr. Jeff Young (TTU); Mr. David Zettergren (UOM); Chancellor John Morgan, Ms. Tammy Birchett, Ms. Angela Flynn, Ms. Alicia Gillespie, Mr. David Gregory, Dr. Kenyatta Lovett, Ms. Pat Massey, Ms. Bobbie Porter, Ms. April Preston, Mr. Wayne Pugh, Ms. Brooke Shelton, Mr. Dale Sims, Ms. Renee Stewart, Ms. Wendy Thompson and Mr. Bob Wallace (TBR).

1. Chancellor's Remarks

Chancellor Morgan discussed the Board Retreat held in December. The discussion focused on TBR's business model and where we need to go from here. Our system cannot keep absorbing appropriation cuts and raising tuition if we want to be successful. We will need to be more entrepreneurial in the way we do business in the future.

Chancellor Morgan discussed Empower TN. This is an initiative driven by the Department of General Services and the Building Commission. It is driven by the notion that collectively, we can become more energy efficient. Many of our institutions have been leaders in this area.

The Chancellor also discussed space utilization and property management issues. A consultant has looked at State space to develop a plan to better utilize space. Special space, including higher education, was not included in the original study. However, the State now feels that some of these same techniques could be applied to higher education in order to save money.

2. Report of the Committees

A. Finance Committee

Dr. Collins highlighted the following issues from the January 6, 2015 Finance Committee meeting:

- Financial Aid Request

The committee discussed the Financial Aid Director's group request for changes to the timeline on when tuition/fee increases are provided from TBR to campuses and how fees are listed on student bills.

Dr. Heidi Lemming, TBR Academics, discussed the request from the Financial Aid Director's group to have fees provided earlier to students, along with more formal communication from the TBR Central Office. Students would like to have a more accurate picture of what their financial obligation will be. Some institutions have started the orientation process as early as March, which does not always provide the student with a realistic amount for tuition and fees.

Another issue is the way student fees are listed on the bill. There is some inconsistency between fees listed on websites and on student bills. There is also inconsistency between what institutions are combining into fees. For community colleges, THEC has asked each institution to provide a list of all fees covered and not covered by the Tennessee Promise. Dr. Lovett has developed a template to send to the Bursars.

THEC's recommendation for fee increases will be sent out upon receipt, with the information to be used for planning purposes and guidance. The recommendation will not be endorsed by TBR; however, institutions may wish to use the upper end of the THEC range to provide estimates on campus. (Attachment A)

- Damage to Rental Cars

The committee discussed damage to rental cars and the recent assertion by Treasury that the institutions, and not Treasury, are liable for damage that occurs to rental vehicles. The travel reimbursement policy does not allow reimbursement for insurance on rental cars. It has been assumed in the past that the State Claims Board would respond to any damage to a rental car. However, one institution was in the process of renting a truck to transport items from a donor. The institution contacted Treasury to ensure that they would cover any damage to the rental vehicle and was told that any damage to the vehicle would be funded by the institution. This institution contacted TBR and was issued a waiver to purchase rental insurance.

This issue was discussed by the committee. One institution has been issuing business travel credit cards, which carry insurance to cover any damages. Ms. Flynn is currently working with the TBR insurance broker about obtaining a systemwide policy to cover rental vehicles. She will be contacting institutions in order to obtain all information required by the vendor.

- Findings and Weaknesses

The committee discussed all findings and weaknesses published since the last quarterly Finance Committee meeting. There were two audit reports released in

the last quarter with two findings. One of the findings was that the institution did not provide adequate IT controls in five specific areas. These five areas were not mentioned in the finding; however institutions were interested in knowing which areas the finding addressed so that they could be aware of any possible issues at their institution. Ms. Birchett researched recurring issues at various institutions over the past two years and provided a summary of recommendations from Internal Audit. (Attachment B)

- Review of Policies and Guidelines

The committee reviewed the following policies and guidelines. The recommended changes are listed below:

Policy 4:01:05:00 Internal Audit (Attachment C)

Section III.G.2.

Language was added that states that the Chief Audit Executive may be removed only for cause which requires a majority vote of the Board of Regents. This revision conforms to TCA.

Section V.B.-E.

Language has been added that states that Internal Audit must have a flexible audit plan to respond to immediate issues. These plans and revisions will be reviewed by the Systemwide Chief Audit Executive and approved by the Audit Committee.

Language has also been added that states that Internal Audit will prepare an annual activity report and that these will be provided to the Division of State Audit.

The remaining revisions were housekeeping in nature.

Policy 4:01:05:50 Preventing Fraud, Waste and Abuse (Attachment D)

Section II.A.

New language was added discussing procedures for reporting a theft, forgery, credit card fraud, or any other act deemed unlawful or unauthorized. This should be reported immediately to the Comptroller of the Treasury.

The remaining revisions were housekeeping in nature.

Policy 4:01:05:60 Identity Theft Prevention (Attachment E)

The committee discussed the section pertaining to identification of red flags and whether the language is specific to educational institutions. TBR will check with NACUBO to determine if they have anything more specific to red flag rules for educational institutions.

Housekeeping revisions were made.

Guideline B-080 Reporting and Resolution of Institutional Losses

A new guideline has been developed to replace the existing guideline. (Attachment F)

An updated matrix is attached. (Attachment G)

The Finance Committee minutes, with the policy and guideline changes, were approved.

B. Council of Buyers

Ms. Flynn highlighted the following issues from the January 8, 2015 Council of Buyers meeting:

- TBR Purchasing Policy and Contract Guidelines

Ms. Flynn informed the committee that she and Mr. Pugh have worked on revisions relative to all of the Procurement Commission changes, laws, regulations, etc. The goal is to have a short policy and guideline, but have an in-depth procedures manual in order to make changes and edits more easily. Ms. Flynn has asked for volunteers to form a committee to work on this. As of this meeting, MTSU and TTU had volunteered.

- Collaboration with CPO for Goods/Services

Ms. Flynn informed the committee that discussions have taken place between TBR, UT and the CPO, at the CPO's request, regarding potentially partnering for the procurement of goods/services. As a result of those conversations, the CPO identified a handful of commodities and asked both TBR and UT to provide contract documentation on how they are acquiring these commodities.

At this point, the CPO has identified four contracts with the following proposed actions:

- HVAC/Plumbing/Electrical Sub-Contractors – CPO is requesting a joint competitive process.
- CISCO Equipment – The CPO is recommending that TBR join their contract.

- Medical Testing – The CPO is recommending that TBR join their contract.
- Office Supplies – The CPO is considering joining TBR/UT’s contract, upon review of the final RFP results of the current process.

TBR will be participating in the HVAC/Plumbing/Electrical Sub-Contractor solicitation. Ms. Flynn informed the committee that additional data will be requested from the institutions. In addition, institutions will be asked to provide volunteers from their campuses that would like to participate in the process, as TBR school involvement will be crucial to ensure that our needs are met by the resulting contract. The CPO has been notified that no TBR institution will be required to cancel existing contracts for these services and that TBR institutions will be allowed to use other providers if the cost to the institution is less. Institutions with in-house resources will not be required to participate, although explanation of the economic decision of the college may be required.

Regarding the CPO’s Cisco Equipment contract, the CPO indicated that although TBR’s contract discounts look to be better than the State’s rates, further review had indicated that the State was actually paying less than TBR because of a secondary bid process that the CPO conducts for each Cisco Equipment procurement. Further discussion will be required before any action is taken by TBR as our current Cisco RFP is now under review, as well as the additional staff demands that would be required for a secondary bidding process. The CPO has indicated its willingness to conduct the secondary bid process for TBR which would have its challenges.

Medical testing is the least favored service as many times researchers are using grant funds and have set companies that conduct these services.

Our current office supply contract is out for bid now. Ms. Flynn will request revised cost proposals from the respondents, to include the State’s volume amounts.

- **Banking Contracts**

Due to new statutes, longer-term banking contracts are being discussed at the Central Office. There has also been discussion of exploring the possibilities of a joint banking contract either among TBR institutions, or a TBR/UT/State contract. Central Office staff is aware that this may cause issues for institutions in rural areas where there may be only a small local bank. Mr. Sims also suggested that we may want to look at regional contracts, in order to gain better terms on these contracts.

The Council of Buyers minutes were approved.

C. Human Resources

Ms. Preston highlighted the following issues from the January 7, 2015 Human Resource Officers meeting:

- Policy 5:01:03:00 Retirement (Attachment H)

The changes to the Retirement Policy include return to employment provisions for retirees and updating the language related to IRS and salary limits. Institutions are to continue using the temporary employment form for retirees working part-time until further notice.

- Policy 5:01:03:03 Retirement Plans - Optional Retirement Policy (Attachment I)

The changes to the Optional Retirement Policy include a title change to Retirement Plans, the addition of the Hybrid Plan information, and combining the OPR Policy and ORP Guideline into one document to eliminate redundancy and make it easier to find related information. In addition, the prohibition of exempt TCAT employees in the ORP plan was also removed.

An ORP temporary waiver has been created as an addition to the revised policy. This form certifies that the employee has not taken a withdrawal or is subject to restrictions. The TCA is provided on the form and references the provisions.

- Benefit Advisory Committee Update

It was recommended that the committee review one TBR policy and/or guideline related to benefits on a monthly basis. This will help to stay current and make timely, relevant changes as needed. The committee will begin reviewing the Faculty and Non-Faculty Sick Leave Bank guidelines at the next meeting.

- FAQ's Payflex

The system office is finalizing a FAQ document to provide additional guidance on Payflex. A question was raised regarding how often the institutions pay. The institutions are billed bi-weekly; however institutions may submit payments on a weekly basis if they wish.

- Affordable Care Act

Ms. Preston reviewed the safe harbors for the affordability aspect of the Affordable Care Act. The IRS safe harbors for affordability are W-2 wages, rate of pay, and federal poverty line. An employer may choose one or more of these safe harbors for all of its employees or any reasonable category of employees. Reasonable categories generally include specified job categories, nature of compensation (hourly or salary), geographic location, and similar bona fide

business criteria. One safe harbor may not work best for all employee categories or for all institutions.

The safe harbor information will be added to the HR Officer Training Resources on the TBR website.

The Human Resource Officers minutes, with the policy changes, were approved.

D. Internal Audit

Ms. Birchett highlighted the following issues from the January 5, 2015 Internal Auditors meeting.

- **New Software Implementation**

A contract has been signed for new software for the internal audit group. There will be user training on February 2nd and 9th. The cost, which is being covered by the system office, is \$200,000 over 5 years.

3. State Purchasing and Real Estate Project

Mr. Gregory discussed an initiative geared toward making State government run more smoothly. The real estate portion of this initiative is made up of three components:

1. Reducing Operating Costs (Empower Tennessee)
2. Processes and Efficiencies
3. Consolidation and Disposal

The group has discussed a target savings number of \$200 million to be saved through this initiative. According to the State, TBR's share of this would be \$122 million. TBR is being asked to provide projections to determine what a realistic amount would be.

4. P-Card Payments from the State

The CPO has inquired as to whether or not our institutions would be willing to accept p-card payments from the State. If institutions choose to accept p-card payments, they will not receive the full payment amount from the State due to the credit card fees. In essence, this will result in institutions taking a discount on grant payments from the State. Ms. Flynn will be in contact with the CPO to discuss this issue.

5. TN Promise Fee Discussion

Dr. Lovett reviewed the breakdown of covered and non-covered fees for TN Promise at each community college for Fall 2015. Only mandatory fees will be covered. Course specific and RODP fees will not be covered. Institutions do have the discretion to scholarship any non-covered fees. The TBR Community College Office is looking for

ways to consolidate some of the other fees into the Maintenance Fee for Fall 2016, so that the TN Promise will apply. (Attachment J)

6. Guideline P-010 Personnel Transactions and Recommended Forms – Compliance Review Process

The Office of Organizational Effectiveness and Strategic Initiatives has developed a new review process to ensure compliance with Guideline P-010 *Personnel Transactions and Recommended Forms*, as it relates to affirmative action and equal employment opportunities. In the past, institutions have submitted their entire affirmative action plans to the TBR Central Office, but those have not provided all of the necessary information to ensure that institutions are in compliance with Guideline P-010. The Office of Organizational Effectiveness and Strategic Initiatives has developed a form that institutions will now be required to submit annually with their plans. This form does not require any new information from the institutions. It serves to summarize the information already being requested in a way that System staff can better determine if an institution is in compliance. (Attachments K and L)

7. TBR Lease

Mr. Sims informed the committee that the TBR Central Office lease will not be renewed, effective July 1, 2016. We are currently paying a little over \$11/sq. ft., including utilities, custodial, etc. The rate for comparable space in this area is \$16/\$18 sq. ft. This will result in a \$200,000-\$400,000 lease increase. Mr. Sims wanted to make the committee aware that this will likely result in a chargeback increase to cover the costs. The increase would be effective for FY 2016-2017.

8. Mandatory and Incidental Fees

Mr. Sims updated the committee on the Board's Finance Committee schedule for reviewing FY 2015-2016 mandatory and incidental fee requests.

- January 28, 2015 – First telephonic meeting
- February 19, 2015 – Second telephonic meeting
- March 10, 2015 – Chairs meeting
- March 27, 2015 – Board meeting at TTU – The Board will vote on the Finance Committee's recommendation.

9. Out-of-State Tuition

Mr. Sims discussed the possibility of institutions developing alternative methods for charging out-of-state tuition. UOM has an approved plan to allow a reduced out-of-state rate to high schools graduates within a 250 mile radius. Other institutions have also approached Board staff about making preferential out-of-state programs based on contiguous states, radius, or certain markets. Mr. Sims has asked interested institutions to submit their plans to him. If this is something that institutions are interested in doing, it would be beneficial to get this submitted before the March Board meeting.

There being no further business, the meeting was adjourned at 2:15 p.m.



TENNESSEE BOARD OF REGENTS

Office of Academic Affairs

1415 Murfreesboro Road, Suite 324 | Nashville, TN 37217-2833 | Phone 615.366.4482 | Fax 615.366.3903 | www.tbr.edu

MEMORANDUM

TO: TBR Finance Committee

FROM: TBR Financial Aid Director Advisory Group

DATE: December 19, 2015

RE: Student Fee Proposal

This memo is to address concerns related to the implementation of TBR Policy 4:01:03:00, Section G: “all fees are assessed to students at the time of registration...and are payable at the time of the registration to the extent determinable” and TBR Guideline B-060 “Fees, Charges, Refunds, and Fee Adjustments,” which states:

“The Tennessee Board of Regents must establish or approve all institutional fees and charges one time per year at the Board meeting when the annual operating budgets are considered. This is usually the regular June meeting of the Board....All statements which include the fee amount should be complete and specific enough to prevent misunderstanding by readers.”

Student tuition and fee amounts are set in June and sent to the financial aid directors at that time to calculate the total cost of attendance (COA) for students. The current schedule for notifying financial aid directors of the tuition and fee amounts is increasingly of concern for the following reasons:

- With the advent of TN Promise, more students are applying and registering for classes earlier than before and institutions are holding orientation programs as early as March prior to the start of the student’s first academic year.
- Students and families have an expectation that they will know the total COA at the time they attend the Orientation programs.
- First generation and low income students (who will be the primary beneficiaries of TN Promise), need more time to secure any additional funds to pay for the COA. Students who do not secure funds in time often drop-out, impacting retention rates and ultimately timely completion of a degree.

- The current timeline means students know the true COA one month prior to classes starting, which for many, is not enough notice to secure additional funds. Since the TN Promise is a last dollar scholarship, funds cannot be awarded until after tuition and fees are set.
- A handful of institutions do publish an estimated COA based on the previous year's actual COA, but there is not consistency across the System in this practice. There is fear among some institutions that giving an estimated COA (which would plan for increases) may undercut funding from the State.

Furthermore, TBR Guideline B-060 identifies nine (9) classifications for fees. They are: Maintenance Fee, eRate, Debt Service Fee, Student Fees, Technology Access Fees, Specialized Academic Fees, Miscellaneous Course Fees, Incidental Fees, and Other Fees. Outside of the general classification of fees on a bill, greater detail on individual fees housed within each category is often provided. This practice is causing confusion among students and families because each institution titles the specific charges differently, even if they cover similar expenses.

Recommendations:

Based on the current challenges outlined above, the Financial Aid Director Advisory Group recommends that the Tennessee Board of Regents provide an *estimated* tuition and fee increase at the *March meeting* that will then be *shared directly with the Financial Aid Director group* (not just Business Officers). Institutions can then make the determination if it is in the best interest of that institution to use this information at their orientation programs. Thus, allowing students and families more time to pull together additional financing that might be needed to attend. State discounts and third party aid which is posted earlier (May), would allow financial aid offices to adjust other educational assistance prior to the awarding of other aid. If, after the State budget is set, there is a significant difference in the rate increase than what was estimated, the institution can adjust the cost table accordingly.

Furthermore, the Financial Aid Director Advisory group supports the idea that all student fees be placed under one of the nine (9) student fee categories on the student bill as outlined in Guideline B-060, but as a total amount due rather than with breakout of specific details. This will help in simplifying the bill for the student and families. A descriptive statement directing students and families to more details on the institution's website can be placed on the bill for those who would like greater explanation. For example, with the inception of TN Promise, the financial aid office can clearly state in advance that specialized courses fees will not be covered and have the total amount of those fees identifiable on the bill under the heading of "Specialized Course Fees." Then, if the student/family wants greater detail they can look up each individual charge explanation on the institution's website. A directive from the Tennessee Board of Regents on how to consistently make this information available in a similar format on every institutions' webpage is needed. At some institutions, for example, information on the COA is difficult to locate and calculate. Differences on how fees are listed only adds to consumer confusion about the cost to attend.

In conclusion, in order to assist institutions with meeting their enrollment goals and to be more effective in meeting student/family demands for COA information, changes in the timeline and process of determining an estimated COA is needed. To be competitive with private institutions, who set their amounts a year in advance, the sooner TBR institutions can tell a student how much it will cost to attend, the better it will be for our system's enrollment. With potential changes to FAFSA using prior, prior year data, students will come to our institutions a year earlier than what

they do now and students will want to know the true cost so they can make informed decisions about where to enroll. Earlier notice of the total COA, in conjunction with a more streamlined cost statement to the student, will assist the financial aid and admissions offices in three ways: in communicating effectively with incoming and returning students, in giving students and families more time to prepare, and in clearly denoting what expenses will or will not be covered by various scholarship and aid programs.

**Tennessee Board of Regents
Summary of Internal Audit Reports
July – December 2014**

I. Various Audits

APSU	OVC Student Assistance Fund
ETSU	Natural History Museum
ETSU	WETS-FM Radio
MTSU	Follow-up to Classroom Technology Dept
TSU	OVC Student Assistance Fund
TTU	NCAA Student Assistance Fund
UOM	Athletic Ticket Office Controls
UOM	Athletic Travel
UOM	Government Relations
UOM	Internal Controls Risk Assessment Advancement Services
UOM	International Travel Expenses
UOM	Procurement Cards
ChSCC	Athletic Financial Aid
ChSCC	Mail Services
ChSCC	Shipping and Receiving
JSCC	Emergency Preparedness Plan
NeSCC	Theater Services
PSCC	Faculty Credentials Fall 2014
RSCC	Audit of Grants

II. Year-End Audits

MTSU	Inventory Observations
TTU	Inventory Observations
UOM	Cash Counts FY 2014
UOM	Inventory Observation Procedures

III. Information Technology Audits

ETSU	Information Technology Incident Response
UOM	NACHA Web Security
ChSCC	ITS Disaster Recovery Plan
JSCC	IT General Controls Review
PSCC	IT General Controls Review
PSCC	NACHA

IV. Chancellor's / President's Expenses

APSU
CoSCC
JSCC
MSCC
STCC
TBR

V. Complete College Tennessee Act – Funding Formula Audits of Completion Data

All universities and community colleges

VI. Follow-ups to State Audit Reports

TSU – FY 2013

TTU – FY 2013

UOM – FY 2013

TBR – 2013 Performance Audit

VII. TCAT Focused Reviews

Athens

Hartsville

Jackson

Knoxville

McKenzie

Pulaski

VIII. Investigations or Special Reviews

ETSU Bluegrass, Old Time and Country Music Investigation

ETSU Athletics Timekeeping

UOM Misuse of Time in Physical Plant

UOM Review of Rental Space/Holiday Inn

UOM Lambuth Campus Testing Center

UOM Unauthorized Leave in Music Dept.

ChSCC President's Hiring of Chief Innovations Officer, Expenses & Related Matters

Section I. Various Audits

APSU – Improvement needed in procedures for preparing NCAA report of financial activity to prevent errors.

ETSU – Procedures over Statements of Understanding/Agreements from volunteers need improvement to ensure forms are obtained annually.

TTU – Improvement needed in procedures for preparing NCAA report of number of athletes receiving Pell to prevent errors.

UOM – Improvement needed in athletic team travel claim administration to ensure timely submission of expenses; adequately document travel expenses; avoid issues with processing expenditures; and avoid large cash advances.

UOM – Improvements needed in procedures to ensure advance approval for international travel for employees and visitors.

ChSCC – A secured mail cart may be needed for campus deliveries of mail to protect sensitive or confidential documents when the cart is left unattended; campus departments should be provided educational information on potential cost savings by using the print shop's Satori equipment; and a pre-sort permit should be evaluated and considered to save on postage.

JSCC – Additional training is needed in the proper use of safety equipment in emergencies, such as chair lifts, AEDs and fire extinguishers and the college's emergency preparedness plan should be reviewed and updated annually.

NeSCC – Facility usage procedures and related financial transactions need improvement to ensure facility use applications are on file; agreements do not exceed the four months allowed by TBR policy [1:03:02:50 - *Approval for repeated or intermittent use of any facility or property pursuant to this policy may not exceed four (4) months in length and may only be renewed or repeated after review to determine that such use does not conflict with an institutional need or another request for access/use of the facility/space by another eligible person/entity.*]; invoicing and collection of related fees are performed timely; ticket sales revenue for outside parties are remitted timely; reconciliation of ticket sales to deposits and fee terms; and adequate control over the issuance of complimentary tickets.

RSCC – The processes and internal controls over grants needs improvement to comply with OMB A-21; modified direct costs were not properly reduced when calculating indirect costs for the various grants, overstating indirect cost expenses; documentation was not maintained to show that directly charging clerical salaries and administrative expenses rather than treating them as Facilities and Administrative costs met the requirements of OMB A-21; employee effort certification reports were not consistently completed or approved; and expenditures were not coded properly as to the type of transaction. Bid requirements were not followed as required by TBR Policy, 4:02:10:00, because the College solicited ten rather than fifteen bids, and there was no documented approval by the Purchasing Officer of the lower number. The report also noted that the College does not have policies or procedures related to grant compliance, does not use Banner for tracking grant budget to actual comparisons and does not use Banner for apportioning salaries for grant-funded employees.

Section II. Year-End Audits

No Recommendations Noted.

Section III. Information Technology Audits

1. Develop/enhance an information security program policy in coordination with a program being developed by TBR.
2. Develop comprehensive procedures for change management and network administration.
3. Ensure those with access privileges sign a statement affirming agreement with the acceptable use and information security program policies.
4. Evaluate the existing governance structure for IT to ensure it meets the needs of the college.
5. Develop a comprehensive procedure to log and monitor computer activity meeting stated criteria and responsibility for handling identified exceptions.
6. Implement an incident response procedure so that unauthorized access attempts or breaches are documented and handled appropriately.
7. Implement a process to manage relationships with IT vendors, especially those with access to sensitive or confidential information.
8. Develop inventory and tracking processes for IT equipment and software to ensure proper management, including maintenance, patching and anti-virus updates.
9. Implement a process to alert personnel when attempts to connect unauthorized equipment, alter anti-virus software or upload unauthorized software occur.
10. Document file restoration activities to demonstrate the ability to recover data from backed-up media.
11. Document the business side of the Business Continuity Plan (BCP) to ensure business recovery requirements are established and planned; assign the role of the BCP Coordinator to the person who will maintain the plan and prepare personnel in advance of an event requiring its use; and develop a process to test parts of the plan periodically to ensure its effectiveness.
12. Document in the network topology diagram, the layers of security in place, which may also be used in the disaster recovery process.
13. Block access to selected websites that do not render themselves to educational purposes on computers linked to the college's network to reduce the risks of unauthorized use and viruses or other malicious programs.
14. Establish a process to periodically review and re-justify each user's access privileges.
15. Review and delete active access privileges of terminated employees and suspend Banner access for those who have not logged in within a specified time period.
16. Update the password requirements in the Default Domain Policy to ensure the use of stronger password controls as defined in TBR Guideline G-051 and industry best practices.
17. Review and limit access to the server room to those with a business need.

IV. Chancellor's and President's Expense Audits

Findings - None

Observations

Southwest Tennessee Community College – Improvement is needed in the preparation of the expense schedules to ensure accuracy and completeness. Business meal and hospitality expenses, totaling \$1,857, were included in the total expenses summary but were not identified on the detailed expense schedules; travel expenses of \$1,875 to Southern Association of Colleges and Schools Commission on Colleges (SACS COC) annual meeting were not paid from the President's Office account, but were on behalf of the President and should have been included on the expense schedules; supply purchases, totaling \$4,581, were charged to the President's Office account in error; travel expenses included \$66 for one day of per diem allowance in error, for which the President has reimbursed the College; and two monthly allocations for use of the College motor pool automobiles, totaling \$463, were inadvertently omitted from the expense schedules.

Section V. Complete College Tennessee Act – Funding Formula Audits of Completion Data

The audits found that institutional internal controls were generally adequate and that data submitted was substantially accurate. However, the community college audits did identify several matters that should be further evaluated by the TBR Office of Research and Assessment in consultation with the Tennessee Higher Education Commission. Based on the results of tests, these issues do not appear to cause significant differences in the formula data, but TBR should consider whether procedures should be revised to further minimize the risk of data errors or whether the risk from these matters is at an acceptable level.

- Prior to the audit, management discovered certain short-term certificate programs were incorrectly coded as long-term certificates in the Banner system. Once corrected retroactively in Banner, this caused some certificates to be counted as short-term certificates by THEC, but to appear as long-term certificates in Banner. (Jackson State Community College, Northeast State Community College and Volunteer Community College)
- TBR Guideline B-010 states that certificates and diplomas should not be issued to students who owe an obligation to the institution. The institution's procedure included notifying the student that they had an obligation to the institution, but certificates and diplomas were not withheld. (Jackson State Community College)
- The institution uses the Banner Document Management System (BDMS) to maintain student graduation documentation. The audit discovered several students appeared to be missing this documentation in BDMS. (Northeast State Community College)

The completion outcomes reported by THEC are summarized by institution and type of degree or certificate on the following page. An executive summary for each TBR institution's audit is included after the summary.

VI. Follow-ups to State Audit Reports

TSU – Two issues regarding improvements in information technology controls are still in progress.

TBR – Corrective actions are still in progress for 8 of 9 findings noted in the report.

VII. TCAT Focused Reviews

1. Returns to Title IV (USDOE) should be processed timely to comply with Federal Title IV requirements and begin collection attempts timely (Knoxville, McKenzie, Pulaski).
2. Title IV verification procedures should be applied consistently to comply with Federal Title IV requirements and when verification is not performed, overpayments caused by student ineligibility should be returned to USDOE timely.
3. Improvements are needed in Student Accounts Receivable collection attempts to ensure timely collection and compliance with Board guidance (Jackson, Knoxville, Pulaski).
4. Management's review of Accounts Receivable reconciliations should be documented by signing and dating the reconciliation (Athens, McKenzie).
5. Modifications to collection procedures provided in TBR Guideline B-010 should be documented (Jackson, Knoxville, McKenzie).

VIII. Investigations and Special Reviews

ETSU – Departmental policy or procedures are needed to address potential conflict of interest issues; property damage to a University vehicle should be reported to campus officials immediately; and potential issues of FWA should be referred to Internal Audit to preserve confidentiality rather than initiating departmental investigations.

ETSU – Allegations regarding conflict of interest and a faculty’ member not carrying out the job requirements were not validated. However, the department attempted to review a matter reported as a potential incident of fraud, waste or abuse, but should have been reported instead to Internal Audit for investigation to maintain the confidentiality of the information.

ETSU – Most of the allegations regarding inappropriate timekeeping practices were verified, indicating non-compliance and a lack of internal control.

UOM – The review validated employees were not at their work stations and not following policy regarding leave, resulting in disciplinary action.

UOM – The review confirmed that space was in use without the protection of a lease agreement and rent. Management resolved by immediately entering into a lease and collecting rent. The tenant subsequently moved out of the facility.

UOM – Employee receiving honoraria by ACT for testing on campus, a common practice by the ACT company, withheld information from management.

UOM- The review confirmed employees did not record leave appropriate and that the department inappropriately granted compensatory leave. Management is considering additional action.

ChSCC – College administration should work toward creating an environment of transparency in its operations, ensuring the adherence to a strategic planning process that incorporates the mission and goals of the College and results in the allocation of budgetary and position resources toward the achievement of those goals. College administration should implement procedures to ensure that all personnel actions are handled strictly in accordance with Board policies and guidelines and institutional policies and procedures that ensure a fair hiring process, including developing minimum position requirements based on the scope of the job; selecting candidates for consideration based on established minimum requirements; conducting position searches in accordance with established policies and guidelines, ensuring a fair and open process to identify the most qualified candidates; closing and restarting searches when re-analysis of position requirements indicate changes are necessary; requiring official transcripts for all positions requiring degrees and validation of all other required credentials before hiring a candidate; performing background checks based on institutional policy; consulting with legal counsel on work visa applications; and requesting the approval of the Chancellor for all personnel actions requiring this higher level of approval, in accordance with Board policy. College administration should evaluate and document the business need for all travel through the travel authorization process, before it occurs; instruct all employees to document any changes in planned schedules or changes resulting in additional costs during travel; and ensure review and approval for propriety before reimbursement occurs. College administration should remind employees of conflict of interest policies, including reporting responsibilities, on a routine basis and avoid employment and other business activities where the perception of a conflict of interest, such as nepotism, may exist.

Attachment C

Internal Audit: 4:01:05:00

Policy/Guideline Area

Business and Finance Policies
Applicable Divisions

TCATs, Community Colleges, Universities, System Office, Board Members
Purpose

This policy addresses staffing, responsibilities of the internal audit function, audit planning and reporting on internal audit activities.

In addition to this policy, the Office of System-wide Internal Audit maintains an audit manual. The purpose of the audit manual is to provide for consistency, continuity, and standards of acceptable performance.

Definitions

- Definitions are provided in the body of the policy.

Policy/Guideline

I. General Statement

- A. The internal audit function contributes to the improvement of the institution's operations by providing objective and relevant assurance regarding risk management, control and governance processes to management and the Board.
- B. Management is responsible for evaluating the institution's risks and establishing and maintaining adequate controls and processes.
- C. To provide relevant information, the internal audit activity will consider the goals of the institution, management's risk assessments and other input from management in determining its risk-based audit activities.

II. Internal Audit Standards

- A. Each internal audit function shall adhere to The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and Code of Ethics (T.C.A. § 4-3-304(9)). The Institute of Internal Auditors, International Professional Practices Framework (IPPF), incorporates the definition of internal auditing, the International Standards for the Professional Practice of Internal Auditing and Code of Ethics into one document. It includes the following definition of internal auditing:
1. Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- B. Risk is the possibility of an event occurring that will have an impact on the achievement of an institution's goals and objectives.
1. Risk is measured in terms of the impact an event may have and the likelihood that the event will occur.
 2. To optimize the achievement of the institution's goals and objectives, the Board and management acts to minimize the related risks by implementing reasonable procedures to control and monitor the risks.
- C. Governance processes are the combination of processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.
1. Examples of such processes include;
 - a. The organizational structure within an institution or a department;
 - b. Policies, guidelines and procedures instituted by the Board or management to direct and control a particular activity such as maintenance fees or hiring practices; and
 - c. Preparation and review procedures for preparing reports such as annual financial statements or federal grant or financial aid reports.
- D. The IPPF includes attribute standards, which address the expected characteristics of organizations and individuals performing internal audit activities and performance standards,

which describe the nature of internal audit activities and establish criteria to evaluate the performance of internal audit activities.

- E. To assure compliance with the IIA Standards, internal audit offices must implement and maintain a quality assurance and improvement program that incorporates both internal and external review activities.
 - 1. Internal reviews include both ongoing and periodic review activities.
 - 2. External reviews must be performed at least every five years by a qualified, independent reviewer.
 - 3. Results of quality assurance reviews will be communicated to the Audit Committee and management.

III. Internal Audit Personnel

A. Universities

- 1. Each university shall employ at least two individuals with full-time responsibility as internal auditors.
- 2. Additional internal audit staff shall depend upon institutional size and structure.

B. Two-year Institutions

- 1. Two-year institutions shall employ at least one full-time internal auditor or have an approved agreement with a university or other two-year institution to provide required audit services.

C. Titles of internal audit staff shall be consistent within the overall institutional structure.

D. Internal Audit Staff

- 1. Internal audit staff must possess the professional credentials, knowledge, skills, and other competencies needed to perform their individual responsibilities.
- 2. The internal audit function collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.
- 3. The campus Internal Audit Director and the System-wide Chief Audit Executive must be licensed as a Certified Public Accountant or a Certified Internal Auditor, maintain an

active license and annually complete sufficient, relevant continuing professional education to satisfy the requirements for the professional certification held.

4. Other system auditors should annually complete sufficient, relevant continuing professional education to satisfy the requirements for their related professional certification or, at a minimum, forty hours of relevant continuing professional education.
5. Internal Audit Directors should communicate concerns to management and the System-wide Chief Audit Executive regarding the lack of sufficient resources to complete the objectives of an engagement or the audit plan.
6. Such resources may include the need for additional personnel or personnel with specialized knowledge, such as those with knowledge of fraud, information technology or other technical areas.

E. Appointments

1. The appointment of campus Internal Audit Directors as recommended by the President is subject to approval by the Chancellor or designee (T.C.A. §.49-14-106).
2. The appointment of the System-wide Chief Audit Executive is subject to review and approval by the Audit Committee of the Board of Regents (T.C.A. §.49-14-102).

F. Compensation

1. Compensation of the internal auditors is subject to review by the Audit Committee of the Board of Regents.
2. Compensation of the System-wide Chief Audit Executive and the systemcentral office internal auditors is subject to review and approval by the Audit Committee of the Board of Regents.

G. Termination or Change of Status

1. The termination or change of status of campus Internal Auditor Directors (T.C.A. § 49-14-106) requires the prior approval of the Chancellor and the Audit Committee of the Board of Regents.
2. The ~~termination or change of status of the~~ System-wide Chief Audit Executive (T.C.A. §.49-14-102) may be removed only for cause, which or central office internal auditors

requires ~~a majority vote the prior approval of the Audit Committee~~ of the Board of Regents.

IV. Internal Audit Role and Scope

A. Reporting Structure

1. In accordance with T.C.A. § 49-14-102, the System-wide Chief Audit Executive reports directly to the Audit Committee and the Tennessee Board of Regents.
2. Campus internal auditors report to the respective campus President with audit reporting responsibility to the Audit Committee and the Board through the Director of System-wide Internal Audit.
3. This reporting structure assures the independence of the internal audit function.

B. The TBR, Office of System-wide Internal Audit, hosts periodic meetings and communicates with the audit directors on matters of mutual interests.

C. The Office of System-wide Internal Audit maintains an internal audit manual to guide the internal audit activity in a consistent and professional manner at each institution.

D. The internal auditors' responsibilities include:

1. Working with management to assess institutional risks and developing an audit plan that considers the results of the risk assessment.
2. Evaluating institutional controls to determine their effectiveness and efficiency.
3. Coordinating work with external auditors, program reviewers, and consultants.
4. Determining the level of compliance with internal policies and procedures, state and federal laws, and government regulations.
5. Testing the timeliness, reliability, and usefulness of institutional records and reports.
6. Recommending improvements to controls, operations, and risk mitigation resolutions.
7. Assisting the institution with its strategic planning process to include a complete cycle of review of goals and values.
8. Evaluating program performance.
9. Performing consulting services and special requests as directed by the Audit Committee, the Chancellor, or the institution's President.

- E. The scope of internal auditing extends to all aspects of institutional operations and beyond fiscal boundaries. The internal auditor shall have access to all records, personnel, and physical properties relative to the performance of duties and responsibilities.
- F. The scope of a particular internal audit activity may be as broad or as restricted as required to meet management needs.
- G. Objectivity is essential to the internal audit function. Therefore, internal audit personnel should not be involved in the development and installation of systems and procedures, preparation of records, or any other activities that the internal audit staff may review or appraise. However, internal audit personnel may be consulted on the adequacy of controls incorporated into new systems and procedures or on revisions to existing systems.
- H. Management is responsible for identifying, evaluating, and responding to potential risks that may impact the achievement of the institution's objectives. Auditors continually evaluate the risk management, internal control, and governance processes. To facilitate these responsibilities, Internal Audit will receive notices or copies of external audit reviews, program reviews, fiscally related consulting reports, cash shortages, physical property losses, and employee misconduct.

V. Audit Plans and Activity Reports

A. Internal Audit shall develop an annual audit plan using an approved risk assessment methodology.

B. At the beginning of each fiscal year, after consultation with the Chancellor or President and other institution management, ~~the~~ Internal Audit ~~Director~~ will prepare an annual audit plan listing proposed areas to be audited. The audit plan must be flexible to respond to immediate issues and will be revised for such changes during the year.

B-C. Audit plans and revisions will be reviewed by the System-wide Chief Audit Executive and approved by the Audit Committee.

- ~~1. The audit work plan must be flexible to respond to immediate requests.~~
- ~~2. The institutional Internal Audit Director will submit an electronic copy of the audit plan for review by the System-wide Chief Audit Executive and the Audit Committee.~~

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~~3.—The System-wide Chief Audit Executive will prepare an annual system-wide internal audit plan for approval by the Audit Committee.~~

~~4.—Once approved by the Audit Committee, audit plans for all institutions will be submitted to the Comptroller's Office, Division of State Audit.~~

~~D. At the end of each fiscal year, Internal Audit will prepare The status of the past year's plan will also be prepared in~~ an annual activity report ~~of that should include~~ all significant audit services performed.

~~C.E. Annual activity reports and approved audit plans will be provided to the Comptroller's Office, Division of State Audit.~~

~~1.—The Internal Audit Director will submit an electronic copy of the annual activity report for review by the System-wide Chief Audit Executive and the Audit Committee.~~

~~2.—Once reviewed by the Audit Committee, annual audit activity reports for all institutions will be submitted to the Comptroller's Office, Division of State Audit.~~

VI. Audit Engagements

- A. Audit engagements will be planned to provide relevant results to management and the Audit Committee regarding the effectiveness and efficiency of processes and controls over operations. To ensure management's expectations are met, auditors will communicate with management regarding the objectives and scope of the engagement.
- B. In planning and during the engagement, auditors should consider and be alert to risks that affect the institution's goals and objectives, operations and resources. Auditors should consider risks based on the operations under review, which include but are not limited to the risk of financial misstatements, noncompliance and fraud.
- C. An audit work program will be designed to achieve the objectives of the engagement and will include the steps necessary to identify, analyze, evaluate and document the information gathered and the conclusions reached during the engagement.
- D. Working papers that are created, obtained or compiled by an internal audit staff are confidential and are not an open record (T.C.A. § 4-4-304(9)).

VII. Communicating Audit Results

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- A. A written report that documents the objectives, scope, conclusions, and recommendations of the audit will be prepared for audit engagements providing assurance to the Board and management. Management will include corrective action for each reported finding.
- B. Internal Audit will perform audits to follow-up on findings or recommendations included in internal audit reports, investigation reports and State Audit reports. A written report will be prepared and for any findings that have not been corrected, management will be asked to include a revised corrective action plan. The Chancellor or institution's President, along with the Audit Committee, will be notified at the conclusion of a follow-up audit if management has not corrected the reported finding or implemented the recommendation.
- C. A written report that documents the objectives, scope, conclusions and recommendations will be prepared for investigations resulting from allegations or identification of fraud, waste or abuse. As appropriate in the circumstances, management will include corrective action for each reported finding. In a case where allegations are not substantiated by the review and there are no other operational concerns to report to management regarding the review, the case may be closed by writing a memo to the working paper file documenting the reasons for closing the case.
- D. Reports on special studies, consulting services, and other non-routine items should be prepared as appropriate, given the nature of the assignment.
- E. All internal audit reports will be signed by the institution's Internal Audit Director and transmitted directly to the Chancellor, President, or TCAT Director in a timely manner.
- F. The Internal Audit Director will transmit an electronic copy of the internal audit report to the System-wide Chief Audit Executive.
- G. The System-wide Chief Audit Executive will present significant results of internal audit reports to the Audit Committee quarterly.
- H. The System-wide Chief Audit Executive will provide a copy of each report to the Comptroller's Office, Division of State Audit.

VIII. Exceptions

A. Any exceptions to the policy established herein shall be subject to the approval of the System-wide Chief Audit Executive and the Audit Committee.

Sources

June 3, 1981 TBR Presidents' Meeting; July 1, 1984; May 20, 1986; February 14, 1989; November 14, 1989; August 13, 2002; February 10, 2004; November 18, 2004; Changed from Guideline B-050 at TBR Board Meeting, June 29, 2007; TBR Board Meeting, December 6, 2007; TBR Board Meeting, December 8, 2011.

Attachment D

Preventing and Reporting Fraud, Waste or Abuse: 4:01:05:50

Policy/Guideline Area

Business and Finance Policies
Applicable Divisions

TCATs, Community Colleges, Universities, System Office
Purpose

The Tennessee Board of Regents is committed to the responsible stewardship of its resources. Management of each TBR institution is responsible for maintaining a work environment that promotes ethical and honest behavior. Additionally, it is the responsibility of management of each TBR institution to establish and implement internal control systems and procedures to prevent and detect irregularities, including fraud, waste and abuse. Management at all levels should be aware of the risks and exposures inherent in their areas of responsibility, and should establish and maintain proper internal controls to provide for the security and accountability of all resources entrusted to them.

Definitions

- Fraud - An intentional act to deceive or cheat, ordinarily for the purpose or result of causing a detriment to another and/or bringing about some benefit to oneself or others. Fraudulent activities may include, but are not limited to the following:
 - Theft, misappropriation, misapplication, destruction, removal, or concealment of any institutional assets or resources, including but not limited to funds, securities, supplies, equipment, real property, intellectual property or data.
 - Improper use or assignment of any institutional assets or resources, including but not limited to personnel, services or property.

- Improper handling or reporting of financial transactions, including use, acquisitions and divestiture of state property, both real and personal.
 - Authorization or receipt of compensation for hours not worked.
 - Inappropriate or unauthorized use, alteration or manipulation of data, computer files, equipment, software, networks, or systems, including personal or private business use, hacking and software piracy.
 - Forgery or unauthorized alteration of documents.
 - Falsification of reports to management or external agencies.
 - Pursuit of a personal benefit or advantage in violation of the TBR Conflict of Interest Policy.
 - Concealment or misrepresentation of events or data.
 - Acceptance of bribes, kickbacks or any gift, rebate, money or anything of value whatsoever, or any promise, obligation or contract for future reward, compensation, property or item of value, including intellectual property.
- Waste - Waste involves behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances. Waste is a thoughtless or careless act, resulting in the expenditure, consumption, mismanagement, use, or squandering of institutional assets or resources to the detriment or potential detriment of the institution. Waste may also result from incurring unnecessary expenses due to inefficient or ineffective practices, systems, or controls. Waste does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.
 - Abuse - Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interest or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement. (U.S. Government Accountability Office, Government Auditing Standards, July 2007.)

Policy/Guideline

I. Preventing Fraud, Waste or Abuse

A. Maintaining an Ethical Work Environment

1. Management is responsible for maintaining a work environment that promotes ethical and honest behavior on the part of all employees, students, contractors, vendors and others.
2. To do so, management at all levels must behave ethically and communicate to employees and others that they are expected to behave ethically.
3. Management must demonstrate through words and actions that unethical behavior will not be tolerated.

B. Implementing Effective Internal Control Systems

1. Management of each TBR institution has the responsibility to establish and implement internal control systems and procedures to prevent and detect irregularities, including fraud, waste and abuse.
2. Internal controls are processes performed by management and employees to provide reasonable assurance of:
 - a. Safeguards over institutional assets and resources, including but not limited to cash, securities, supplies, equipment, property, records, data or electronic systems;
 - b. Effective and efficient operations;
 - c. Reliable financial and other types of reports; and
 - d. Compliance with laws, regulations, contracts, grants and policies.
3. To determine whether internal controls are effective, management should perform periodic risk and control assessments, which should include the following activities:
 - a. Review the operational processes of the unit under consideration.
 - b. Determine the potential risk of fraud, waste, or abuse inherent in each process.
 - c. Identify the controls included in the process (or controls that could be included) that result in a reduction in the inherent risk.

- d. Assess whether there are internal controls that need to be improved or added to the process under consideration.
 - e. Implement controls or improve existing controls that are determined to be the most efficient and effective for decreasing the risk of fraud, waste or abuse.
4. Most managers will find that processes already include a number of internal controls, but these controls should be monitored or reviewed for adequacy and effectiveness on a regular basis and improved as needed. Typical examples of internal controls may include, but are not limited to:
- a. Adequate separation of duties among employees.
 - b. Sufficient physical safeguards over cash, supplies, equipment and other resources.
 - c. Appropriate documentation of transactions.
 - d. Independent validation of transactions for accuracy and completeness.
 - e. Documented supervisory review and approval of transactions or other activities.
 - f. Proper supervision of employees, processes, projects or other operational functions.

C. Reviews of Internal Control Systems

1. Audits or other independent reviews may be performed on various components of the internal control systems.

D. Internal Audit

1. Internal Audit is responsible for assessing the adequacy and effectiveness of internal controls that are implemented by management and will often recommend control improvements as a result of this assessment.
2. During an audit of a department or process, Internal Audit will also perform tests designed to detect fraud, waste or abuse that may have occurred.

E. External Audits

1. The Tennessee Department of Audit, Division of State Audit, performs periodic financial audits of Tennessee Board of Regents universities and community colleges.
2. One purpose of this type audit is to evaluate an institution's internal controls, which will often result in recommendations for control improvements.

3. State Audit will also perform tests designed to detect fraud, waste or abuse that may have occurred.

F. Other Reviews

1. Various programs may be subject to audits or reviews by federal, state or other outside agencies based on the type of program, function or funding.
2. Although audits and reviews may include assessments of internal controls, the primary responsibility for prevention and detection of fraud, waste or abuse belongs to management.
3. Therefore, management should take steps to review internal controls whether or not audits are to be performed.

II. Reporting Fraud, Waste or Abuse

A. Responsibility for Reporting Fraud, Waste or Abuse

1. Any official of any agency of the state having knowledge that a theft, forgery, credit card fraud, or any other act of unlawful or unauthorized taking, or abuse of, public money, property, or services, or other shortages of public funds has occurred shall report the information immediately to the office of the Comptroller of the Treasury (TCA § 8-19-501(a)). To ensure compliance with this statute, the Tennessee Board of Regents system office provides a means for institutional employees and others to report such matters, which are subsequently reported to the Comptroller's Office. Institutional administration with knowledge of fraud, waste or abuse will report such incidents immediately.
2. Others, including institutional management, faculty and staff with a reasonable basis for believing that fraud, waste or abuse has occurred are strongly encouraged to immediately report such incidents (T.C.A. § 8-50-116).
3. Students, citizens and others are also encouraged to report known or suspected acts of fraud, waste or abuse.
4. Although proof of an improper activity is not required at the time the incident is reported, anyone reporting such actions must have reasonable grounds for doing so.

5. Employees with knowledge of matters constituting fraud, waste or abuse, that fail to report it or employees who knowingly make false accusations may be subject to disciplinary action.

B. Protection from Retaliation

1. State law (T.C.A. § 8-50-116) prohibits discrimination or retaliation against employees for reporting allegations of dishonest acts or cooperating with auditors conducting an investigation.
2. The Higher Education Accountability Act of 2004 directs that a person who knowingly and willingly retaliates or takes adverse action of any kind against any person for reporting alleged wrongdoing pursuant to the provisions of this part commits a Class A misdemeanor.

C. Confidentiality of Reported Information

1. According to T.C.A. § 49-14-103, detailed information received pursuant to a report of fraud, waste or abuse or any on-going investigation thereof shall be considered working papers of the internal auditor and shall be confidential.
2. Although every attempt will be made to keep information confidential, circumstances such as an order of a court or subpoena may result in disclosure.
3. Also, if TBR or one of its institutions has a separate legal obligation to investigate the complaint (e.g. complaints of illegal harassment or discrimination), TBR and its institutions cannot ensure anonymity or complete confidentiality.

D. Methods for Reporting Fraud, Waste or Abuse

1. Any employee who becomes aware of known or suspected fraud, waste or abuse should immediately report the incident to an appropriate departmental official. Incidents should be reported to **one of the following officials or offices:**
 - a. A supervisor or department head;
 - b. an institutional official;
 - c. the institutional internal auditor;
 - d. the Office of System-wide Internal Audit at 615-366-4441 or reportfraud@tbr.edu; or

- e. the Tennessee Comptroller of the Treasury's Hotline for fraud, waste and abuse at 1-800-232-5454.
2. If the incident involves their immediate supervisor, the employee should report the incident to the next highest-level supervisor or one of the officials or offices listed above. Employees should not confront the suspected individual or initiate an investigation on their own since such actions could compromise the investigation.
3. A department official or other supervisor who receives notice of known or suspected fraud, waste or abuse must immediately report the incident to the following:
 - a. President/Vice President for Business and Finance/TCAT Director (or designee)
 - b. Internal Audit Department
 - c. Safety and Security Office/Campus Police (when appropriate)
4. The President/Vice President/TCAT Director or designee receiving such notice will immediately notify the TBR Vice Chancellor for Business and Finance and the System-wide Chief Audit Executive regarding the acknowledged or suspected fraud or misconduct.
5. TCAT Directors should also report such matters to the Vice Chancellor for Tennessee Colleges of Applied Technology and the Lead Institution Vice President for Business and Finance.
6. The System-wide Chief Audit Executive will notify the Comptroller of the Treasury of instances of fraud, waste or abuse.
7. After initial notification, each institution should refer to TBR Guideline B-080, Reporting and Resolution of Institutional Losses, for additional reporting procedures.

III. Investigations/Actions

A. Cooperation of Employees

1. Individuals involved with suspected fraud, waste or abuse should assist with and cooperate in any authorized investigation, including providing complete, factual responses to questions and either providing access to or turning over relevant documentation immediately upon request by any authorized person.

2. The refusal by an employee to provide such assistance may result in disciplinary action.

B. Remedies Available

1. The Tennessee Board of Regents will evaluate the information provided and make a determination concerning external reporting obligations, if any, and the feasibility of pursuing available legal remedies against persons or entities involved in fraud, waste or abuse against the institution.
2. Remedies include, but are not limited to;
 - a. terminating employment,
 - b. requiring restitution, and
 - c. forwarding information regarding the suspected fraud to appropriate external authorities for criminal prosecution.
3. In those cases where disciplinary action is warranted, the Office of Personnel/Human Resources, Office of General Counsel, and other appropriate offices shall be consulted prior to taking such action, and applicable institutional and Board policies related to imposition of employee discipline shall be observed.

C. Resignation of Suspected Employee

1. An employee suspected of gross misconduct may not resign as an alternative to discharge after the investigation has been completed.
2. Exceptions to this requirement can only be made by the institution's President/Director, and require advance consultation with and approval by the Vice Chancellor for Business and Finance.
3. If the employee resigns during the investigation, the employment records must reflect the situation as of the date of the resignation and the outcome of the investigation (General Personnel Policy, 5:01:00:00).

D. Effect on Annual Leave

1. An employee who is dismissed for gross misconduct or who resigns or retires to avoid dismissal for gross misconduct shall not be entitled to any payment for accrued but

unused annual leave at the time of dismissal (Annual Leave Policy, 5:01:01:01; T.C.A. § 8-50-807).

E. Student Involvement

1. Students found to have participated in fraud, waste or abuse as defined by this guideline will be subject to disciplinary action pursuant to the TBR Policy 3:02:00:01, General Regulations on Student Conduct and Disciplinary Sanctions.
2. The Dean of Students/Vice President of Student Affairs/TCAT Director (or designee) will be responsible for adhering to applicable due process procedures and administering appropriate disciplinary action.

F. Confidentiality during Investigation

1. All investigations will be conducted in as strict confidence as possible, with information sharing limited to persons on a “need to know” basis.
2. The identities of persons communicating information or otherwise involved in an investigation or allegation of fraud, waste or abuse will not be revealed beyond the institution and staff of the TBR Offices of General Counsel, Business and Finance and System-wide Internal Audit unless necessary to comply with federal or state law, or if legal action is taken.

G. Management’s Follow-up Responsibility

1. Administrators at all levels of management must implement, maintain, and evaluate an effective compliance program to prevent and detect fraud, waste and abuse.
2. Once such activities have been identified and reported, the overall resolution should include an assessment of how it occurred, an evaluation of what could prevent recurrences of the same or similar conduct, and implementation of appropriate controls, if needed.

Sources

TBR Board Meeting, March 28, 2008; TBR Board Meeting, December 8, 2011

Related Policies

- Internal Audit
- General Regulations on Student Conduct & Disciplinary Sanctions
- Annual Leave
- General Personnel Policy
- Reporting and Resolution of Institutional Losses

Attachment E

Identity Theft Prevention: 4:01:05:60

Policy/Guideline Area

Business and Finance Policies

Applicable Divisions

TCATs, Community Colleges, Universities, System Office

Purpose

The Tennessee Board of Regents, on behalf of its Institutions, adopts this Identity Theft Prevention Policy and enacts this program in an effort to detect, prevent and mitigate identity theft, and to help protect the Institutions, their faculty, staff, students and other applicable constituents from damages related to the loss or misuse of identifying information due to identity theft.

Definitions

- Covered account - includes:
 - Any account that involves or is designated to permit multiple payments or transactions; or
 - Any other account maintained by the Institution for which there is a reasonably foreseeable risk of identity theft to students, faculty, staff or other applicable constituents, or for which there is a reasonably foreseeable risk to the safety or soundness of the Institution from identity theft, including financial, operational, compliance, reputation or litigation risks.

- Identifying information - is any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including but not limited to: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or

taxpayer identification number, student identification number, computer Internet Protocol address or routing code, credit card number or other credit card information.

- Identity theft - means a fraud committed or attempted using the identifying information of another person without authority.
- Red flag - is a pattern, practice or specific activity that indicates the possible existence of identity theft.

Policy/Guideline

I. Background

A. The risk to the institutions of the Tennessee Board of Regents (hereinafter referred to as "Institutions"), its faculty, staff, students and other applicable constituents from data loss and identity theft is of significant concern to the Board and its Institutions, and the Institutions should make reasonable efforts to detect, prevent, and mitigate identity theft.

B. Under this Policy the program will:

1. Identify patterns, practices or specific activities ("red flags") that could indicate the existence of identity theft with regard to new or existing covered accounts (see Definitions);
2. Detect red flags that are incorporated in the program;
3. Respond appropriately to any red flags that are detected under this program to prevent and mitigate identity theft;
4. Ensure periodic updating of the program, including reviewing the accounts that are covered and the identified red flags that are part of this program; and,
5. Promote compliance with state and federal laws and regulations regarding identity theft protection.

C. The program shall, as appropriate, incorporate existing TBR and institutional policies and guidelines such as anti-fraud programs and information security programs that establish controls for reasonably foreseeable risks.

II. Identification of Red Flags

A. The following examples of red flags are potential indicators of fraud or identity theft. The risk factors for identifying relevant red flags include the types of covered accounts offered or maintained; the methods provided to open or access covered accounts; and, previous experience with identity theft. Any time a red flag or a situation closely resembling a red flag is apparent, it should be investigated for verification.

B. Alerts, notifications or warnings from a credit or consumer reporting agency. Examples of these red flags include the following:

1. A report of fraud or active duty alert in a credit or consumer report;
2. A notice of credit freeze from a credit or consumer reporting agency in response to a request for a credit or consumer report;
3. A notice of address discrepancy in response to a credit or consumer report request; and,
4. A credit or consumer report indicates a pattern of activity inconsistent with the history and usual pattern of activity of an applicant such as:
 - a. A recent and significant increase in the volume of inquiries;
 - b. An unusual number of recently established credit relationships;
 - c. A material change in the use of credit, especially with respect to recently established credit relationships; or,

Commented [BS1]: Section II, Identification of Red Flags – Should this section of the policy focus more on our customers (students) and how we protect them? Most of this seems to be written globally for financial institutions, rather than educational institutions. Even though we do have financial transactions, most of the activities listed are not performed, such as obtaining consumer credit reports. (Internal Audit)

- d. An account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.

C. Suspicious documents. Examples of these red flags include the following:

1. Documents provided for identification that appears to have been altered, forged or are inauthentic.
2. The photograph or physical description on the identification document is not consistent with the appearance of the individual presenting the identification.
3. Other information on the identification is not consistent with information provided by the person opening a new covered account or individual presenting the identification.
4. Other information on the identification is not consistent with readily accessible information that is on file with the Institution, such as a signature card or a recent check.
5. An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.

D. Suspicious personal identifying information. Examples of these red flags include the following:

1. Personal identifying information provided is inconsistent when compared against other sources of information used by the Institution. For example:
 - a. The address does not match any address in the consumer report; or,
 - b. The Social Security number (SSN) has not been issued or is listed on the Social Security Administration's Death Master File.
2. Personal identifying information provided by the individual is not consistent with other personal identifying information provided by that individual. For example:

a. There is a lack of correlation between the SSN range and date of birth.

3. Personal identifying information provided is associated with known fraudulent activity.

For example:

a. The address on an application is the same as the address provided on a fraudulent application; or,

b. The phone number on an application is the same as the number provided on a fraudulent application.

4. Personal identifying information provided is of a type commonly associated with fraudulent activity. For example:

a. The address on an application is fictitious, a mail drop, or a prison; or

b. The phone number is invalid or is associated with a pager or answering service.

5. The social security number provided is the same as that submitted by another person opening an account.

6. The address or telephone number provided is the same as or similar to the address or telephone number submitted by that of another person.

7. The individual opening the covered account fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.

8. Personal identifying information provided is not consistent with personal identifying information that is on file with the Institution.

Commented [BS2]: Section II, Item D.2.a – Question regarding statement: **There is a lack of correlation between the SSN range and date of birth.** What is the correlation between SSN and date of birth? Are our institutions running edit checks on this information? According to SSA website, there is a correlation between SSN and geographic region but none noted for date of birth.

9. When using security questions (mother's maiden name, pet's name, etc.), the person opening that covered account cannot provide authenticating information beyond that which generally would be available from a wallet or consumer report.

E. Unusual use of, or suspicious activity related to, the covered account. Examples of these red flags include the following:

1. Shortly following the notice of a change of address for a covered account, the Institution receives a request for a new, additional, or replacement card, or for the addition of authorized users on the account.

2. A covered account is used in a manner that is not consistent with established patterns of activity on the account. There is, for example:

a. Nonpayment when there is no history of late or missed payments;

b. A material change in purchasing or usage patterns.

3. A covered account that has been inactive for a reasonably lengthy period of time is used (taking into consideration the type of account, the expected pattern of usage and other relevant factors).

4. Mail sent to the individual is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the individual's covered account.

5. The Institution is notified that the individual is not receiving paper account statements.

6. The Institution is notified of unauthorized charges or transactions in connection with an individual's covered account.

7. The Institution receives notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts held by the Institution.

8. The Institution is notified by an employee or student, a victim of identity theft, a law enforcement authority, or any other person that it has opened a fraudulent account for a person engaged in identity theft.
9. A breach in the Institution's computer security system.

III. Detecting Red Flags

A. Student enrollment. In order to detect red flags associated with the enrollment of a student, the Institution will take the following steps to obtain and verify the identity of the individual opening the account:

1. Require certain identifying information such as name, date of birth, academic records, home address or other identification; and,
2. Verify the student's identity at the time of issuance of the student identification card through review of driver's license or other government-issued photo identification.

B. Existing accounts. In order to detect red flags associated with an existing account, the Institution will take the following steps to monitor transactions on an account:

1. Verify the identification of students if they request Information;
2. Verify the validity of requests to change billing addresses by mail or email, and provide the student a reasonable means of promptly reporting incorrect billing address changes; and,
3. Verify changes in banking information given for billing and payment purposes.

C. Consumer/Credit Report Requests. In order to detect red flags for an employment or volunteer position for which a credit or background report is sought, the Institution will take the following steps to assist in identifying address discrepancies:

1. Require written verification from any applicant that the address provided by the applicant is accurate at the time the request for the credit report is made to the consumer reporting agency; and
2. In the event that notice of an address discrepancy is received, verify that the credit report pertains to the applicant for whom the requested report was made and report to the consumer reporting agency an address for the applicant that the Institution has reasonably confirmed is accurate.

IV. Responding to Red Flags

- A. Once a red flag or potential red flag is detected, the Institution must act quickly with consideration of the risk posed by the red flag.
- B. The Institution should quickly gather all related documentation, write a description of the situation and present this information to the Program Administrator for determination.
- C. The Program Administrator (see Section VI) will complete additional authentication to determine whether the attempted transaction was fraudulent or authentic.
- D. The Institution may take the following steps as is deemed appropriate:

1. Continue to monitor the covered account for evidence of identity theft;
2. Contact the student or applicant for which a credit report was run;
3. Change any passwords or other security devices that permit access to covered accounts;
4. Close and reopen the account;
5. Determine not to open a new covered account;
6. Provide the student with a new student identification number;

7. Notify law enforcement;
8. Determine that no response is warranted under the particular circumstances;
9. Cancel the transaction.

V. Protecting Personal Information

A. In order to prevent the likelihood of identity theft occurring with respect to covered accounts, the Institutions may take the following steps with respect to its internal operating procedures:

1. Lock file cabinets, desk drawers, overhead cabinets, and any other storage space containing documents with covered account information when not in use.
2. Lock storage rooms containing documents with covered account information and record retention areas at the end of each workday or when unsupervised.
3. Clear desks, workstations, work areas, printers and fax machines, and common shared work areas of all documents containing covered account information when not in use.
4. Documents or computer files containing covered account information will be destroyed in a secure manner. Institution records may only be destroyed in accordance with the Board's records retention guideline, TBR Guideline G-070 Disposal of Records.
5. Ensure that office computers with access to covered account information are password protected.
6. Ensure that computer virus protection is up to date.
7. Avoid the use of social security numbers.
8. Utilize encryption devices when transmitting covered account information.

- B. Institutional personnel are encouraged to use common sense judgment in securing covered account information to the proper extent.
- C. Furthermore, this section should be read in conjunction with the Family Education Rights and Privacy Act ("FERPA"), the Tennessee Public Records Act, and other applicable laws and policies.
- D. If an employee is uncertain of the sensitivity of a particular piece of information, he/she should contact his/her supervisor. The Office of the General Counsel may be contacted for advice.

VI. Program Administration

A. Oversight and Appointment of the Institutional Program Administrator

1. The Identity Theft Prevention Policy is the responsibility of the governing body, the Tennessee Board of Regents. Approval of the initial plan must be appropriately documented and maintained.
2. Each individual institution is required to tailor this program taking into consideration its size, complexity, and nature of its operation. Each institution will consider the types of accounts it offers and maintains, the methods it provides to open those accounts, the methods it provides to access its accounts and its previous experience with identity theft.
3. Operational responsibility of the program at each individual institution is delegated to a Program Administrator appointed by the President or Director and shall include but not be limited to;
 - a. The oversight, development, implementation and administration of the program;
 - b. Approval and implementation of needed changes to the program; and,
 - c. Staff training.

4. The Program Administrator is also responsible for ensuring that appropriate steps are taken for preventing and mitigating identity theft, for reviewing any staff reports regarding the detection of red flags, and for determining which steps should be taken in particular circumstances when red flags are suspected or detected.
5. A report to the Institution's President or Director should be made annually concerning institutional compliance with and effectiveness of the program, and the responsibility for such report may be placed with the Program Administrators. This report should address;

- a. Service provider arrangements;
- b. The effectiveness of the program in addressing the risk of identity theft;
- c. Significant incidents of identity theft and the institution's response; and,
- d. Any recommendations for material changes to the program.

B. Staff training

1. Staff training shall be conducted for all employees for whom it is reasonably foreseeable, as determined by the Program Administrator, that may come into contact with covered accounts or identifying information.

C. Periodic Updates to the Program

1. At periodic intervals established in the program, or as required, the program will be re-evaluated to determine whether all aspects of the program are up to date and applicable.
2. Consideration will be given to the Institution's;
 - a. Experiences with identity theft situations;
 - b. Changes in identity theft methods, detection methods or prevention methods; and,

c. Changes in the Institution's business arrangements with other entities.

3. Periodic reviews will include an assessment of which accounts are covered by the program.

a. As part of the review, red flags may be revised, replaced or eliminated. Defining new red flags may also be appropriate.

4. Actions to take in the event that fraudulent activity is suspected or discovered may also require revision to the program.

D. Overview of service provider arrangements

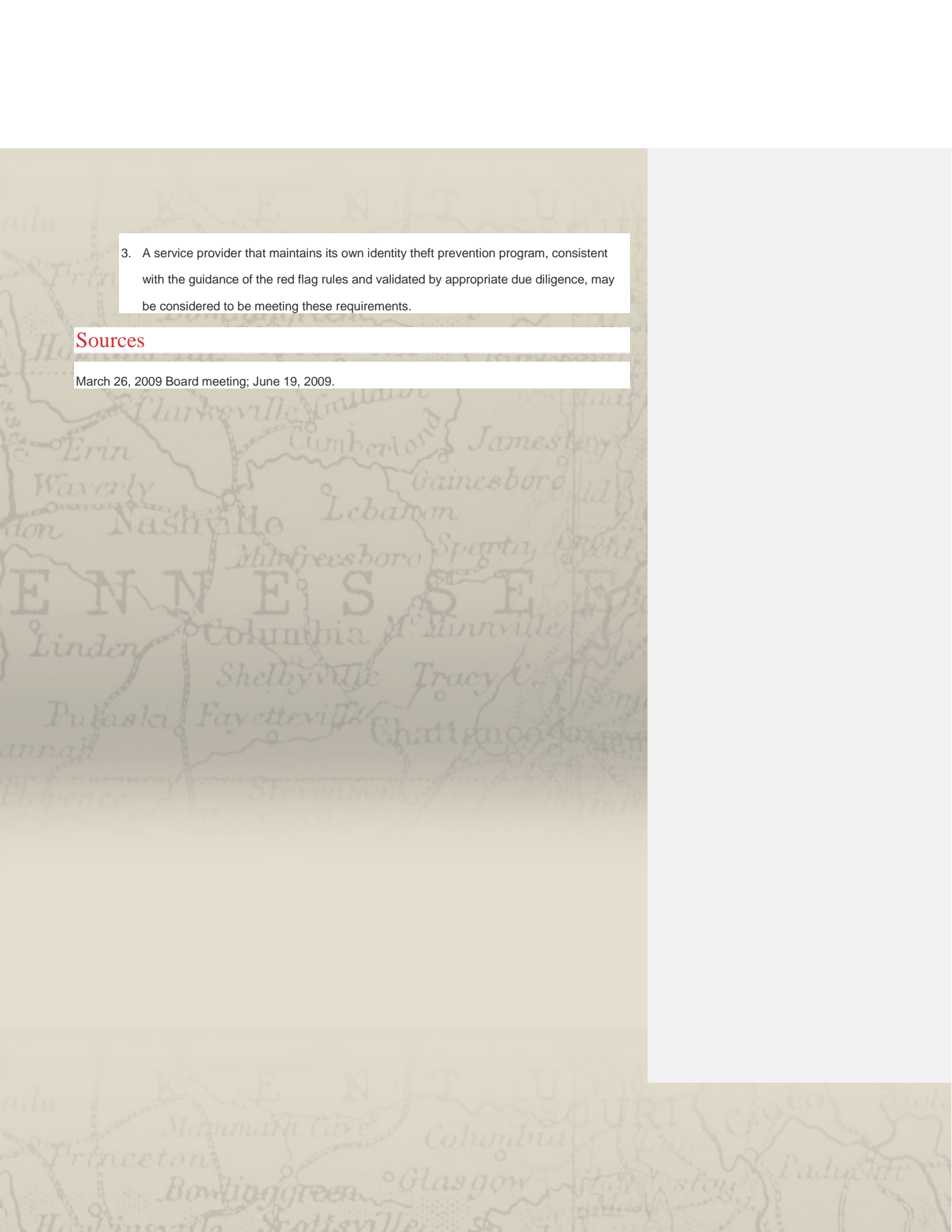
1. It is the responsibility of the Institution to ensure that the activities of all service providers are conducted in accordance with reasonable policies and procedures designated to detect, prevent, and mitigate the risk of identity theft.

2. In the event the Institution engages a service provider to perform an activity in connection with one or more covered accounts, the Institution will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of identity theft.

a. Require, by contract, that service providers have such policies and procedures in place; or,

b. Require, by contract, that service providers review the Institution's program and report any red flags to the Program Administrator.

(1) Specific language for inclusion in contracts can be found in TBR Guideline G-030 Contracts and Agreements.

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- The background of the page is a faded, sepia-toned map of Tennessee and Kentucky. The map shows county boundaries and names such as Clarksville, Nashville, and Chattanooga. A white rectangular text box is positioned in the upper left quadrant of the page, containing a numbered list item.
3. A service provider that maintains its own identity theft prevention program, consistent with the guidance of the red flag rules and validated by appropriate due diligence, may be considered to be meeting these requirements.

Sources

March 26, 2009 Board meeting; June 19, 2009.

Attachment F

Reporting and Resolution of Institutional Losses: B-080

Policy/Guideline Area

Business and Finance Guidelines

Applicable Divisions

TCATs, Community Colleges, Universities, System Office

Purpose

The purpose of this guideline is to establish the process and procedures for reporting and resolution of institutional losses at institutions governed by the Tennessee Board of Regents.

Definitions

Resources - as used herein shall refer to assets such as cash or other financial resources, supplies, inventories, equipment and other fixed assets, real property, intellectual property, or data.

Policy/Guideline

I. Introduction

- A. Administrators at all levels of management should be aware of the risks and exposures inherent in their areas of responsibility, and should establish and maintain proper internal controls to provide for the security and accountability of all assets and other resources entrusted to them.

- B. It is the responsibility of each institution to establish a process to identify, report and investigate losses of state or institutional funds, property or other resources, whether by malfeasance or misfeasance.
- C. Tennessee Board of Regents (TBR) Policy 4:01:05:50, Preventing and Reporting Fraud, Waste or Abuse, includes requirements for reporting suspected instances of fraud, waste or abuse to the system office where such matters are subsequently reported to the Comptroller of the Treasury (T.C.A. § 8-19-501(a)).

II. Reporting and Resolution Process

- A. Reporting Losses – For each reportable incident, the institution must complete a “Notification of Loss Report” (Exhibit 1) or “Property Loss Report” (Exhibit 2).

1. The Notification of Loss Report should be used to report single incidents of shortages or losses of any asset, resource or data immediately upon occurrence or discovery. This report should be used to report the loss or shortage of any amount which is the result of acknowledged or suspected fraud, waste or abuse by either an employee or a non-employee (for example, a vendor, contractor, or student).
2. The Property Loss Report may be used to report property losses in any quarter in which losses occur and may include more than one incident or loss of property. However, see item 1 above if the property loss is a result of fraud, waste or abuse.
3. The institution must also report covered property losses to the State of Tennessee, Department of Treasury, Office of Risk Management.

- B. Reporting Resolution – The investigation unit identified on the notification report will file a “Case Resolution Report” (Exhibit 3) at the conclusion of the investigation. Depending upon the nature and extent of the investigation, an Internal Audit Report may be issued in lieu of a Case Resolution Report.

C. Distribution of Reports – Each notification and resolution report should be submitted to the following officials or offices:

1. President / TCAT Director
2. Vice President for Business and Finance
3. Internal Audit Director
4. Office of Safety and Security/Campus Police (as appropriate)
5. TBR Vice Chancellor for Business and Finance
6. TBR System-wide Chief Audit Executive

III. Requirements Regarding Losses and Shortages

A. Cash or Other Financial Resources – Institutions maintain cash, procurement cards, credit cards and other financial resources to facilitate its business needs. Institutions must report cash shortages or losses equal to or greater than \$500 immediately to TBR.

1. Some cash shortages result from human error and are the cost associated with doing business. However, objective reviews must be completed to eliminate misconduct and provide assurance that controls are effective.
2. Regardless of amount, management should routinely perform objective reviews of shortages or other losses to identify any unusual items, recurring issues or a pattern of financial shortages.

B. Property – Institutions maintain inventory records for capitalized property and sensitive minor equipment, as required by Tennessee Board of Regents Guideline B-110, Fixed Assets and Sensitive Minor Equipment. Institutions must report property losses to TBR at least quarterly.

1. Losses of physical property due to inventory shrinkage, vandalism, unexplained events, natural disasters, or acts of God should be reported to TBR on a quarterly basis on the Property Loss Report (Exhibit 2). A Case Resolution Report is not required to be submitted for such losses.
2. However, unexplained losses and those due to shrinkage or vandalism should be objectively reviewed by management to identify any unusual items, recurring issues or a pattern of losses.
3. Occurrences that are potentially serious situations that would create public concern regardless of amount (e.g., the loss of certain chemicals) must be reported to the TBR and the Office of Risk Management immediately, followed by a written report.

IV. Property Claims Process





- A. Property Claims – Individual occurrences exceeding \$25,000 must be reported to the TBR Office of Facilities Management and the Office of Risk Management immediately, followed by a written report.

1. The Office of Risk Management website at <http://treasury.tn.gov/risk/> contains contact information under the “Contact Us” link and details of the insurance claim process under the “Claims Process” link.
2. Each report of damage for a claim should include a detailed description of the loss and the estimated cost. In addition to the reporting requirements noted above, the department where the loss occurred should also receive a copy of this report.

V. Actions

- A. TBR will evaluate the information provided and make a determination concerning external reporting obligations, if any, and the feasibility of pursuing available legal remedies in cases of misconduct, including fraud, waste or abuse.

Exhibits

-  [Exhibit 1 - Notification of Loss Report \(docx /14.02 KB\)](#)
-  [Exhibit 2 – Property Loss Report \(docx /14.64 KB\)](#)
-  [Exhibit 3 - Case Resolution Report \(docx /17.21 KB\)](#)
-  [Exhibit 4 - Reporting Matrix \(pdf /82.93 KB\)](#)

Sources

November 6, 2002, Presidents Meeting; February 28, 2008, Presidents Meeting; February 29, 2008; Presidents Meeting November 7, 2012.

EXHIBIT 4 TO TBR GUIDELINE B-080

Tennessee Board of Regents
Reporting Matrix for Institutional Losses

Type of Loss	Immediate Notification to TBR	Attachment A Notification of Loss Report	Attachment C Property Loss Report (a b)	Attachment B Case Resolution Report (b e)	TBR Reports to Comptroller of the Treasury	Report to Office of Risk Management (d)
Fraud, Waste or Abuse (FWA)						
Any Resource Loss	Any Amount FWA	Yes	Yes	Physical Property Only	Yes	Covered Physical Property Only \geq \$25,000
Non-FWA						
Cash (a)	< \$500	No	No	No	No	No
Cash	\geq \$500	Yes	Yes	No	Yes	No
Physical Property	Capitalized	Quarterly	Yes	Yes	Yes	Yes (d)
Physical Property	Sensitive \geq \$1,500	Quarterly	Yes	Yes	Yes	Yes (d)
Physical Property	< \$1,500	No	No	No	No	No
Other Assets or Resources (e)	Any value	Yes	Yes	No	Yes	No

Notes:
FWA - Fraud, Waste or Abuse (Misconduct by an employee, student, vendor, contractor or other).

(a) These losses should be reviewed by management to identify any patterns of losses; matters involving misconduct should be reported.

(a~~b~~) For property losses, either Notification of Loss Report or Property Loss Report should be submitted; both are not required.

(b~~e~~) An Internal Audit Report may be issued in lieu of a Case Resolution Report.

(d) Events resulting in losses of \$25,000 or greater should be reported to the Office of Risk Management.

(c~~d~~) Other assets or resources may include items such as intellectual property or data, including data that may be stored on electronic devices.

Attachment H

Retirement: 5:01:03:00

Policy/Guideline Area

Personnel Policies

Applicable Divisions

TCATs, Community Colleges, Universities, System Office

Purpose

The purpose of this policy is to set the standards for a consistent process and treatment of employees regarding retirement across the TBR system.

Policy/Guideline

- I. Retirement Policy
 - A. Except as otherwise provided herein, all regular full-time employees of the Tennessee Board of Regents and of institutions governed by the Tennessee Board of Regents shall be members of a state-supported retirement system, subject to the eligibility provisions of T.C.A. § 8-35-101 et seq.
 - B. Regular part-time employees are eligible to become members of a state-supported retirement system, but such membership is not mandatory.
 - C. Pursuant to T.C.A. § 8-35-403 et seq., any individual who is exempt from the Fair Labor Standards Act and who is employed in a state-sponsored institution of higher education may elect either membership in the retirement system or participation in the optional retirement program. Therefore, all regular academic, executive, administrative, and professional employees of the Board and institutions shall have the option of becoming members of

either the Tennessee Consolidated Retirement System (TCRS) or the Optional Retirement Program (ORP).

1. Employees who are members of the TCRS are eligible to retire upon attainment of appropriate age and years of creditable service, or a combination thereof.
 2. Employees who are members of the ORP may retire at any time after separation from service, subject to IRS regulations.
- D. Any person who has served as the president of an institution under the Board of Regents for a period of not less than ten (10) years and has attained the age of sixty (60) while being employed by the Board may, upon approval of the Board, be retired as President Emeritus of the institution where he/she served a minimum of ten (10) years.
1. For presidents hired after September 1, 2002, this will be an honorary title earned through service with no material benefit other than the honor associated with its granting.
 2. Only for presidents hired prior to September 2002, an annual salary of twenty percent (20%) of his/her last year's salary, exclusive of perquisites, may be paid monthly from institution appropriations subject to the terms and conditions of T.C.A. § 8-36-714.
- E. For either retirement system (TCRS or ORP), the annual limit to employer contributions made on behalf of employees hired after July 1, 1996 will be subject to applicable federal and state limits.
- F. There is no contribution limit for employees employed before July 1, 1996.
1. Additionally, for employees enrolled in the ORP, there is also an annual aggregate contribution limit for contributions to the ORP and 401(k). This limit is defined on an annual basis.
- G. Temporary Employment. Any retired member of TCRS (except those receiving a disability retirement allowance) or ORP (except those who have never taken a withdrawal or distribution from his/her account) may return to service in a position covered by this system and continue to draw his/her retirement allowance under the following conditions:

1. The retiree must have a break in service for a minimum of sixty (60) days, unless an exception has been applied for and approved
2. Retirees employed as teachers by an institution of higher education are limited to 24 quarter hours or 18 semester credit hours.
3. The entire compensation payable to the retiree for such work should not be more than 60 percent of the annual full-time salary received by the member in the year immediately prior to retirement. This limit on salary increases by 5 percent for each year since the member's retirement.

When a retiree begins temporary employment, he/she will be required to complete the appropriate form. TCRS retirees must complete the *Temporary Employment* form and the institution shall submit the form to the TCRS. The TCRS must be notified by letter when the retiree's temporary employment reaches the 120 day limit and/or when employment is terminated to avoid possible overpayment or suspension of the monthly benefit. ORP retirees must complete the *Optional Retirement Program (ORP) Part-time Reemployment Certification/Waiver* form for the institution's files. New forms for TCRS and ORP retirees must be completed for each 12-month

period. **Sources**

TBR Meetings, September 24, 1976; September 29, 1978; June 29, 1979; June 26, 1981; March 19, 1982; September 30, 1983; December 14, 1984; March 20, 1987; December 13, 1991; June 25, 1993; September 20, 2002; March 30, 2006;

Note:

(a) The provisions of this policy which constituted amendments or revisions adopted on September 29, 1978, became effective on January 1, 1979.

(b) The provisions of this policy which constituted amendments or revisions adopted on June 26, 1981, became effective on July 1, 1981.

(c) The provisions of this policy under which regular full-time executive, administrative, and professional employees are eligible to participate in the optional retirement program became effective on July 1, 1983.

(d) Regular part-time employees became eligible for retirement system membership on July 1, 1984.

Contact

Mickey Sheen

615-366-4437

mickey.sheen@tbr.edu

Optional Retirement Programs Retirement Plans: 5:01:03:03

Policy Area

Personnel Policies
Applicable Divisions

Community Colleges, Universities, System Office
Purpose

The purpose of this policy is to ~~set the standards for a consistent process and treatment of employees regarding optional retirement programs across the TBR system~~ communicate the state-supported retirement programs available to employees of the Tennessee Board of Regents.

Policy

I. ~~Introduction~~

A. ~~The Tennessee Board of Regents has designated optional retirement programs for regular academic, executive, administrative, and professional employees of the Board of Regents' institutions, and has approved the contracts offered by optional retirement program vendors, as the contracts to be purchased under the optional retirement program, said designation and approval conditioned upon there being no change in the legislation authorizing the optional retirement program which would require the Board and/or the institutions in the System to incur any additional costs whatsoever in terms of the contributions made to or the benefits payable from said optional retirement program.~~

1. ~~Employees of the colleges of applied technology are not eligible to participate in the optional retirement programs.~~

B. ~~Prior to 1991, the State of Tennessee offered exempt staff in Tennessee's public colleges and universities the option of enrolling in either of two retirement programs.~~

~~C.—The primary program – the Tennessee Consolidated Retirement System (TCRS)– was and remains the retirement program open to all employees of the State of Tennessee. The only secondary, or optional, program offered was through the Teachers Insurance and Annuity Association College Retirement Equities Fund, commonly called TIAA-CREF.~~

~~D.—In 1991, the Tennessee General Assembly amended the State's statutes on retirement to permit the addition of two more optional companies from which eligible employees may choose in selecting a company, or companies, with which to invest their retirement contributions. Contracts with the new companies, Variable Annuity Life Insurance Company (VALIC), and Aetna Life Insurance and Annuity Company took effect on July 1, 1992.~~

~~E.—Adoption of additional investment companies as part of the Optional Retirement Program is being done for the purpose of permitting eligible employees to diversify their retirement investments across a broader range of investment products. With the addition of the new companies, diversification can be achieved by:~~

- ~~1.—Distributing future contributions among the optional companies and their various investment products, and/or by~~
- ~~2.—Transferring funds already accumulated to one or more of the new companies.~~

~~II.—Transfer Provisions~~

~~A.—From the Tennessee Consolidated Retirement System to the Optional Retirement Program~~

- ~~1.—Effective April 4, 2001, TCA § 8-35-403 was amended to permit an employee who is eligible to participate in the Optional Retirement Program (ORP) but who elected to participate in the Tennessee Consolidated Retirement System (TCRS) to transfer prospective membership from TCRS to the ORP.~~

~~a.—This transfer will become effective the first day of the month following thirty (30) days written notice to TCRS and the employee's institution.~~

~~b.—However, employees may not transfer membership from the ORP to TCRS.~~

~~c.—An employee who elects to participate in the ORP is not eligible to participate in the TCRS while employed by an institution covered by the ORP.~~

2. ~~When transferring membership, a member who has employee contributions in his TCRS account may transfer his individual account balance from TCRS to the ORP.~~
 - a. ~~Such transfer of contributions constitutes a termination of membership in TCRS and a waiver of all rights and benefits under TCRS.~~
 - b. ~~Since most individuals who made contributions to TCRS prior to July 1, 1981 would now be vested in TCRS and would have accrued a considerable amount of non-contributory service credit in TCRS, such transfers are extremely rare.~~
 - c. ~~Employees who were hired after July 1, 1981 would be transferring membership only since all contributions had been made by the employer.~~
 3. ~~When an employee is promoted from a non-exempt to an exempt position, the employee may transfer participation from TCRS to one of the optional retirement programs.~~
- B. ~~From the Optional Retirement Program to the Tennessee Consolidated Retirement System~~
1. ~~During the 2004 legislative session, the General Assembly passed legislation giving Optional Retirement Plan (ORP) members the opportunity to transfer membership to the Tennessee Consolidated Retirement System (TCRS). The legislation can be found in T.C.A. § 8-35-403(f). The specifics of this one-time opportunity are as follows:~~
 - a. ~~The member must be a current state of Tennessee employee or higher education employee with five or more years of service in the ORP as of January 1, 2005.~~
 1. ~~You must also be a current employee at the time of transfer in order to enroll in TCRS.~~
 2. ~~Additionally, this opportunity will be extended in the future to employees who reach their fifth anniversary after January 1, 2005.~~
 3. ~~Those members reaching the five year mark after January 1, 2005, will be given one year in which to make the transfer.~~
 - b. ~~The member must not have received a cash withdrawal or other distribution from the ORP.~~

~~c. — The transfer must include Tennessee ORP service. If you elect to transfer to TCRS, you waive all current and future rights to ORP benefits from Tennessee contributions. The decision is irrevocable.~~

~~d. — The cost of the transfer will be the greater of;~~

~~1. — the ORP account balance; or~~

~~2. — 12.65% of the member's compensation during the ORP participation period plus 7.5% annual interest. It is likely that the ORP balance will not cover the cost of the transfer.~~

~~e. — The required payment must be made in lump sum by no later than December 31, 2005. There are various options for funding the payment including transferring your ORP account or other tax-deferred retirement accounts, or using personal savings.~~

~~2. — This one-time opportunity to transfer is being offered to employees who may have been rushed into making a retirement plan selection on the first day of employment or who may have been forced to change retirement plans due to a change in job classification. Employees are under no obligation to transfer membership from ORP to TCRS.~~

~~C. — Within the Optional Retirement Program~~

~~1. — After July 1, 1992, employees who participate in the ORP may direct employer contributions made on their behalf to one or more of the companies designated to provide annuity contracts under the state's ORP.~~

~~a. — Once funds are on deposit with a designated company, the participant may move those funds among the different investment accounts offered under that company's annuity contract, subject to the restrictions of the contract.~~

~~b. — The participant may authorize such internal transfers by telephone.~~

~~2. — After July 1, 1992, employees may also transfer funds previously accumulated in the ORP among the companies designated to provide annuity contracts in Tennessee's Optional Retirement Program, subject to the restrictions of the products involved.~~

~~a. — After the participant completes the necessary applications, the funds will be transferred by check and reports will be provided to the participant's institution.~~

III.—Provisions for Distribution of Contributions

A.—~~Effective April 4, 2001, TCA § 8-35-403 was amended to permit a participant who has separated from service and has an aggregate total of less than \$5,000 credited to his/her retirement account to receive a lump sum distribution of contributions upon the participant's written request and in a manner permitted by the companies holding the accounts.~~

1.—~~This aggregate total shall be increased by one thousand dollars (\$1,000) on January 1, 2002 and on each January 1 thereafter until the aggregate total distribution equals fifteen thousand dollars (\$15,000).~~

B.—~~If a participant has separated from service and is receiving social security disability benefits from the social security administration due to the participant's disability, the participant may, upon his/her written request receive a lump sum distribution from the participant's accounts each year.~~

1.—~~For the calendar year 2001, the aggregate total of each annual distribution from all of the participant's accounts shall not exceed fifteen thousand dollars (\$15,000).~~

2.—~~This aggregate total shall be increased by one thousand dollars (\$1,000) each calendar year thereafter until the aggregate total annual distribution equals twenty five thousand dollars (\$25,000).~~

3.—~~Each annual distribution shall be made in any manner permitted by the companies holding the accounts but only upon receipt by the employer of documentation confirming the participant's continued receipt of social security disability benefits.~~

4.—~~Once the participant attains the age requirement for receipt of old age and survivors benefits under Title II of the Federal Social Security Act (42 U.S.C. §401-425), the participant shall no longer be required to provide such documentation in order to receive an annual distribution pursuant to this subsection.~~

C.—~~Distribution of contributions shall require the completion of form(s) for both the participant's company/companies and the Tennessee Consolidated Retirement System. Verification of contributions and separation from service information shall be provided by the last employer; verification of an aggregate current balance of less than the current year's maximum (e.g.,~~

~~2001, \$5,000) shall be provided by the participant in the form of current quarterly statement(s). Both forms must be returned to the companies in order for the lump sum distribution to be processed.~~

~~D. The Chancellor is authorized to establish any and all guidelines, rules, or requirements necessary and proper for the implementation of the optional retirement programs for the System or at any individual institution.~~

I. Introduction

The Tennessee Board of Regents offers two state-supported retirement programs. The primary program, the Tennessee Consolidated Retirement System (TCRS), is open to all employees of the State of Tennessee and regular non-exempt Tennessee Board of Regents employees are provided benefits under this program. The secondary program, the Optional Retirement Program (ORP), is open to regular faculty and exempt staff employees. In addition, visiting lecturers are eligible to participate in the ORP. Regular faculty and exempt staff employees may choose to enroll in either the TCRS or the ORP.

Both retirement programs, the TCRS and the ORP, have a Legacy Plan and a Hybrid Plan and eligibility is based on date of hire. Employees hired on or before June 30, 2014 are eligible to participate in the Legacy Plan, which is a non-contributory plan. Employees hired on July 1, 2014 or later are eligible to participate in the Hybrid Plan, which is a contributory plan.

All rights to retirement plan benefits for employees of the Tennessee Board of Regents are governed by the laws and regulations established by the State of Tennessee and/or the federal government. For employees participating in the ORP, employee rights to plan benefits also are governed by the ORP vendors' regulations and the contract between the employee and the ORP vendor(s).

II. Eligibility

1. All regular full-time employees of the Tennessee Board of Regents and of institutions governed by the Tennessee Board of Regents shall be members of a state-supported retirement plan as a condition of employment, subject to eligibility provisions. For regular part-time employees, membership in a state-supported retirement plan is optional. Employees must continue to

participate in a retirement plan as long as they remain in a regular status (breaks in service, other than terminations, do not affect eligibility for participation). The following is a non-inclusive list of employees not eligible to participate in a state-supported retirement plan:

- students
- temporary employees
- medical residents
- interns and externs
- non-U.S. citizens who do not pay Social Security or Medicare taxes

III. Electing a Retirement Plan

1. An eligible employee who is not a member of the TCRS and has not accumulated creditable service thereunder as a member of a local retirement fund having rights under the TCRS, may elect membership in either the TCRS or ORP.
2. An eligible employee who is a member of the TCRS or of a local retirement fund having rights under the TCRS, and who is otherwise eligible to join the ORP, may elect to participate in the ORP in lieu of continuing contributions to and accumulating creditable service in the TCRS while employed at an institution with an ORP. Any employee who elects to cease membership in the TCRS and commence membership in the ORP are subject to the Transfer process in Section V. of this policy, which includes submitting written notice using the Election to Transfer Membership from TCRS to ORP form available at <http://www.treasury.state.tn.us/orp/PDFs/Forms/tr0275.pdf>. As stated on the form, an employee who transfers membership from the TCRS to the ORP will thereafter be ineligible to accumulate creditable service in the TCRS during such period or periods as he or she is employed by an institution with an ORP.
3. The Notice of Election to Participate in the ORP or TCRS form shall be used by employees in designating an election. The completed form shall be kept on file by the institution's Human Resources Department.
 - If no election is made the employee shall be deemed to have elected the TCRS.
 - Employees electing the ORP must complete the ORP Premium Distribution Specification Form and the application material for the selected vendor(s).

IV. Contributions

Employees hired on or before June 30, 2014

1. For employees participating in the TCRS, employer contributions are calculated on the employee's eligible compensation amount and paid at the rate determined on a biennial basis

by the actuary. Shortly after each valuation, the TCRS will notify each institution of its new employer contribution rate and effective date.

2. For employees participating in the ORP, employer contributions will be paid at 10% of eligible compensation up to the social security wage base and 11% of eligible compensation above the social security wage base.

Employees hired on or after July 1, 2014

3. For employees participating in the TCRS, employer contributions are calculated on the employee's eligible compensation amount and paid to a defined benefit plan and 5% to a defined contribution plan. The employer contribution is determined by the actuary and subject to change. The mandatory employee contribution is 5% and paid to a defined benefit plan. Employees will also be auto-enrolled into the 401(k) plan at a contribution rate of 2%. The employee may opt out of the auto-enrolled 401(k) within 30 days of notification of enrollment from the 401(k) vendor. The employee may also change the 401(k) contribution amount at any time. Employees shall receive up to a \$50 per month match in the 401(k) if enrolled.
4. For employees participating in the ORP, employer contributions will be paid at 9% of compensation and the mandatory employee contribution will be 5%. Employees will also be auto-enrolled into the 401(k) plan at a contribution rate of 2%. The employee may opt out of the auto-enrolled 401(k) within 30 days of notification of enrollment from the 401(k) vendor. The employee may also change the 401(k) contribution amount at any time. Employees shall receive up to a \$50 per month match in the 401(k) if enrolled.

For employees hired after July 1, 1996, the annual limit for employer contributions to either retirement program (TCRS or ORP) made on behalf of employees will be subject to applicable federal and state limits. Additionally, for employees participating in the ORP, there is also an annual aggregate contribution limit for contributions to the ORP and all other tax deferred programs. This limit is defined on an annual basis by the IRS.

V. Transfers

Transfers from the TCRS to the ORP

1. Effective April 4, 2001, TCA § 8-35-403 was amended to permit an employee who is eligible to participate in the ORP but who elected to participate in the TCRS to transfer membership from

the TCRS to the ORP. The change will be effective the first day of the month following thirty (30) days written notice to TCRS and the employee's institution.

2. Any employee who elects to transfer funds in the ORP must execute the Election to Transfer Funds from TCRS to ORP form at least 30 days prior to the payroll date in which the change is to be effective.
3. Employees hired on or after July 1, 1981 through June 30, 2014 are non-contributory members. Contributions made by the employer are not transferable. Employees executing this action will transfer membership only since all contributions were made by the employer.
4. Employees hired prior to July 1, 1981 (when contributions to the TCRS were paid jointly by the institution and the employee) will transfer all employee contributions to the TCRS plus that portion of the employer's contribution made on behalf of the employee after July 1, 1981, plus any accrued interest are fully transferable to the ORP. Only contributions made by the employee (through payroll deduction) or contributions made by the employer on behalf of the employee under the non-contributory plan are transferable. Such transfer of contributions constitutes a termination of membership in TCRS and a waiver of all rights and benefits under TCRS.
5. Employees hired after July 1, 2014 (when contributions to the TCRS are paid jointly by the institution and the employee) will transfer all employee contributions made to the TCRS. Contributions made by the employer are not transferable.
6. Employees reclassified from a non-exempt to an exempt position may redirect contributions from the TCRS to the ORP.
 - Employees with a hire date after July 1, 1981 through June 30, 2014 will transfer membership only. Employer contributions are non-transferable.
 - Employees with a hire date prior to July 1, 1981 or after July 1, 2014 will transfer all employee contributions plus any accrued interest to the ORP. Employer contributions are non-transferable.

Transfers from the ORP to the TCRS

1. Employees hired prior to January 1, 2005 were given a one-time opportunity to transfer membership from the ORP to the TCRS.
2. ORP members (hired after January 1, 2005) with five (5) years of full-time equivalent creditable service have a one-time transfer option to change from ORP to TCRS. The cost to change is an actuarially determined contributions percentage plus 7.5%.
3. This election to transfer from the ORP to the TCRS must be made and filed not later than the end of the calendar year following the year that five (5) years of service is achieved.

Transfers within the ORP

1. Employees who participate in the ORP may direct employer contributions made on their behalf to one or more of the vendors designated to provide annuity contracts under the State of Tennessee ORP.
2. Once funds are on deposit with a designated company, the participant may move those funds among the different investment accounts within the ORP vendor. The participant may authorize such internal transfers by telephone or via the vendor's website.

Vesting and Creditable Service

1. Employees who are enrolled in the TCRS must accrue five years of full-time equivalent retirement creditable service to be vested and receive a service retirement benefit. Five years of full-time equivalent retirement creditable service must also be accrued to be eligible for ordinary disability retirement under the TCRS. No specific amount of creditable service is required for accidental disability under these plans.
2. ORP benefits are vested immediately, and lifetime distributions may be started at any time after separation, subject to IRS regulations.

Breaks in Service:

1. Returning employees with an original hire date prior to July 1, 2014 have the following options available:

- Employees vested in the Legacy Plan (non-contributory) with a break in service may return to the Legacy Plan upon re-employment.
- Employees not vested in the Legacy Plan (non-contributory) with a break in service of less than seven (7) years may return to the Legacy Plan upon re-employment.
- Employees not vested in the Legacy Plan (non-contributory) with a break in service of seven (7) or more years must enroll in the Hybrid Plan (contributory).

Eligibility to Retire

Employees hired on or before June 30, 2014 and enrolled in the TCRS or the ORP Legacy Plan

1. For employees participating in the TCRS, the following apply:
 - Service retirement – Age 60 and vested or 30 years of service
 - Early retirement – Age 55 and vested or 25 years of service
2. For employees participating in the ORP, the following applies:
 - Benefits are vested immediately and lifetime distributions may be started at any time after separation from service, subject to IRS regulations

Employees hired on or after July 1, 2014 and enrolled in the TCRS or ORP Hybrid Plan

1. For employees participating in the TCRS, the following apply:
 - Service retirement – Age 65 and vested or Rule of 90 (age and service years total 90)
 - Early retirement – Age 55 and vested
2. For employees participating in the ORP, the following applies:
 - Benefits are vested immediately and lifetime distributions may be started at any time after separation from service, subject to IRS regulations

There is no mandatory retirement age for employees. The effective date of retirement for all employees, including faculty, is usually the day following the last day in an active pay status. Retirement dates for persons with academic year appointments will be generally December 31, May 31, June 30, or July 31; generally flex-year appointments end July 31. For persons teaching summer school, retirement will be delayed until the end of the month following completion of the assigned summer term.

Separation from Service Prior to Retirement

TCRS

1. For TCRS members who separate from service prior to retirement, the following options are available:
 - a. Employees who separate and accept employment at another state agency shall have membership and contributions continued at the new agency.
 - b. Employees who have achieved vested service may leave funds intact until a benefit is requested at retirement.
 - c. Employees, upon separation from service, may apply for a refund of their accumulated employee contributions and interest. Employer contributions to the defined benefit portion of the Hybrid Plan are not refundable. By obtaining a refund, he or she gives up TCRS membership and all rights and benefits in the retirement system.

ORP

1. For ORP members who separate from service prior to retirement, the following apply:
 1. Employees who separate and accept employment at another participating institution may choose to have membership and contributions continued at the new institution.
 2. All funds contributed by the institution and funds contributed by the employee prior to July 1, 1981 and after July 1, 2014, remain intact and continue to accrue interest and dividends until retirement. An exception may apply for employees who have separated from service and have a de minimis amount less than \$15,000 in total accumulations in the ORP. Depending upon ORP company regulations, such employees may be eligible for a lump sum distribution, a rollover to an Individual Retirement Account, or a rollover to another qualified retirement plan as specified in section 401(a) of the Internal Revenue Code. Verification of an aggregate current balance of less than fifteen thousand dollars (\$15,000) (for de minimis distributions) shall be provided by the participant in the form of current quarterly statement(s). Both forms must be returned to the vendor(s) in order for the lump sum distribution to be processed.
 3. If a participant has separated from service and is receiving social security disability benefits from the social security administration due to the participant's disability, the participant may, upon his/her written request receive a lump sum distribution from the participant's account(s) each year. The following shall apply:
 - The aggregate total of each annual distribution from all of the participant's accounts shall not exceed twenty-five thousand dollars (\$25,000).

- Each annual distribution shall be made in any manner permitted by the vendor(s) holding the accounts but only upon receipt by the institution of documentation confirming the participant's continued receipt of social security disability benefits. Once the participant attains the age requirement for receipt of old age and survivors benefits under Title II of the Federal Social Security Act, the participant shall no longer be required to provide such documentation in order to receive an annual distribution.

4. Distribution of contributions shall require the completion of forms for the participant's vendor(s).

5. Verification of contributions and separation from service information shall be provided by the last employer.

Re-employment of Retirees

1. Re-employment of retirees who are receiving retirement benefits from the TCRS or the ORP is monitored through the State Retirement System. Retirees must have a break in service for a minimum of sixty (60) days, unless an exception has been applied for and approved. All re-employed retirees must participate in Social Security.

2. When a retiree is re-employed, he/she will be required to complete the appropriate form. TCRS retirees must complete the Temporary Employment Report form and the institution shall submit the form to the TCRS. ORP retirees must complete the Optional Retirement Program (ORP) Part-time Re-employment Certification/Waiver form for the institution's files. New forms for re-employed TCRS and ORP retirees must be completed for each 12-month period and certify the following requirements have been met:

- Retirees may be re-employed without a loss of retirement income up to but no longer than 120 working days or the equivalent (900 hours) within the 12-month period immediately following the date of re-employment.
- Retirees may be re-employed as a teacher without a loss of retirement income for a maximum of 18 semester hours (24 quarter hours), providing the total salary paid to any such retiree for teaching during the 12-month period does not exceed his or her pro rata share of the average salary being paid at the institution for the academic discipline concerned.

- A disability retiree may return to work for any state employer without loss of retirement benefits provided he or she does not earn more than the substantial gainful activity amount determined each calendar year by Social Security in the 12-month period from the date of re-employment and does not exceed 120 working days or the equivalent (900 hours).
- The entire compensation payable to the retiree for such work is not more than 60 percent of the annual full-time salary received by the member in the year immediately prior to retirement. This limit on salary increases by 5 percent for each year since the member's retirement.

3. Temporary Employment. Retirees are generally re-employed as temporary employees and are limited to 900 hours of work in a 12-month period.

4. Regular Full-time Employment. Retirees who are re-employed with an expected duration of 12-months or more must participate in retirement and must agree to waive any retirement benefits received from a State of Tennessee supported retirement plan during the period of regular employment.

5. Regular Part-time Employment. Retirees who are re-employed as regular part-time have the option to participate in a retirement plan. If the part-time employee chooses to participate in a retirement plan, any retirement benefits from a State of Tennessee supported plan must be waived during the period of regular employment.

Sources

TBR Meetings, March 4, 1977; June 26, 1981; March 19, 1982; September 30, 1983; December 14, 1984; June 26, 1992; December 9, 1994; March 15, 2002; March 18, 2005

(a) The provisions of this policy under which regular full-time executive administrative, and professional employees are eligible to participate in the optional retirement program became effective on July 1, 1983.

(b) Regular part-time employees became eligible for retirement system membership on July 1, 1984.

(c) On July 1, 1992, two additional companies were added in the optional retirement program. A total of three companies became available in the ORP.

Contact

Mickey Sheen

615-366-4437

mickey.sheen@tbr.edu



CHATTANOOGA STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
General Access/Program Services	\$45 semester \$9/hour<6hours
Technology Access	\$112.50 semester
<i>Fees Not Covered by TN Promise</i>	
<i>Applied Music</i>	<i>\$75 credit hour</i>
<i>Distance Education</i>	<i>\$25 course</i>
<i>Nursing/Lab</i>	<i>\$25</i>
<i>On-line Course fee (not RODP)</i>	<i>\$25 course</i>

Important Dates:

Contact Information:

Campus Services Highlight:

CLEVELAND STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
Student Activity	\$6/semester
SGA	\$6 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$12 semester
International Education	\$5 semester
<i>Fees Not Covered by TN Promise</i>	
Applied Music	45 hour/75 2hour
Art Course Materials Fee	\$35
Basic Camping/Back-packing	\$20
Bowling	\$35
Climbing	\$40
CPR Training	\$55
Early Childhood Education Malpractice Ins.	\$10.15/Fall; \$6.71/Spring/\$3.44 Summer
Golf	\$32 - \$36
Life Guard/Scuba	\$75/\$40
Math	\$93.50
Medical Office Malpractice Insurance	\$10.15
Nursing	\$30
Police Instruction	\$150
Swimming	\$55
White Water Rafting	\$80

Campus Notes:

CLEVELAND STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
SGA	\$3 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$10 semester
International Education	\$10 semester
<i>Fees Not Covered by TN Promise</i>	
Applied Music	\$60 credit hour
HIT/Med Liability Ins.	\$15-\$65
Learning Support Fee	\$100
On-line Course fee (not RODP)	25% of maintenance
Allied Health	\$25 credit hour

Campus Notes:

DYERSBURG STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
SGA	\$3 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$19 semester
International Education	\$15 semester
<i>Fees Not Covered by TN Promise</i>	
Applied Music	\$60 credit hour
Biology Lab	\$20/semester/course
Bowling	\$25
EMT EMSCAT & FISDAP Test Fee	\$30
HIT/Med Liability Ins.	\$15
HIT Seminar	\$300 course
On-line Course fee (not RODP)	15% of maintenance
PARA EMSCAT & PARA FISDAP Test fee	\$60 EMSCAT; \$25 FISDAP
Tipton Co. Fitness Facility	\$25
Nursing Specialized Academic Course Fee	\$25 credit or audit hour

Campus Notes:

JACKSON STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
SGA	\$4 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$16 semester
International Education	\$10 semester
<i>Fees Not Covered by TN Promise</i>	
Applied Music	\$55 credit hour
Bowling	\$25
Nursing/Lab	\$20
On-line Course fee (not RODP)	\$10 credit hour
Racquetball	\$25
Nursing Specialized Academic Course Fee	\$25 credit or audit hour

Campus Notes:

MOTLOW STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
Student Activity	\$6 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$7.50 semester
International Education	\$12 semester
<i>Fees Not Covered by TN Promise</i>	
Nursing/Lab	\$25
Science Consumables	\$15 class

Campus Notes:

NASHVILLE STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
Technology Access	\$112.50 semester
<i>Fees Not Covered by TN Promise</i>	
Nursing Specialized Academic Course Fee	\$25 credit or audit hour

Campus Notes:

NORTHEAST STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
Student Activity	\$23 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$8 semester
<i>Fees Not Covered by TN Promise</i>	
Industrial Technology Fee	\$282

Campus Notes:

PELLISSIPPI STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
Debt Service	\$15 >6 hours/\$8 <6 hours/\$16 faculty
SGA	\$4 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$5 semester
Sustainable Campus Fee	\$10 semester
International Education	\$15
<i>Fees Not Covered by TN Promise</i>	
Applied Music	\$55 credit hour
Credit for Exp. Learn No Group Ctrt	\$15 hour (\$90 max)/\$45 assessment
Golf	\$30
Swimming	\$43
Culinary Arts Fee	\$725/credit hour
Nursing Specialized Academic Course Fee	\$25 credit or audit hour

Campus Notes:

ROANE STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
Student Activity	\$5 semester
SGA	6 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$9 semester
International Education	\$12 semester/ \$1 hour
<i>Fees Not Covered by TN Promise</i>	
Applied Music	\$55 lesson/\$100 2 lessons
Credit for Exp. Learn No Group Ctrt	\$15 hour (\$90 max)/\$45 assessment
Dental Hygiene Fee	One-time fee up to \$1,700
Distance Education	\$18/credit hour (\$216 max)
Fit for Life/Weight Mgmt.	\$15
Learning Support English	\$50 + bookstore markup
Learning Support Math	\$50 + bookstore markup
Learning Support Reading	\$50 + bookstore markup
Music Choir	One-time fee of \$65
Science Consumables	\$15 class
SCUBA Diving	\$290 course
Southwest Field Trip	\$700 max
Allied Health	\$25 credit hour
Nursing Specialized Academic Course Fee	\$25 credit or audit hour

Campus Notes:

SOUTHWEST TENNESSEE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
SGA	\$15 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$10 semester
International Education	\$15 semester
<i>Fees Not Covered by TN Promise</i>	
Applied Music	\$30 week/\$55-\$60 2 week
Food Lab Prep	\$35
Nursing/Lab	\$15
Special Food/Catering & Quantity	\$40
Allied Health	\$20 credit hour
Nursing Specialized Academic Course Fee	\$20 credit or audit hour

Campus Notes:

VOLUNTEER STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
Student Activity	\$5 semester
SGA	\$5 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$3 semester
Sustainable Campus Fee	\$1 semester
International Education	\$10 semester
<i>Fees Not Covered by TN Promise</i>	
Applied Music	\$55 hour
Golf	\$50
Radiology Clinical Education	\$30 semester
Science Consumables	\$10 - \$20
Vet Tech	\$18 course

Campus Notes:

WALTERS STATE COMMUNITY COLLEGE

Fees Covered by TN Promise	Fee Cost
Maintenance Fee	\$147 credit hour
SGA	\$8 semester
Technology Access	\$112.50 semester
Campus Access Fee	\$11.50 semester
International Education	\$12 semester/\$1 hour
<i>Fees Not Covered by TN Promise</i>	
Applied Music	\$45/course/hour
Distance Education	\$10 credit hour
Police Instruction	\$300 max
Science Consumables	\$15 course
Allied Health	\$25 credit hour
Culinary Arts Fee	\$20 credit hour

Campus Notes:

TBR Guideline P-010 Compliance Review Report

Purpose –TBR Guideline P-010: *Personnel Transactions and Recommended Forms* requires that institutions adhere to applicable Board policies, affirmative action plans, and fair employments practices when making personnel appointments. In 2013, this guideline was revised to delegate hiring authority to campuses for certain hires, while retaining the right and obligation of the System Office to conduct periodic reviews of institutional records for compliance. The attached reporting document was developed as a part of the review process for ensuring compliance with the guideline.

Process – In January of each year, the Office of Organizational Effectiveness and Strategic Initiatives will provide campuses with a notice of the date in which Compliance Review documentation must be submitted. It is anticipated that the due date will be in the early 2nd quarter of the fiscal year.

Reports must be completed using data from the annual Affirmative Action Plans, along with documentation of appointments and hires, and submitted to the System Affirmative Action Officer. In addition to completed surveys, institutions must also provide access to an electronic version of their most recent Affirmative Action Plan. It is important to note that historically, institutions have provided the System Office with hard copies of annual Affirmative Action Plans -this summary report replaces and streamlines that practice. After review of the report, institutions may be required to provide additional documentation to verify information provided in the survey or in the plan document.

During the review process, institutional data and documents will be analyzed to determine whether employment practices are consistent with the requirements of Guideline P-010, specifically as they relate to Affirmative Action and Equal Employment Opportunity. Institutions found to be in violation of the guideline as a result of the review will be provided with guidance from the System Affirmative Action Officer to assist in determining steps to come into compliance. If patterns emerge that indicate that the intent of the policies and guidelines are not being adhered to, the system office, at its discretion, can require that any or all hires and

appointments require prior approval of the Chancellor. Institutional data may also be referred to throughout a reporting cycle for decisions on appointments requiring the Chancellor's approval.

70 Service/ Maintenance																		
Total																		

Placement Goals and Underutilization	
Were placement goals for women established in the last AAP?	Yes No
If yes, indicate the goal amount and whether the goal was met. In addition, describe all good faith and/or concerted recruitment efforts to achieve the goal. Attach additional documentation if necessary.	
Were placement goals for minorities established in the last AAP?	Yes No
If yes, indicate the goal amount and whether the goal was met. In addition, describe all good faith and/or concerted recruitment efforts to achieve the goal. Attach additional documentation if necessary.	

Hiring Practices - For responses within this table, include <u>all</u> appointments, reclassifications, promotions, transfers and reassignments that occurred within these categories (both permanent and interim). As a part of the compliance review process, institutions may be required to submit a supplemental Recruitment Report that verifies the total number of positions filled in these categories and the composition of each search committee.			
EEO-1 Positions			
Total EEO-1 positions filled:		Filled without search (internal or external):	Filled without search committee:
EEO-2 Positions			
Total EEO-2 positions filled:		Filled without search (internal or external):	Filled without search committee:

My signature below certifies that I have completed this form and, to the best of my knowledge and belief, it is true, correct and complete.

Campus Equity Officer	Print Name:	Date:	
	Signature:		

My signature below certifies that I have reviewed and approved the information provided in this form and, to the best my knowledge and belief, it is true, correct and complete.

President	Print Name:	Date:	
	Signature:		

DRAFT